



PORTABLE
LONG SERVICE
LEAVE



16/17 annual report

Building and Construction Industry
(Portable Long Service Leave) Authority

www.qleave.qld.gov.au

- **OUR VISION** – to contribute to a building and construction industry whose workers are retained and rewarded.
- **OUR PURPOSE** – to be a highly successful and efficient portable long service leave scheme which assures membership benefits.
- **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 regardless of whether they work on different projects for one or more employers.

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



LETTER OF COMPLIANCE

The Honourable Grace Grace MP
Minister for Employment and Industrial Relations,
Minister for Racing and Minister for Multicultural Affairs
GPO Box 611
Brisbane Qld 4001

12 September 2017

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2016-17 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

Jacqueline D'Alton
CHAIRPERSON
Building and Construction Industry (Portable Long Service Leave) Authority

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ABOUT THE AUTHORITY

QLeave was established in 1992 to administer a portable long service leave scheme for eligible workers in the building and construction industry. The Scheme is funded by a levy imposed on the cost of building and construction work performed in Queensland.

Based on actuarial recommendations, the levy rate has remained at 0.25% since July 2014. Where the total cost of work is over \$1,081,000,000, a reducing, tiered levy rate applies. A cap of \$1,980 per week on wage rates for all long service leave payments was applied for the 2016-17 financial year.

At 30 June 2017, the Scheme had 303,578 workers and 18,037 employers registered. Since 1992, long service leave payments totalling \$726.1 million have been paid to industry workers and employers. The 2016-17 financial year represents yet another record value of long service leave claims paid by QLeave, to the sum of \$98.6 million.

QLeave's goal of 100% of services available online by 2017 was achieved, after the successful development and launch of an online levy payment form and online request for missing service form. These new forms, along with the continued enhancement of QLeave's online services, have been effective in improving our customers' experience.

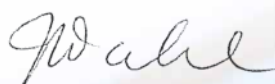
In October 2016, we hosted the National Conference of Building and Construction Industry Long Service Leave Schemes. We welcomed Chairs, Board members and CEOs from these schemes across Australia to share in a stimulating conference program focussed on Building a Sustainable Future. The conference was an opportunity to explore sustainability in our industry across investments, our environment, and our valued members. Key note speakers gave leading edge advice, whilst the panel discussion and facilitated sessions explored the implementation of ideas and future priorities.

We would like to express our appreciation to our Minister, the Honourable Grace Grace and the Government for ensuring the legislative provisions support portable 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 focused on ongoing administrative efficiency of the Scheme with complete commitment to customer service excellence.



Jacqueline D'Alton
CHAIRPERSON



Julie Dahl
GENERAL MANAGER

















STRATEGIC OBJECTIVES, INDICATORS AND MEASUREMENT

GOAL	STRATEGY	INDICATORS	ACHIEVED
Optimise digital client services	<ul style="list-style-type: none"> → Empower stakeholders through education → Provide convenient access to information → Continued technology improvements to maintain currency of systems 	<ul style="list-style-type: none"> → Stakeholders interact and manage their data online → 100% of services available online by 2017 	✓
Strengthen engagement from levy payers, employers and workers	<ul style="list-style-type: none"> → Renewed strategies that provide incentive to stakeholders → Provide effective and usable systems 	<ul style="list-style-type: none"> → Increased engagement by stakeholders 	✓
Maintain prudent investment strategies to support levy stability	<ul style="list-style-type: none"> → Manage investment portfolio appropriately → Investment strategy reviewed → Achieve financial targets 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index is at/above 120% 	<ul style="list-style-type: none"> → Q1 107.07% → Q2 109.08% → Q3 104.95% → Q4 105.05%
Sound Corporate Governance, compliance and risk management frameworks	<ul style="list-style-type: none"> → Maintain sound governance arrangements for accountability, managing risk and compliance with relevant legislation and policies 	<ul style="list-style-type: none"> → Compliance with all statutory obligations → Annual Board governance and frameworks review → Quality Certification maintained to ISO 9001:2008 	✓ (certified to ISO 9001: 2015 standard)
People	<ul style="list-style-type: none"> → Appropriately skilled staff engaged in an authentic culture to meet current and future service delivery needs 	<ul style="list-style-type: none"> → Human Resources plans and strategies implemented to achieve objectives → Workforce planning strategies to address business needs 	✓



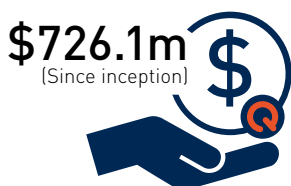
CLIENT SERVICES

PERFORMANCE MEASURES

	2012-13	2013-14	2014-15	2015-16	2016-17
 Workers registered	282,962	285,027	290,255	290,306	303,578
 Employers registered	18,465	19,151	19,406	19,957	18,037
 Number of claims paid	9,344	10,292	12,026	13,922	14,894
 Value of claims paid	\$62.6m	\$72.2m	\$83.9m	\$98m	\$98.6m
 Capped weekly rate of pay	\$1,720	\$1,850	\$1,940	\$1,960	\$1,980
 4 year rule cancellations	31,454	33,044	25,129	25,210	15,469*
 Missing service requests	1,500	1,693	1,404	1,522	1,667
 Worker claims - % online	N/A	40%	55.5%	79.3%	88.2%
 Employer reimbursement - % online	N/A	55%	70.2%	80.7%	89.6%
 Worker service returns - % lodged online	67%	71%	79%	86%	94%
 Employer satisfaction	93%	94%	94%	94%	95%
 Levies collected	\$127.8m	\$107.5m	\$68.6m	\$82.7m	\$84.2m
 Works notified	33,077	35,817	32,143	33,980	35,519
 % works notified online	53%	58%	65%	69%	87%

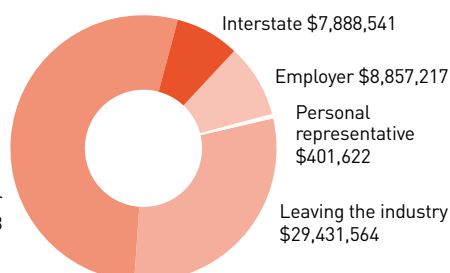
*This number is significantly less than previous years due to the trial of new initiatives to avoid the cancellation of some members (read more over the page).

VALUE OF CLAIMS PAID TO DATE (\$ MILLION)

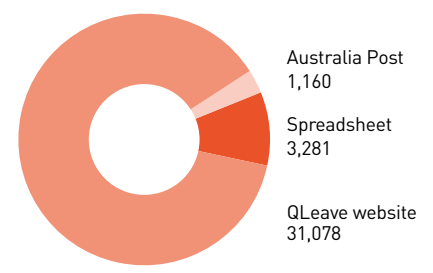


10 year
\$52,017,428

VALUE OF CLAIMS PAID IN 2016-17



PROJECT NOTIFICATION METHODS 2016-17



- Legislation requires QLeave to annually review all worker records and cancel membership of those workers who have not recorded service in the previous four financial years. 15,469 workers had their registrations cancelled during the year. We increased the volume of communication to workers surrounding cancellation of their membership. We worked with interstate colleagues to ensure that interstate workers were not at risk of losing their membership or entitlement. These initiatives reduced the number of cancellations of members with long service leave entitlements, who are still working in the industry and whose records had not been maintained.
- 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. 94% of employers 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 over 95% was achieved for each component surveyed including ease of use, time taken to complete the return and quality of the instructions provided for the online lodgement process. Additionally, a satisfaction rating of over 97% was achieved for customer service delivery and claims.
- The annual long service leave statement was distributed to 272,402 workers with a postal address in October 2016. 13,094 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.
- 1,667 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.
- 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.

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 Concreters awards, Master Plumbers awards and Construction Skills Queensland Excellence awards throughout the state. In addition to the housing awards, the Authority also supported other events such as the Master Builders Industry Insights, the Master Builders Member Roadshow and the HIA Business Partner Network events. All of these events promoted the scheme and provided an opportunity for employers to receive further, and ongoing, education on their obligations.
- Our 25 year anniversary provided new opportunities to acknowledge our contribution to the industry through involvement of activities including the Queensland Council of Unions' Labour Day Parade and Women in Construction events.
- Education and compliance staff attended major building sites across Queensland to educate and inform workers about the Scheme and its benefits.

- A reinvigorated approach to engagement with apprenticeship bodies and labour hire organisations was another focus area. Through partnering with TAFE SkillsTech, foundation apprentice students received education about the Scheme and the benefit of maintaining their membership in the future.
- Advertising in industry publications and journals continued to promote the Scheme's key messages and raise general awareness within the industry.
- Our annual industry forums gave attendees an opportunity to provide feedback on our service delivery and future initiatives. As a result of this feedback, we have increased site visits and refocused our compliance activities.
- We continued to provide a cost effective collection service for Workplace Health and Safety and Construction Skills Queensland. QLeave provided services to the Contract Cleaning Industry Portable Long Service Leave Scheme under a cost sharing agreement.

COMPLIANCE

- Compliance activities focused on outstanding worker service returns and the identification of unregistered employers. Data matching with our partner agencies and missing service requests received from registered workers identified potentially liable employers.
- This activity ensured that workers had correct service added and enables enhanced accuracy of entitlement payments for improved fairness across the industry.
- A total of 445 matters were addressed utilising the full powers of the legislation. Matters related to reconsiderations, compliance with employer obligations, debt recovery of outstanding payments and compliance with levy payment.



A FOCUS ON LEVY COMPLIANCE

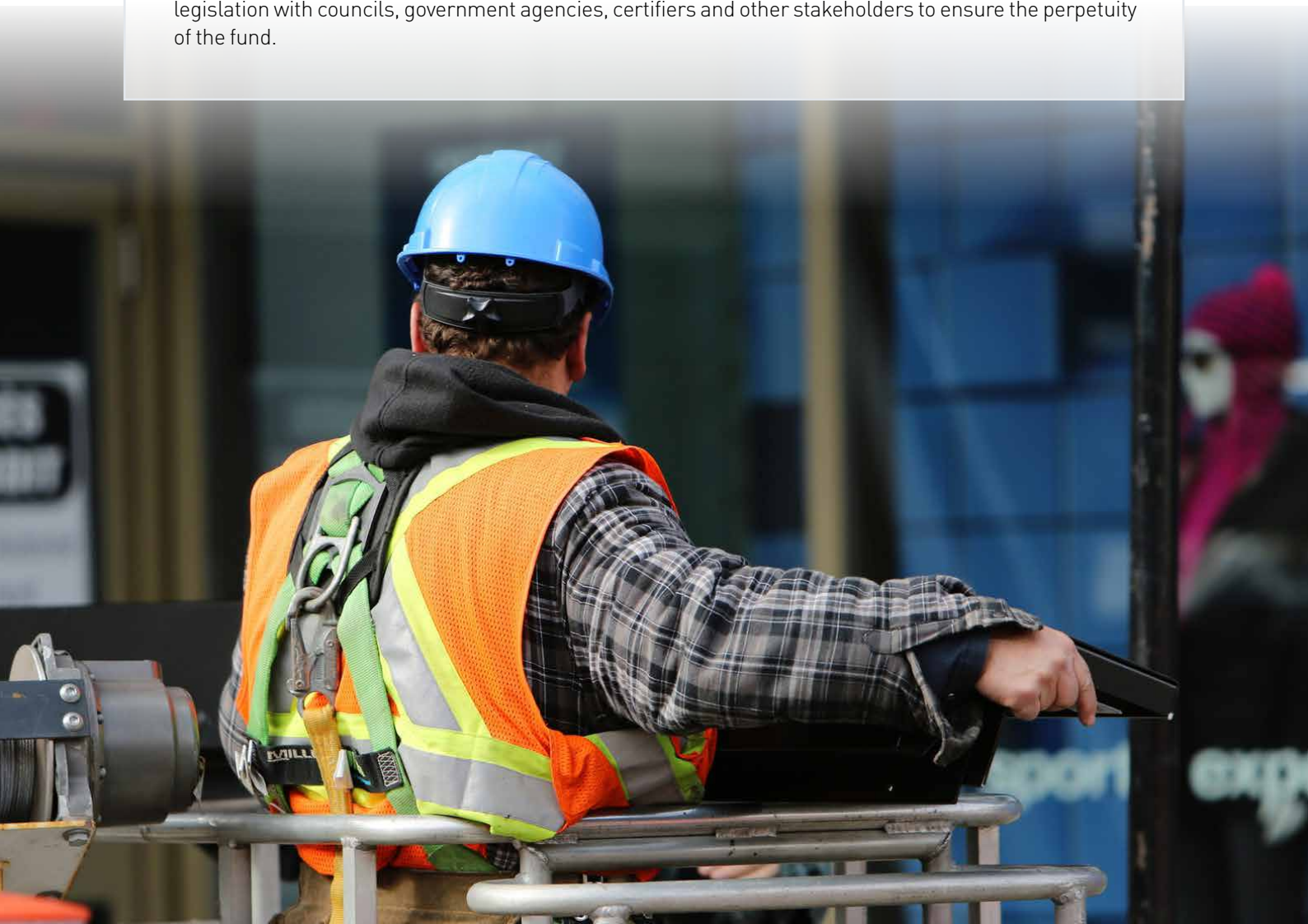
To ensure fairness and equity for all levy payers, compliance staff undertook focussed initiatives to establish the correct notification and payment of levy. Additional resources were committed to this activity which focussed on:

- creating educational opportunities through partnering with Queensland Building and Construction Commission, Department of Housing and Public Works, Asset Services, Workplace Health and Safety and Master Builders.
- research and comparison of data shared between government agencies, the press and industry forums.

The compliance team undertook a comprehensive review of high value completed projects. This identified a number of construction works where the final project varied significantly from the initial cost of work advised to QLeave. Through site visits, reconciliation of project accounts, contracts, Integrated Development Assessment System (IDAS) forms, decision notices, discussions with councils and certifiers, both increases and decreases in the notified cost of work were confirmed. This resulted in \$4 million in refunds to project owners and an additional \$10 million in levies issued and collected.

Research was also undertaken to identify building and construction work which had not been notified to QLeave prior to commencement and where no levy had been paid. There were 77 projects identified with a cost of work valued at nearly \$2billion. This resulted in a calculated levy of \$4.7 million and penalty interest charges of \$194,000.

These and further compliance initiatives, complemented by ongoing education and awareness programs, will ensure strengthened relationships with external stakeholders, enhanced understanding of the legislation with councils, government agencies, certifiers and other stakeholders to ensure the perpetuity of the fund.



FINANCIAL MANAGEMENT

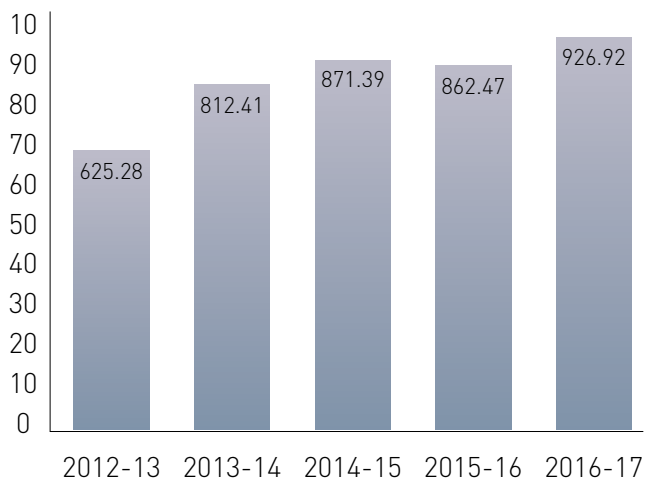
An overall surplus of \$27.486 million was achieved in 2016-17. This can be attributed to these major factors:

1. higher than expected increase in levy revenue,
2. higher than expected investment return, and
3. lower than expected long service leave payments.

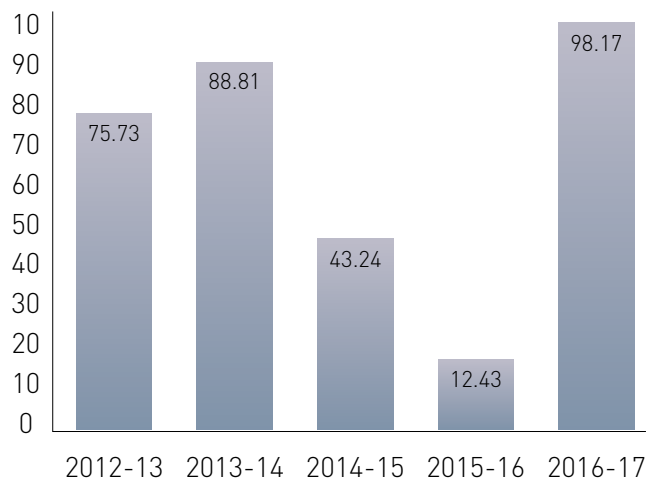
The Authority's equity is \$95.685 million.

INVESTMENT MARKET PERFORMANCE

Funds invested in \$Millions 2012-2017

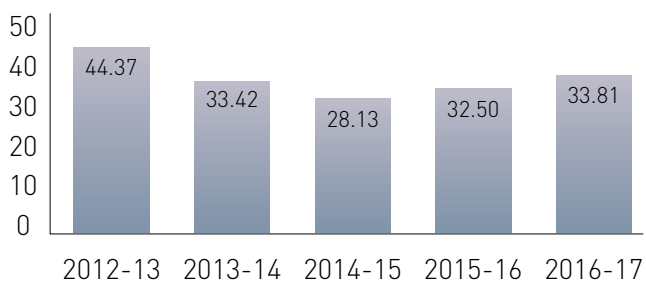


Investment Returns in \$Millions 2012-2017



BUILDING ACTIVITY

Value of project levy in \$Billions 2012-2017





GOVERNANCE AND RISK MANAGEMENT

QLeave is governed by a board of directors ('the Board') appointed by the Governor-in-Council. The Board reports to the Honourable Grace Grace, Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs.

The Board is appointed in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* ('the Act'), and reports to the Minister at specified quarterly intervals concerning QLeave's operational and financial performance.

The Board is responsible for QLeave's commercial policy and management. The Board's other functions include:

- ensuring that QLeave achieves, and acts in accordance with, its corporate goals and carries out its corporate objectives;
- 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; and
- ensuring that QLeave performs its functions in an appropriate, effective and efficient way.

The Board determines the strategic direction of QLeave, oversees development of the annual Strategic Plan and monitors QLeave's financial and operational performance.

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

COMPOSITION OF THE BOARD

The Board consists of eight directors who are appointed for terms of three years. The Board comprises the following 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; and
- (d) three directors representing workers who perform building and construction work.

The current term of the Board commenced on 1 July 2016 and expires on 30 June 2019. Directors are eligible for reappointment on completion of their terms.

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

The Board is drawn from the major industry sectors. Accordingly, the specific and periodically competing interests of the worker and employer stakeholder groups are communicated to the Board with the aim of achieving a balance between the interests of the stakeholders and the long-term viability of the Scheme. The Board is proactive in identifying factors affecting the building and construction industry and viability or maintenance of the Scheme.

Board members are selected for their expertise and specific experience in the building and construction industry (and in the case of the Deputy Chairperson, financial affairs). Each director is encouraged to undertake the Australian Institute of Company Director's course, and/or related courses, to enhance their professional development. Directors are encouraged to advise of all professional development activities undertaken so that the Board ensures that directors maintain the standards required by best practice corporate governance frameworks.

From 1 July 2016 to 30 June 2017, the Board comprised the following directors:

Chairperson:	Jacqueline D'Alton
Deputy Chairperson:	Adam Stoker
Employer Representatives:	Penny Cornah, Corlia Roos, Damian Long
Worker Representatives:	Troy Spence, Wallace Trohear, Rohan Webb



REMUNERATION

The QLeave Board is 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

Board meetings are held bi-monthly in February, April, June, August, October and December. The Board met on six occasions during 2016-17.

BOARD COMMITTEES

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

Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee operates under a charter, which complies with both the Queensland Treasury Audit Committee Guidelines and the Institute of Internal Auditors – Australia Professional Guidance – Role of Auditing in Public Sector Governance.

The Audit, Risk Management and Compliance Committee acts as an advisory service to the Board regarding financial management responsibilities including those under the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

The Audit, Risk Management and Compliance Committee is responsible for ensuring that:

- the Authority meets its corporate governance obligations
- Internal Audit applies risk-based strategies in formulating its audit plans and conducting audit reviews
- management action on audit recommendations is appropriate and timely.

The Audit, Risk Management and Compliance Committee comprised Adam Stoker (Chair), Wallace Trohear, and Corlia Roos. QLeave's Internal Auditor reported to the Board through the Audit, Risk Management and Compliance Committee. In October 2016, QLeave's Internal Auditor was appointed to another role within the agency. As a result, determined to procure the Internal Audit function as an external service, with Protiviti having been selected through a competitive tender process.

The Audit, Risk Management and Compliance Committee met on two occasions during 2016-17. The Board Chairperson, Jacqueline D'Alton, attended both meetings in an ex officio capacity.

Officers from the Queensland Audit Office (QAO) and its representatives Pitcher Partners and William Buck, the General Manager, Director Finance and Client Services, Director Governance and Corporate Services, assisted the Committee with its work throughout the year.

The Committee provided its report to the Board under section 35 of the *Financial and Performance Management Standard 2009* confirming the Committee's compliance with its reporting obligations and providing a report as to the Committee's operations throughout the year.

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

- the adequacy of the strategic and annual audit plans
- the quality and timeliness of internal audit reports
- quarterly risk assessment schedules
- workplace health and safety incidents
- information services security audits and risk management reports
- performance of the internal audit function against the annual audit plan
- critical review of recommendations arising from internal audit and QAO
- technical/operational issues relating to the finalisation of annual financial statements.

Finance Committee

The Finance Committee's role is to assist the Board to discharge its investment and financial management responsibilities imposed under QLeave's governing Act and associated financial legislation. The Finance Committee oversees the development, implementation and monitoring of the Board's investment strategy and policies.

QLeave's annual budget is submitted for scrutiny and approval by the Finance Committee, prior to being submitted to a full meeting of the Board and approval by the Minister.

The Finance Committee comprised Adam Stoker (Chair), Damian Long, and Rohan Webb. The Committee met on two occasions during 2016-17. The Board Chairperson, Jacqueline D'Alton, attended both meetings in an ex officio capacity. Corlia Roos attended one meeting as an observer.

Worker Eligibility Committee

The Worker Eligibility Committee's role is to examine complex issues concerning the eligibility of workers for scheme membership, within the parameters of the governing legislation.

The Worker Eligibility Committee was not required to meet during 2016-17.

2016-17 BOARD PERFORMANCE ASSESSMENT

In adhering to the principles of good governance, board directors undertake a Board performance evaluation to determine the achievements made throughout the financial year, and opportunities for improvement for the Board in the coming year. The Board evaluation is a structured self-assessment process, both collectively and as individual directors. Self-assessed evaluation reminds directors of their duties and responsibilities as members of a government board, identifies the strengths and weaknesses of board operations, reviews and measures QLeave's progress towards its goals and mission, and opens channels of communication.

The evaluation of the Board's performance was undertaken by an *in camera* discussion led by the Chairperson.

DIRECTOR ATTENDANCE AT MEETINGS 2016-17

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee
Number of meetings held	6	2	2
Jacqueline D'Alton	6	2*	2*
Adam Stoker	6	2	2
Penny Cornah	6		
Damian Long	5		2
Corlia Roos	5	1	1*
Troy Spence	6		
Wallace Trohear	5	2	
Rohan Webb	5		1

* Attended the Committee meeting in an ex officio capacity.



ACTUARIAL REPORTING

To determine the appropriate quantum of the levy and to ensure the Scheme's short and long-term funding commitments can be met, a full actuarial assessment is performed every two years. This verifies the Scheme's financial viability, including the appropriateness of the levy rate.

Additionally, it predicts as accurately as possible, whether investment strategies will continue to maintain sufficient monetary reserves to meet future commitments for long service leave payments.

The Board selected a new Actuary, Mercer Consulting, in April 2017, and has engaged to construct an actuarial model that ensures the long-term viability of the Scheme.

ADDITIONAL REPORTING

The General Manager's Report, containing financial and operational performance results, progress of field activities and other relevant issues, is produced monthly and provided to the Board for their consideration and information.

The Board is also provided with quarterly operational and financial performance reports, which are prepared on criteria assessed against the Strategic Plan and budget.

There is an ongoing process through QLeave's internal Risk Management Committee for identifying, evaluating and managing QLeave's potential and operational risks.

The minutes and resolutions of each board and committee meeting are recorded and stored on and off-site. Archive copies of board meeting documentation are provided to Queensland State Archives under the provisions of the *Public Records Act 2002*.

ISSUES FOR THE BOARD 2016-17

Industry Stakeholders – developing and maintaining stakeholder engagement strategies to achieve a better understanding of shifts in workforce composition, and respond with appropriate service delivery; identify and monitor emerging industry sectors, and respond to changes; enhance relationships and communication with stakeholders through accurate understanding of stakeholders' expectations; and to expand opportunities to communicate statutory obligations to all stakeholders.

Financial Management – monitoring the Scheme's equity position and confirming through actuarial assessment that the Scheme remains viable in the long term; monitoring industry activity levels across all sectors; number and value of claims; and prudent management of funds received through levy revenue and investment returns.

Corporate Governance – maintaining effective planning, reporting, risk management and statutory compliance frameworks to ensure that all statutory obligations are met within required timeframes; that the Board's governance framework is reviewed to ensure appropriate effectiveness, and that Quality Certification is maintained.

Business Systems – continuing implementation of improvements to information technology systems for effective electronic service delivery to stakeholders and increased usage of online services.

INTERNAL AUDIT

Internal Audit plays a key role in assisting the board to discharge its governance responsibilities for ensuring the effectiveness of our internal control framework. Under its guidance, contemporary risk assessment practices have been implemented, strengthening the governance framework. Internal audit provides an unbiased, objective assessment, evaluating and improving the risk management, control and governance processes to ensure that resources are responsibly and effectively managed to achieve intended results.

Internal auditing is carried out in accordance with the annual Internal Audit Plan and annual Risk Assessment Schedule following endorsement from the Board. The systematic analysis of business processes and associated controls across financial, information and communication technology resources and QLeave's operational activities included:

- Continuous Controls Monitoring
- Operating Revenue and Agency Collections
- Employee Expenses
- Statutory Registers and Claims
- Non-Current Physical and Intangible Assets
- Supplies and Services
- General Information Systems
- Financial Assets
- Risk Management
- Performance Management
- Annual Financial Statements

Audit and assurance activities resulted in the identification of areas where there was an opportunity for improvement and/or enhancement of existing processes and controls. Following discussion and agreement with management, internal audit reports were submitted to key stakeholders and reported to the Board via the Audit, Risk Management and Compliance Committee. The status of significant and important risk issues outstanding are monitored by the Audit, Risk Management and Compliance Committee. In addition to the business risk assessment, internal audits undertaken in 2016-17 involved review of compliance framework and specific compliance issues, assessments of internal controls and associated risks with QLeave policies, procedures and government guidelines.

Risk management is an essential component of an effective governance system and works in conjunction with the internal audit function. Risk management is the responsibility of all members of the organisation, embedded in the culture, organisational structure, policies, procedures and work instructions. Our risk management policy is developed in accordance with *AS/NZS ISO 31000:2009, Risk Management—Principles and Guidelines*, and has been designed to integrate risk management into standard business processes.

INFORMATION SYSTEMS AND RECORDKEEPING

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

QLeave uses the electronic document and records management system HPE Content Manager as an ECM (Enterprise Content Management) to effectively manage and secure its administrative records. It also uses several business management systems to capture, secure and manage its core business.

Throughout the year we responsibly managed our records through sound information management and recordkeeping practices that comply with the *Public Records Act 2002*, Information Standard 40: Recordkeeping and Information Standard 31: Retention and Disposal of Public Records, as well as whole-of-government recordkeeping policies and guidelines issued by the State Archivist.



Our people efficiently identified, captured, retained where necessary and disposed of records as an integral part of their daily work activities. QLeave's increased usage and acceptance of ECM for management of business documents and records continues to ensure effective and efficient management of all aspects of recordkeeping.

QLeave's information and communications technology focus in 2016-17 was on activity that supported the organisation's strategic goals and commitment to risk management.

Significant modernisation projects were completed, including the introduction of Outlook (Office365), the delivery of Surface Pro devices enabling improved mobility, the upgrade of the record management system to HPE CM enabling integration with business applications and the provision of additional dashboards and other performance visualisation tools to enhance business intelligence.

A significant project of work culminated in the launch of the Avoka Smartforms platform, enabling three new online forms. This signified QLeave reaching the strategic goal of 100% of services available online.

In a climate of heightened cyber-attacks, security measures and mitigations were reviewed and a subsequent framework developed. As in previous years, ongoing training was provided to all staff in relation to good record keeping and information security.

Planning, scoping, discovery and some design activities were conducted for new content management systems, an automated claims approval process and changes to telephony. It is anticipated these systems will be deployed across 2017-18.

QLeave conducted a full reassessment of its quality system in readiness to transition from ISO 9001:2008 to ISO 9001:2015. BSI conducted the recertification audit in October 2016. The audit determined that the Quality Management System meets the requirements of the latest standard. QLeave is now accredited to the new standard ISO 9001:2015. QLeave's next surveillance audit is scheduled for October 2017.



The Honourable Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs attended the Board meeting, held at QLeave, on Wednesday 24 August 2016. Pictured above is the Minister with the QLeave Board (L-R): Troy Spence, Wally Trohear, Penny Cornah, Corlia Roos, Hon Grace Grace MP, Rohan Webb, Jacqueline D'Alton, Damian Long and Adam Stoker.

THE BOARD

→ JACQUELINE D'ALTON B Com, M App Fin, FAICD, SnrFFinsia, CHAIR

Jackie, had been Deputy Chair of the QLeave Board since 1998 and was appointed as Chair commencing 1 July 2013.

She has more than 30 years' experience in financial markets, including broader based responsibilities in Bank Treasury functions to more specialised roles, including her role in Programme Debt and Capital with Suncorp Group Treasury. She now concentrates on her Board roles.

In 2012, Jackie was appointed to the Board and as Chair of Topology, a talented music ensemble and Artists-in-Residence at the Brisbane Powerhouse. In 2013, she was appointed to the Board of the Motor Neurone Disease Association of Queensland, which provides care and services for people with motor neurone disease.

Jackie 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. She was a board member of the MSFA until 2007.

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

Adam was appointed to the position of Deputy Chair of the QLeave board on 1 July 2013.

Currently practising as an in-house solicitor in the air transport industry, Adam 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 Adam was employed in-house in a mining company providing corporations law and taxation advice in capital markets, merger and acquisition and general commercial advisory. Adam is also a director of the Queensland Board of Professional Engineers.

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

Penny was appointed as a Director for QLeave on 1 July 2016. Penny's background is in human resources, events and communications. Penny 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. Penny identifies her role as heading the organisation that is the conduit between protecting community health and the environment.

Penny was appointed as a Director to Master Plumbers Australia Ltd in 2012 and in 2016 was appointed as Company Secretary for Master Plumbers Australia. Penny is the Chair of the newly formed Service Trades Council, a statutory body that sits under the Queensland Building and Construction Commission set up to represent plumbing, drainage, fire protection and mechanical services industries. Penny is also Director at the Services Trades College, a position she was appointed in 2015.

→ DAMIAN LONG BEng (Civil) (Hons), MAICD, WORKER REPRESENTATIVE

Damian was appointed to the QLeave Board on 1 July 2017 as an Employer Representative.

Damian has 30 years' experience in construction within but not limited to mining, oil, commercial building and civil industries throughout Australia.

Damian is currently the Chief Executive Officer of Civil Contractors Federation – Queensland Branch, and is also a past President, Vice President and Honorary Treasurer of the Board of Civil Contractors Federation - Queensland Branch.



→ **CORLIA ROOS MBA LLB(Civil) PhB (Hons), EMPLOYER REPRESENTATIVE**

Corlia was appointed to the position of Director of the QLeave board on 1 July 2016.

She holds a Certificate in Conflict and Dispute Resolution, Mt Eliza Leadership Program (Melbourne Business School) and was admitted as a barrister to the Supreme Court and Labour Court of South Africa in 1994.

Corlia has broad experience in human resources, change management and employee relations across the mining and energy sectors.

→ **TROY SPENCE LLB (Hons), BA, DipSuper, CertIVFrontlineMgt, WORKER REPRESENTATIVE**

Troy Spence was appointed to the Board on 1 July 2016 as a Worker Representative and has over 15 years' experience as a union official in both public sector and private sector industrial relations.

First elected in 2010, Troy is currently the Metals and Construction District Secretary for the Australian Workers' Union (AWU), Queensland Branch, representing AWU members working in the civil construction, mechanical engineering, maintenance and manufacturing industries.

Troy is also a director on the Australian Construction Industry Redundancy Trust and Construction Skills Queensland boards.

→ **WALLACE TROHEAR, WORKER REPRESENTATIVE**

Wally was appointed to the position of Director of the QLeave board on 1 July 2016. He is one of the founding QLeave board directors, played 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.

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

Wally is currently the Chairperson for Mates in Construction Queensland, Building Unions Superannuation Scheme Queensland (BUSSQ) Risk and Audit Committee, Director of Mates in Construction Australia, BUSSQ, and BUSSQ Property Trust.

Wally is the immediate past state secretary of the Construction Forestry Mining Energy Union (CFMEU) (previously the Building Workers Industrial Union) and has held the previous positions of Chairperson of Building Services Authority Licensing Committee and Workplace Health and Safety Construction Sector Standing Committee and Directorships of Construction Skills Queensland, Building Employees Redundancy Trust, Building Employees Welfare Trust, Construction Income Protection Queensland and a Member of numerous committees.

Wally has over 50 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

Rohan has been a Director of the QLeave Board since 2010.

He is a Fitter and Turner by trade and has extensive experience in the construction and manufacturing industry.

Rohan also represents his union and members as an Employee Representative on the Australian Super Queensland Advisory Committee, Queensland Industry and Manufacturing Advisory Group and CoverForce Income Protection. Rohan is also the Honorary President of the Queensland Council of Unions.

Rohan is currently the Branch Secretary of the Australian Manufacturing Workers' Union (AMWU) Queensland and Northern Territory. He has been representing workers for over 28 years in a number of industries. Rohan is a member of the AMWU National and State Executive and the Queensland Council of Unions Executive. He believes strongly in advocating the interests of Australian workers.

EXECUTIVE MANAGEMENT

The executive management team comprised General Manager, Director Governance and Corporate Services and Director Finance and Client Services.

Executive management reviews QLeave's strategic, operational, financial performance and the recommendations of all in-house committees.

The General Manager is accountable to the Board and to the Minister, and has overall responsibility for:

- operationalising the Board's strategic policy in accordance with the government's policy objectives
- providing direction and leadership for QLeave
- facilitating government and industry liaison and providing a nexus between the Board and the organisation
- the internal audit function
- legislative compliance

The Director Governance and Corporate Services is responsible for:

- the provision of legal advice and support
- management of corporate communications and publications
- human resource management
- management of technology and information systems
- board secretariat
- business, governance and performance systems

The Director Finance and Client Services is responsible for:

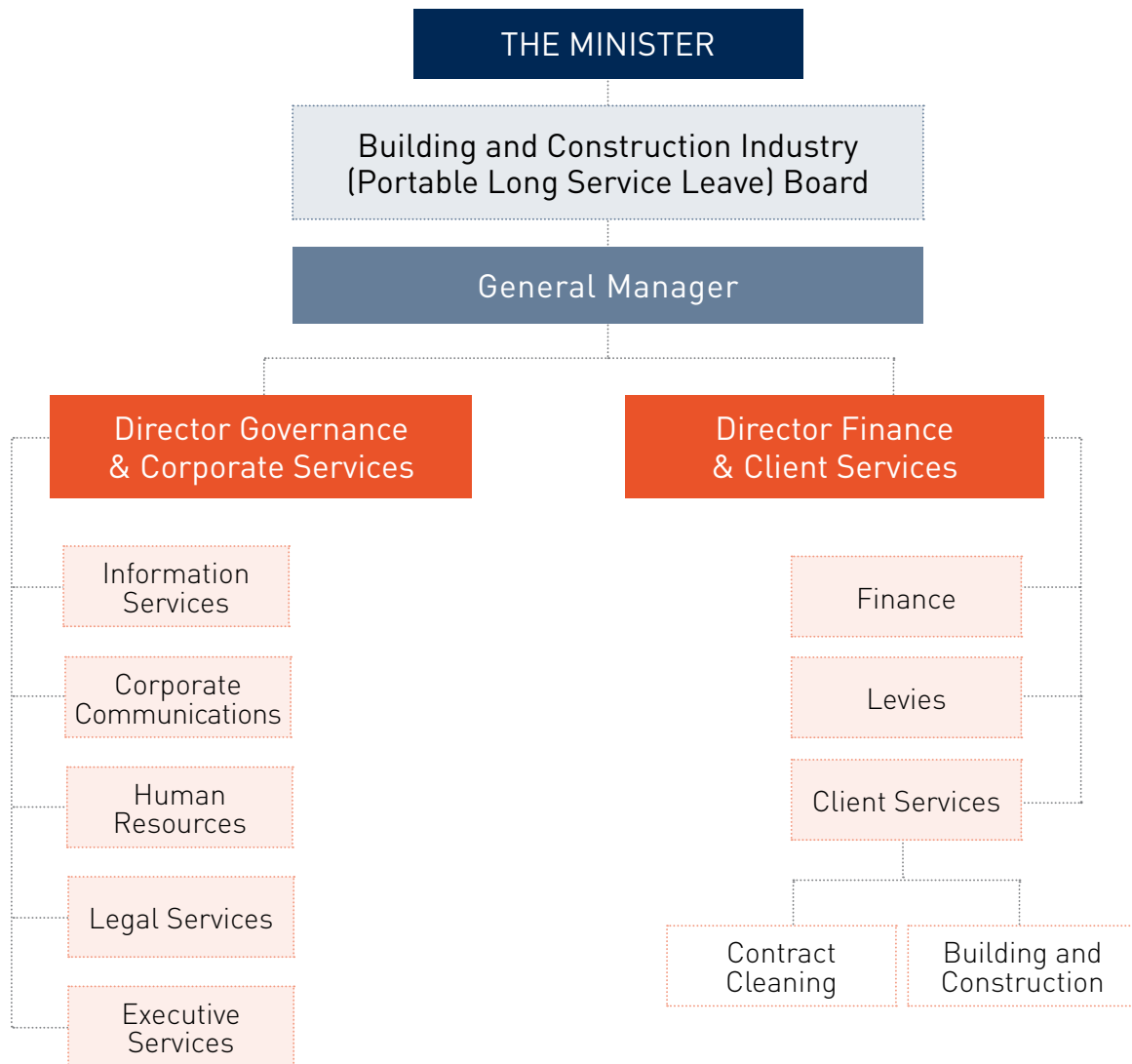
- budget and financial management
- investment and funds management
- levy compliance and collection
- stakeholder engagement and liaison
- customer service delivery





PEOPLE

ORGANISATIONAL CHART



WORKFORCE PROFILE

As at 30 June 2017, QLeave had 59 employees (55.03 full-time equivalents). The permanent separation rate for 2016-17 was 9.25%.

QLeave participates in the *Working for Queensland* employee survey conducted by the Public Service Commission. From survey results in 2016, we learned that employees believe QLeave is a workplace with a range of benefits and potential. Results also indicated that our workplace would benefit from more focus on developing stronger leadership and organisational fairness.

In response to these results, QLeave embarked on a number of initiatives. We trained managers and identified tools which they could use in their teams to enhance resilience, and changed team leader meetings to focus on communicating team workloads and key operational priorities. To enhance internal communication we introduced the General Manager's blog and continued to promote internal job opportunities where possible. To support employee wellbeing we explored the use of sit-stand workstations and redesigned our office to provide a more inclusive work space. In early 2017 we introduced the Circle of Excellence awards to acknowledge individual and team contributions and encourage colleagues to recognise each other informally. Finally, we established more regular, informal conversations about conduct and performance issues as part of our performance and development planning activities.

The *Working for Queensland* survey is a vital source of information that we actively use to drive improvement in our workplace. It provides insight into our workforce so we can make changes that matter to our employees. It also brings the fresh views of new staff to help us gain greater perspective from outside our relatively small workplace.

STRATEGIC WORKPLACE PLANNING

QLeave's people goal during 2016-17 was to develop appropriately skilled staff engaged in an authentic culture to meet current and future service delivery needs. To support this goal, four key long-term people strategies and supporting activities were identified.

1. Develop our leaders and enhance leadership capability

We aimed to embed a vibrant evidence based and measurable program to develop leadership, both those appointed as such and developing leadership capability at all levels in our organisation.

Leadership development activities focused on developing resilience among our managers. Learning outcomes were embedded into individual performance plans to improve personal resilience and develop resilience among direct reports.

2. Better understand and communicate with each other and with our customers

We aimed to enhance our communication with each other and our customers by increasing awareness of the industries that we service and support customer service excellence.

All staff were invited to participate in a structured program of information sessions and creative activities to enable customer experience principles to become part of our day-to-day activities. Work to explore our values and the customer journey was also undertaken with a focus on the eight specific customer experience actions staff could use to bring customer experience to life in their own role.

Staff were completely committed to this process and demonstrated a comprehensive understanding of the importance of excellence in customer experience. This competency and commitment has reflected extremely positively across all customer feedback results, specifically in survey responses related to satisfaction with customer service staff.



3. Skill and develop our people in using systems and tools more efficiently to meet customer needs

We aimed to develop and apply our knowledge and skills in existing and future technologies, processes and practices and to strengthen our capability in managing projects so that we could respond flexibly to changing business needs.

A number of information technology and business process changes took place during 2016-17. To support these changes, training and awareness sessions were delivered to all staff to assist them with embedding the new technology and/or enhanced business processes into their day-to-day activities.

4. Develop a workforce culture that is authentic, engaging and constructive

We aimed to foster regular performance conversations, embed our values and professionalism, and implement initiatives to enhance our workplace culture and employee wellbeing.

Managers conducted scheduled and broad ranging conversations to increase engagement as part of our performance and development planning process. A series of focussed information sessions were delivered in the reporting year, including the Public Sector values, QLeave's values, promoting physical, financial and mental wellbeing of our employees.

WORKING FLEXIBLY AND ENCOURAGING A HEALTHY WORK-LIFE BALANCE

QLeave provides employees with access to leave and flexible working arrangements that reflect broader Queensland Government people initiatives. As at 30 June 2017, 16% of employees participated in part time/job share arrangements.

QLeave maintains an Employee Assistance Program and encourages employees to access this service where appropriate. Events to support physical, financial and mental health and wellbeing are also held throughout each year. During October 2016, QLeave promoted world mental health day and national mental health week. All staff were invited to attend a presentation by Beyond Blue and lunchbox seminars on topics including managing pressure and mindful communication were offered.

Suicide prevention awareness is a key concern within the building and construction industry. As a service provider to this industry, training to enhance our awareness of suicide prevention was offered to all staff. All staff were invited to attend a general (suicide) awareness training session facilitated by MATES in Construction (an organisation dedicated to mental health and wellbeing in this industry). In addition, a number of corporate and client service staff completed Connector training in May 2017 – 'A Connector is a MATE who can keep you safe while CONNECTING you to help'.

Encouraging physical health is also important at QLeave. In April 2017, 46% of staff participated in the annual flu vaccination program.

DEVELOPING OUR LEADERS

During 2016-17 QLeave focused effort on exploring the current and future state of our organisation and started our managers on a path to enhance their personal resilience.

In March 2017, managers attended a resilience workshop. Workshop outcomes included learning about what resilience was, what was needed to build personal resilience and included a self-assessment of individual and organisational resilience. Specific outcomes were discussed and monitored with each manager as part of their annual performance and development plan, to embed learning and encourage managers to find ways to develop resilience within their teams.

In recognition of QLeave servicing the building and construction industry for 25 years, a workshop entitled 'Past, present and future' explored QLeave's history, environment and future was held in November 2016.

INDUSTRIAL AND EMPLOYEE RELATIONS FRAMEWORK

QLeave continues to review and enhance internal policies, procedures and work instructions to ensure they align with current directives, award, legislation and broader government policies and initiatives.

EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT

No redundancy, early retirement or retrenchment packages were paid during 2016-17.



Strategic Plan 2017-21







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

GOAL	STRATEGY	MEASURES
 Effective systems and technology that provide confidence	<ul style="list-style-type: none"> → Maintain a secure reliable contemporary technology platform that meets the needs of our customers → Progress the implementation of a Customer Relationship Management (CRM) solution → Improve vendor relationship management 	<ul style="list-style-type: none"> → Availability and speed of network and systems → CRM – current state mapped, scoped, future state agreed, costed, implementation partner on board, implemented → Services and projects delivered in accordance with agreed contract requirements
 Excellence in customer engagement and service delivery	<ul style="list-style-type: none"> → Develop multi-channel communications in conjunction with customers and stakeholders → Drive interjurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	<ul style="list-style-type: none"> → Commence adhoc and annual cyclic surveying of our customers Workers, 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.
 A customer focussed workforce that is engaged, resilient and results oriented	<ul style="list-style-type: none"> → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	<ul style="list-style-type: none"> → Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded
 Maintain responsible investment strategies to support levy stability	<ul style="list-style-type: none"> → Manage the investment portfolio in accordance with risk and return profile outlined in the Investment Policy Statement. Investment strategy monitored and reviewed annually with Investment Adviser 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index in a range of 105 - 120% → Targeted levy compliance activity

ACCOUNTABILITIES



We manage funds required to ensure that workers will be paid when they take long service leave (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 and compliance with relevant legislation and policies

STRATEGIC RISKS

→ REPUTATION

Failure to maintain key stakeholder support

→ FINANCIAL

Financial position does not meet long term liabilities

→ OPERATIONAL

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

→ HUMAN RESOURCE

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



FINANCIAL STATEMENTS

Building and Construction Industry (Portable Long Service Leave) Authority
For the Year Ended 30 June 2017



Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2017

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Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2017

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Building and Construction Industry (Portable Long Service Leave) Authority
Statement of Comprehensive Income
for the year ended 30 June 2017

OPERATING RESULT	Notes	2017 \$'000	2016 \$'000
Income from Continuing Operations			
Portable long service leave levies	B1-1	84,206	82,750
Income from investments	B1-2	50,100	11,108
Interest		41	61
Net gain on financial assets at fair value	B1-3	48,032	1,256
Other revenue			
Fee for service		1,984	2,101
Other		14	164
Total Income from Continuing Operations		184,377	97,440
Expenses from Continuing Operations			
Employee expenses	B2-1	4,722	4,310
Supplies and services	B2-2	2,896	2,397
Fund management fees		2,423	2,743
Depreciation and amortisation	B2-3	354	246
Portable long service leave scheme benefits	C8	146,496	188,052
Transitional rebate	B2-4	-	1,092
Total Expenses from Continuing Operations		156,891	198,840
Operating Result from Continuing Operations		27,486	(101,400)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		27,486	(101,400)

The accompanying notes form part of these financial statements.

Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Current Assets			
Cash and cash equivalents	C1	13,938	13,156
Receivables	C2	35,020	25,658
Other financial assets	C3	914,921	851,473
Prepayments		534	550
Total Current Assets		964,413	890,837
Non-Current Assets			
Receivables	C2	4,359	3,484
Plant and equipment	C4-1	1,160	1,161
Intangible assets	C5-1	182	271
Total Non-Current Assets		5,701	4,916
Total Assets		970,114	895,753
Current Liabilities			
Payables	C6	1,484	2,442
Provision for employee benefits	C7	1,138	1,091
Provision for scheme benefits	C8	433,500	445,000
Lease incentive		113	113
Total Current Liabilities		436,235	448,646
Non-Current Liabilities			
Provision for scheme benefits	C8	437,400	378,000
Lease incentive		794	908
Total Non-Current Liabilities		438,194	378,908
Total Liabilities		874,429	827,554
Net Assets		95,685	68,199
Equity			
Accumulated surplus		95,685	68,199
Total Equity		95,685	68,199

The accompanying notes form part of these financial statements.



Building and Construction Industry (Portable Long Service Leave) Authority
Statement of Changes in Equity
as at 30 June 2017

	Accumulated Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2015	169,599	169,599
Total Comprehensive Income for the Year	(101,400)	(101,400)
Balance at 30 June 2016	68,199	68,199
Total Comprehensive Income for the Year	27,486	27,486
Balance at 30 June 2017	95,685	95,685

The accompanying notes form part of these financial statements.

Building and Construction Industry (Portable Long Service Leave) Authority
 Financial Statements
 Statement of Cash Flows
 for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Interest		278	362
Portable long service leave levies		82,110	80,033
Other revenue		1,760	2,493
GST collected from customers		237	250
GST input tax credits from ATO		301	261
<i>Outflows:</i>			
Employee expenses		(4,641)	(4,362)
Supplies and services		(3,974)	(2,565)
Portable long service leave		(98,635)	(97,984)
Transitional rebate		-	(1,092)
GST paid to suppliers		(545)	(481)
GST remitted to ATO		(21)	(27)
Net cash used in operating activities	CF-1	<u>(23,130)</u>	<u>(23,112)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Proceeds from investments		51,570	301,258
<i>Outflows:</i>			
Purchase of investments		(25,000)	(326,191)
Investment expenses paid		(2,394)	(2,415)
Payments for plant and equipment		(203)	(13)
Payments for systems software		(61)	(194)
Net cash provided by investing activities		<u>23,912</u>	<u>(27,555)</u>
Net increase (decrease) in cash and cash equivalents		782	(801)
Cash and cash equivalents - opening balance		13,156	13,957
Cash and cash equivalents - closing balance	C1	<u>13,938</u>	<u>13,156</u>

The accompanying notes form part of these financial statements.



Building and Construction Industry (Portable Long Service Leave) Authority
Statement of Cash Flows
for the year ended 30 June 2017

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2017	2016
	\$'000	\$'000
Operating surplus	27,486	(101,400)
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	354	246
<i>Adjustments to investment items:</i>		
Investment income	(90,018)	(15,014)
Investment expense	2,394	2,415
<i>Changes in Assets and Liabilities</i>		
(Increase) decrease in receivables	(10,237)	464
(Increase) decrease in prepayments	16	11
Increase (decrease) in payables	(958)	359
Increase (decrease) in PLSL scheme benefits provision	47,900	90,000
Increase (decrease) in employee entitlements provision	47	(80)
Increase (decrease) in lease fitout incentive provision	(114)	(113)
Net cash provided by operating activities	(23,130)	(23,112)

Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2017

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

The principle place of business of the Authority is Level 4, Lutwyche City Shopping Centre, 543 Lutwyche Road, LUTWYCHE QLD 4030.

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 the reporting periods beginning on or after 1 July 2016.

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.

A1-3 PRESENTATION

Currency and Rounding

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

Comparatives

Comparative information reflects the audited 2015-16 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting period. There has been no material restatement.

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 provisions expected to be settled 12 or more months after the reporting date, which are measured at their present value and financial assets with QIC which are measured at fair value.

Historical Cost

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



A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT (continued)

Fair Value

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

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/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 the income earned from investment of these funds.

For the 2016-17 financial year, the Authority reported to the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs (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 trading as Construction Skills Queensland.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 INCOME FROM LEVIES

	2017	2016
	\$'000	\$'000
Portable long service leave levies	<u>84,206</u>	<u>82,750</u>

Accounting Policy - Income from Levies

Revenue is recognised where it can be reliably measured and the entity has an unconditional right to receive it in the period to which it relates. Levy revenue 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).

Legislative changes effective 1 July 2014 allows a tiered rate where the cost of work is more than \$1.130 billion.

B1-2 INCOME FROM INVESTMENTS

	2017	2016
	\$'000	\$'000
Queensland Treasury Corporation		
Interest	235	299
QIC Growth Fund		
Distribution	26,862	6,374
QIC Diversified Australian Equities Fund		
Distribution	9,123	2,542
QIC International Equities Fund		
Distribution	10,390	-
QIC GFI Inflation Plus Fund		
Distribution	1,032	324
QIC Bonds Plus Fund		
Distribution	1,681	1,071
QIC Cash Enhanced Fund		
Distribution	777	498
Total	<u>50,100</u>	<u>11,108</u>

Accounting Policy - Income from Investments

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

B1-3 NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE

	2017	2016
	\$'000	\$'000
QIC Growth Fund		
Earnings	60,919	5,417
Less: Distributions	(26,862)	(6,374)
Fair Value Movement	<u>34,057</u>	<u>(957)</u>
QIC Diversified Australian Equities Fund		
Earnings	16,406	2,415
Less: Distributions	(9,123)	(2,542)
Fair Value Movement	<u>7,283</u>	<u>(127)</u>
QIC International Equities Fund		
Earnings	16,718	3,035
Less: Distributions	(10,390)	-
Fair Value Movement	<u>6,328</u>	<u>3,035</u>

Accounting Policy - Gains/(Loss) from 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.



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

B1 REVENUE (continued)

B1-3 NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE (continued)

QIC GFI Inflation Plus Fund		
Earnings	1,178	-
Less Distributions	(1,032)	(324)
Fair Value Movement	146	(324)
QIC Bonds Plus Fund		
Earnings	1,809	740
Less Distributions	(1,681)	(1,072)
Fair Value Movement	128	(332)
QIC Cash Enhanced Fund		
Earnings	867	459
Less Distributions	(777)	(498)
Fair Value Movement	90	(39)
Total Fair Value Movement	48,032	1,256

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2017	2016
	\$'000	\$'000
Employee Benefits		
Salaries and wages	3,453	3,221
Annual leave expense	371	322
Employer superannuation contributions	481	440
Long service leave expense	200	120
Employee Related Expenses		
Workers' compensation premium	16	16
Payroll tax	202	186
Fringe benefits tax	(1)	5
Total	4,722	4,310

Accounting Policy - Salaries, Wages and Annual Leave

Salaries and wages are recognised in the Statement of Comprehensive Income at the date the expenses are being incurred.

Salaries and wages 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.

Full-Time Equivalent Employees	55	47
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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.

Defined Benefit Plan - 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.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

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.

B2-2 SUPPLIES AND SERVICES

Accounting Policy - Procurement

	2017	2016
	\$'000	\$'000
Advertising and promotions	120	95
Computer costs	396	347
Personnel development	108	100
QAO - external audit fees ⁽¹⁾	27	31
Contractor charges	859	694
Consultancy charges	108	71
Legal expenses	90	-
Motor vehicle costs	5	5
Motor vehicle leases	19	19
Travel costs	30	22
Telecommunication costs	88	99
Printing and photocopying	42	51
Reference materials	70	64
General administration	524	484
Insurance premiums - QGIF ⁽²⁾	6	6
Special payments		
Ex-gratia payments - payment to former Core Agreement employees	-	1
Leases - rental	234	195
Building services	84	51
Maintenance building, plant & equipment	6	8
Expensed assets	16	13
Portable and attractive assets	55	18
Impairment losses	9	23
Total	2,896	2,397

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) The total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements are estimated to be \$27,000 (2016: \$31,000). 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. In addition, the Authority pays premiums to WorkCover Queensland in respect of its obligations for Directors' compensation.



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

B2 EXPENSES (continued)

B2-3 DEPRECIATION AND AMORTISATION

	2017	2016
	\$'000	\$'000
Depreciation and amortisation were incurred in respect of:		
Plant and Equipment	204	202
Software	150	44
Total	<u>354</u>	<u>246</u>

B2-4 TRANSITIONAL REBATE

	2017	2016
	\$'000	\$'000
Transitional rebate	<u>-</u>	<u>1,092</u>

Legislative changes effective 1 July 2014 allowed for transitional arrangements to apply to building and construction work where the cost of work was more than \$5 billion, where the levy had not been paid in full as at 30 June 2014 and where the building and construction work notified has not been completed as at 30 June 2014.

The financial impact of transitional arrangements was estimated to be \$18.2 million and actual cost was \$7.82 million. The unused amount of \$10.38 million was shown as income in the 2014-15 financial statements.

Additional expenditure in 2015-16 was due to a revised transitional calculation resulting in a further rebate paid to one eligible levy payer for \$1.09 million.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

SECTION 3

NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2017 \$'000	2016 \$'000
Cash at bank	1,938	2,156
Queensland Treasury Corporation (QTC) Deposits at call	12,000	11,000
Total	13,938	13,156

Accounting Policy - Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

C2 RECEIVABLES

	2017 \$'000	2016 \$'000
Trade debtors	16,639	15,418
Less: Allowance for impairment loss	(70)	(70)
	16,569	15,348
Accrued revenue *	17,884	10,006
GST payable	20	(4)
	17,904	10,002
Other	558	319
Less: Allowance for impairment loss	(11)	(11)
	547	308
Total	35,020	25,658
Non-Current Trade debtors**	4,359	3,484

Accounting Policy - Receivables

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

Trade debtors are recognised at the amounts due at the time of project notification. An instalment arrangement may be approved to applicants in accordance with Section 82 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. Trade debtors are presented as current assets unless collection is not expected for more than 12 months after reporting date.

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written-off as at 30 June 2017. The allowance for impairment is based on loss events in conjunction with current debtor monitoring and analysis.

Other debtors generally arise from the Authority acting on a fee for service basis for levy collection. Income for providing these services is in accordance with agency agreements. Terms are a maximum of one month, no interest is charged and no security is obtained.

* Includes Queensland Investment Corporation 4th quarter distribution for the Growth Fund \$9.92 million, Diversified Australian Equities Fund \$3.6 million, International Equities Fund \$4.13 million, Cash Enhanced Fund \$18,000 and Bond Plus Fund \$188,000.

** The Non-current trade debtors figure represents instalments allowed under Section 82 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991*.

Disclosure - Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by the Authority. Receivables fall into one of the following categories when assessing collectability:

- within terms and expected to be fully collectable;
- within terms but impaired;
- past due but not impaired; or
- past due and impaired.

Note C2-1 details the accounting policies for impairment of receivables, including the loss events giving rise to impairment and the movements in the allowance for impairment.

All receivables within terms and expected to be fully collectable are considered of good credit quality based on recent history. Credit risk management strategies are detailed in Note D2.



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting Policy - Impairment of Receivables

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the Authority, according to the due date (normally terms of 7 days). Economic changes impacting the Authority's debtors, and relevant industry data, also form part of the Authority's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the Authority determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written-off directly against Receivables.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic changes form part of the Authority's documented risk analysis assessment in conjunction with historic experience and associated industry data.

Amounts written-off for the current year regarding the Authority's receivables is \$9,000. This was an increase of \$6,000 from 2016.

The provision amount of \$81,000 was unchanged from 2016. This level is considered appropriate given past impairment and the current assessment of debtors.

Disclosure - Individually Impaired Receivables Position (Aged)

	Gross Receivables \$'000	2017 Allowance for Impairment \$'000	Carrying Amount \$'000	Gross Receivables \$'000	2016 Allowance for Impairment \$'000	Carrying Amount \$'000
Overdue						
Less than 30 days	30	(30)	-	16	(16)	-
30 to 60 days	-	-	-	-	-	-
60 to 90 days	-	-	-	-	-	-
Greater than 90 days	51	(51)	-	65	(65)	-
Total Overdue	81	(81)	-	81	(81)	-

Disclosure - Movement in Allowance for Impairment for Impaired Receivables

	2017 \$'000	2016 \$'000
Movement in the allowance for impairment		
Balance at 1 July	81	61
Increase/(decrease) in allowance recognised in the operating result	9	23
Amounts written-off during the year	(9)	(3)
Total Overdue	81	81

Disclosure - Ageing of Past Due but Not Impaired Receivables

	2017 \$'000	2016 \$'000
Overdue		
Less than 30 days	1,629	680
30 to 60 days	112	3
60 to 90 days	254	36
Greater than 90 days	5,746	5,567
Total Overdue	7,741	6,286

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES (continued)

Disclosure - Ageing of Past Due but Not Impaired Receivables (continued)

Section 84 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991* provides for charging of interest on unpaid levies under certain circumstances.

C3 OTHER FINANCIAL ASSETS

	2017	2016
	\$'000	\$'000
QIC - Growth Fund (at market value)	542,212	511,409
QIC - Diversified Australian Equities Fund (at market value)	127,103	107,606
QIC - International Equities Fund (at market value)	122,979	110,730
QIC - GFI Inflation Plus Fund (at market value)	38,834	36,255
QIC - Bond Plus Fund (at market value)	44,452	42,227
QIC - Cash Enhanced Fund (at market value)	39,341	43,246
Total	914,921	851,473

Accounting Policy - Financial Assets at Fair Value through Profit or Loss

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

Gains and losses arising from changes in the fair value of investments with QIC are included in the operating result for the period in which they arise.

Investment in other financial assets is initially recognised at cost at the date of acquisition and subsequently measured at market value.

C4 PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2017	2016
	\$'000	\$'000
Plant and equipment		
Gross	2,316	2,113
Less: Accumulated depreciation	(1,156)	(952)
Carrying amount at 30 June	1,160	1,161

Represented by movements in carrying amount:

Carrying amount at 1 July	1,161	1,350
Acquisitions	203	13
Depreciation expense	(204)	(202)
Carrying amount at 30 June	1,160	1,161



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

C4 PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-2 RECOGNITION AND ACQUISITION

Accounting Policy - 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.

Accounting Policy - Cost of Acquisition

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. 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. Any training costs are expensed as incurred.

C4-3 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	7 years

C4-4 IMPAIRMENT

Accounting Policy

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. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2017 \$'000	2016 \$'000
Software		
Gross	3,130	3,069
Less: Accumulated amortisation	<u>(2,948)</u>	<u>(2,798)</u>
Carrying amount at 30 June	<u>182</u>	<u>271</u>

Represented by movements in carrying amount:

Carrying amount at 1 July	271	121
Acquisitions	61	194
Amortisation	<u>(150)</u>	<u>(44)</u>
Carrying amount at 30 June	<u>182</u>	<u>271</u>

C5-2 RECOGNITION AND MEASUREMENT

Accounting Policy

Intangible assets of the Authority comprise purchased software. Intangible assets with a 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 training costs are expensed as incurred.

Software is amortised under the amortisation policy below.

C5-3 AMORTISATION EXPENSE

Accounting Policy and Useful life

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

Key Estimate: For the class of intangible asset the following amortisation rate is:

Class	Useful Life
Intangible Asset: Software	5 years

C5-4 IMPAIRMENT

Accounting Policy

All 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.

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 depreciated replacement cost.



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

C6 PAYABLES

	2017	2016
	\$'000	\$'000
Trade creditors	396	491
Accrued charges	1,088	1,951
Total	1,484	2,442

Accounting Policy - Payables

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

C7 PROVISION FOR EMPLOYEE BENEFITS

	2017	2016
	\$'000	\$'000
Current		
Accrued annual leave	346	318
Provision for long service leave	792	773
Total	1,138	1,091

Accounting Policy - Long Service Leave

Long service leave entitlements payable are assessed at each payroll period having regard to current employee remuneration rates, employment related on-costs and other factors including accumulated years of employment and actual amounts paid to employees for long service leave. Current benefits represent those that the Authority does not have an unconditional right to defer settlement for at least 12 months.

Movements in long service leave provision

Balance as at 1 July	773	807
Additional provision recognised	197	114
Reductions in provision from payments	(178)	(148)
Balance as at 30 June	792	773

C8 PROVISION FOR SCHEME BENEFITS

	2017	2016
	\$'000	\$'000
Current		
Provision for long service leave - expected to be settled within 12 months (measured at present value)	117,000	110,000
Provision for long service leave - expected to be settled after 12 months (measured at present value)	316,500	335,000
Total *	433,500	445,000

Accounting Policy - Provisions

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

Non-Current

Provision for long service leave (measured at present value)	437,400	378,000
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Movements in Provisions

Balance as at 1 July	823,000	733,000
Additional provision recognised	146,496	188,052
Reductions in provisions from payments	(98,596)	(98,052)
Balance as at 30 June	870,900	823,000

Payments for long service leave claims are assessed and calculated in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and regulations.

Scheme eligible members as at 30 June were 303,578 (2016: 290,306).

* The total current provision of \$433,500 million (2016: \$445 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority only expects to pay \$117 million over the next 12 months.

C8 PROVISION FOR SCHEME BENEFITS (continued)

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.

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.

A new actuary, 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 26 April 2017 was prepared utilising 30 June 2016 worker data based on a number of assumptions.

The major actuarial assumptions used were:

- The long-term investment return of 7.0% per annum net of management costs (2016: 7.0% per annum).
- The rate of wage increase of 3.0% per annum (2016: 5.0% per annum).
- The average wage rate of \$1,453.50 per week as at 30 June 2016. A capped rate of \$1,980.00 per week applies to all claims from 1 July 2016.
- Expenses of administering the Scheme at 0.02% of leviable construction values.
- Members are defined as active if they have received a service credit within 12 months prior and inactive if they did not receive any service credit within this 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 leviable construction value of \$30 billion as at 30 June 2016.
- Estimated inflation on building costs of 4.6% per annum.
- Rate of labour productivity of 1.2% per annum.

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.



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

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 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	Level 1		Level 2		Level 3		Total Carrying	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial Assets								
Cash and cash equivalents	13,938	13,156	-	-	-	-	13,938	13,156
Investments								
QIC Growth Fund	-	-	542,212	511,409	-	-	542,212	511,409
QIC Diversified Australian Equities Fund	-	-	127,103	107,606	-	-	127,103	107,606
QIC International Equities Fund	-	-	122,979	110,730	-	-	122,979	110,730
QIC GFI Inflation Plus Fund	-	-	38,834	36,255	-	-	38,834	36,255
QIC Bond Plus Fund	-	-	44,452	42,227	-	-	44,452	42,227
QIC Cash Enhanced Fund	-	-	39,341	43,246	-	-	39,341	43,246
Total	13,938	13,156	914,921	851,473	-	-	928,859	864,629

Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2017

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION

	2017 \$'000	2016 \$'000
QIC Growth Fund		
Carrying amount at 1 July	511,409	736,401
Plus		
Earnings	60,919	5,417
Contributions	-	-
Distributions reinvested	23,317	12,924
Less		
Distributions	(26,862)	(6,374)
Redemptions	(25,000)	(234,783)
Redemptions - Fees	(1,571)	(2,176)
Carrying amount at 30 June	542,212	511,409
QIC Diversified Australian Equities Fund		
Carrying amount at 1 July	107,606	-
Plus		
Earnings	16,406	2,415
Contributions	4,500	107,891
Distributions reinvested	8,064	-
Less		
Distributions	(9,123)	(2,542)
Redemptions	-	-
Redemptions - Fees	(350)	(158)
Carrying amount at 30 June	127,103	107,606
QIC International Equities Fund		
Carrying amount at 1 July	110,730	-
Plus		
Earnings	16,718	3,035
Contributions	-	107,891
Distributions reinvested	6,261	-
Less		
Distributions	(10,390)	-
Redemptions	-	-
Redemptions - Fees	(340)	(196)
Carrying amount at 30 June	122,979	110,730
QIC GFI Inflation Plus Fund		
Carrying amount at 1 July	36,255	124,991
Plus		
Earnings	1,178	-
Contributions	1,500	7
Distributions reinvested	1,032	324
Less		
Distributions	(1,032)	(324)
Redemptions	-	(88,469)
Redemptions - Fees	(99)	(274)
Carrying amount at 30 June	38,834	36,255
QIC Bond Plus Fund		
Carrying amount at 1 July	42,227	-
Plus		
Earnings	1,809	740
Contributions	-	42,310
Distributions reinvested	2,215	350
Less		
Distributions	(1,681)	(1,072)
Redemptions	-	-
Redemptions - Fees	(118)	(101)
Carrying amount at 30 June	44,452	42,227



Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2017

D1 FAIR VALUE MEASUREMENT (continued)

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

QIC Cash Enhanced Fund	Carrying amount at 1 July	43,246	-
	Plus		
	Earnings	867	459
	Contributions	19,000	43,159
	Distributions reinvested	1,098	160
	Less		
	Distributions	(777)	(498)
	Redemptions	(24,000)	-
	Redemptions - Fees	(93)	(34)
	Carrying amount at 30 June	39,341	43,246
	Total Carrying Amount at June	914,921	851,473

D2 FINANCIAL RISK DISCLOSURES

D2-1 FINANCIAL INSTRUMENT CATEGORIES

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

Category	Note	2017 \$'000	2016 \$'000
Financial Assets			
Financial assets measured at amortised cost:			
Cash and cash equivalents	C1	13,938	13,156
Receivables	C2	39,379	29,142
Financial assets at fair value through profit or loss:			
QIC Growth Fund	C3	542,212	511,409
QIC Diversified Australian Equities Fund	C3	127,103	107,606
QIC International Equities Fund	C3	122,979	110,730
QIC GFI Inflation Plus Fund	C3	38,834	36,255
QIC Bond Plus Fund	C3	44,452	42,227
QIC Cash Enhanced Fund	C3	39,341	43,246
Total		968,238	893,771
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	C6	1,484	2,442

No financial assets and financial liabilities have been offset and presented in the Statement of Financial Position.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-2 FINANCIAL RISK MANAGEMENT

(a) Risk Exposure

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

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

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

(b) Risk Measurement and Management Strategies

Risk Exposure	Measurement Method	Risk Management Strategies
Credit Risk	Ageing analysis	The Authority manages credit risk through the use of a credit 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	<p>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.</p> <p>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.</p>
Market Risk	<p>Price sensitivity analysis</p> <p>Interest rate sensitivity analysis</p>	<p>To manage the risk of a decline in portfolio value due to adverse movements in market price the QIC investment structure diversified in 2015-16 to include an additional 2 capital funds and 2 liquidity funds.</p> <p>The Authority does not undertake any hedging in relation to interest risk. The Authority's Investment Policy Statement is reviewed annually to ensure that an appropriate asset allocation exists to give expected returns for given levels of risk over time.</p>



Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2017

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-3 CREDIT RISK - CONTRACTUAL MAXIMUM EXPOSURE

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

Category	Note	2017 \$'000	2016 \$'000
Financial Assets			
Receivables	C2	<u>39,379</u>	<u>29,142</u>

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.

Financial Liabilities	2017 Contractual Maturity Payable In				2016 Contractual Maturity Payable In			
	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
Payables	1,484	1,484	-	-	2,442	2,442	-	-
Total	<u>1,484</u>	<u>1,484</u>	<u>-</u>	<u>-</u>	<u>2,442</u>	<u>2,442</u>	<u>-</u>	<u>-</u>

D2-5 MARKET RISK

The following market sensitivity analysis reflects the outcome to profit and loss if investment returns would change by +/- 3% applied to the carrying amount as at 30 June 2017 (2016: +/- 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 \$27,447 million (2016: \$25,544 million). This is attributable to the Authority's exposure to investments returns held with QIC's Growth Fund, Diversified Australian Equities Fund, International Equities Fund, GFI Inflation Plus Fund, Bond Plus Fund and Cash Enhanced Fund.

Financial Instruments	Carrying Amount \$'000	2017 Market rate risk			
		- Sensitivity		+Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	542,212	(16,266)	(16,266)	16,266	16,266
QIC - Diversified Australian Equities Fund	127,103	(3,813)	(3,813)	3,813	3,813
QIC - International Equities Fund	122,979	(3,689)	(3,689)	3,689	3,689
QIC - GFI Inflation Plus Fund	38,834	(1,165)	(1,165)	1,165	1,165
QIC - Bond Plus Fund	44,452	(1,334)	(1,334)	1,334	1,334
QIC - Cash Enhanced Fund	39,341	(1,180)	(1,180)	1,180	1,180
Potential Impact		<u>(27,447)</u>	<u>(27,447)</u>	<u>27,447</u>	<u>27,447</u>

Financial Instruments	Carrying Amount \$'000	2016 Market rate risk			
		- Sensitivity		+Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	511,409	(15,342)	(15,342)	15,342	15,342
QIC - Diversified Australian Equities Fund	107,606	(3,228)	(3,228)	3,228	3,228
QIC - International Equities Fund	110,730	(3,322)	(3,322)	3,322	3,322
QIC - GFI Inflation Plus Fund	36,255	(1,088)	(1,088)	1,088	1,088
QIC - Bond Plus Fund	42,227	(1,267)	(1,267)	1,267	1,267
QIC - Cash Enhanced Fund	43,246	(1,297)	(1,297)	1,297	1,297
Potential Impact		<u>(25,544)</u>	<u>(25,544)</u>	<u>25,544</u>	<u>25,544</u>

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

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 \$139,000 (2016: \$132,000).

Financial Instruments	Carrying Amount \$'000	2017 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	13,938	(139)	(139)	139	139
Potential Impact		(139)	(139)	139	139

Financial Instruments	Carrying Amount \$'000	2016 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	13,156	(132)	(132)	132	132
Potential Impact		(132)	(132)	132	132

D3 CONTINGENCIES

As at 30 June 2017, there were no contingent assets or liabilities.

D4 COMMITMENTS

Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2017 \$'000	2016 \$'000
Not later than 1 year	424	412
Later than 1 year but not later than 5 years	1,322	1,746
Later than 5 years	1,882	1,882
Total	3,628	4,040

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 had an effective date of 1 July 2015 for a 10 year term and the printing services for a five year term to 30 June 2020.

D5 EVENTS AFTER THE BALANCE DATE

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



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2017

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 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107

Effective from 2017-18, this standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

AASB 15 Revenue from Contracts with Customers

This standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Authority's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Authority has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The Authority is yet to complete its analysis of existing arrangements for collection of levies and for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the Authority from its financial statements for 2018-19. The main impacts of these standards on the Authority are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Authority's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

As the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Authority's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Authority enters into, it is not expected that any of the Authority's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the Authority's financial assets are expected to be required to be measured at fair value. In the case of the Authority's current receivables, the carrying amount is expected to be a reasonable approximation of fair value.

Another impact of AASB 9 relates to calculating impairment losses for the Authority's receivables. Assuming no substantial change in the nature of the Authority's receivables, as they don't include a financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Authority will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Authority will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Authority enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

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

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. The impact on the reported assets and liabilities would be largely in proportion to the scale of the Authority's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-to use the 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 also be recognised as an expense.

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 16 Leases (continued)

Impact for Lessees (continued)

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Authority will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Authority has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Authority's activities, or have no material impact on the Authority.



Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2017

SECTION 5
OTHER INFORMATION

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of Key Management Personnel

As from 2016-17, the Authority's responsible Minister is identified as part of the Authority's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. The Minister is the Honourable Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs.

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 2016-17 and 2015-16. 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 2017.

Ms Jacqueline D'Alton	Chair
Mr Adam Stoker	Deputy Chair
Ms Penny Cornah	Employer Representative (MPAQ)
Mr Damian Long	Employer Representative (CCF)
Ms Corlia Roos	Employer Representative (QMBA)
Mr Rohan Webb	Worker Representative (AMWU)
Mr Troy Spence	Worker Representative (AWU)
Mr Wally Trohear	Worker Representative (CFMEU)

KMP Remuneration Policies

Board members are remunerated through 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.

The General Manager is remunerated through Directive 23/16 Commission Chief Executive Directive: Senior Executive Service - Employment Conditions.

Remuneration expenses for the KMP comprise the following components:

Short term employee expenses including:

- 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;
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

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

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits 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 Minister does not receive any remuneration from the Authority.

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.

Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2017

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration Expenses (continued)

2016-17

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	174	25	5	21	-	225
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Adam Stoker	5	-	-	-	-	5
Ms Penny Cornah	5	-	-	-	-	5
Mr Damian Long	5	-	-	-	-	5
Ms Corlia Roos	5	-	-	-	-	5
Mr Troy Spence	5	-	-	-	-	5
Mr Wally Trohear	5	-	-	-	-	5
Mr Rohan Webb	5	-	-	-	-	5
Total Remuneration	215	25	5	21	-	266

2015-16

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	163	25	1	20	-	209
Ms Jacqueline D'Alton	9	-	-	-	-	9
Mr Adam Stoker	3	-	-	-	-	3
Mr John Crittall	2	-	-	-	-	2
Mr Gary Deane	2	-	-	-	-	2
Ms Debra Johnson	4	-	-	-	-	4
Mr Rohan Webb	1	-	-	-	-	1
Ms Amanda Richards	2	-	-	-	-	2
Mr Bradley O'Carroll	-	-	-	-	-	-
Total Remuneration	186	25	1	20	-	232

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), Mr T Spence (Australian Workers' Union), Ms P Cornah (Master Plumbers' Association of Queensland) and Ms C Roos (Queensland Master Builders Association).

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 KMP has entered into a material contract with the Authority.

The terms and conditions of any transactions with KMP's 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.



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

Changes in Accounting Policy

The Authority did not voluntarily change any of its accounting policies during 2016-17.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2016-17.

Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17 is AASB 124 *Related Party Disclosures*. This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB 124 itself, had minimal impact on the Authority's KMP disclosures compared to 2015-16 (refer to Note E1). Material related party transactions disclosures are at Note E2. There are no disclosures for 2016-17. No comparative information about related party transactions is required in respect of 2015-16.

E4 TAXATION

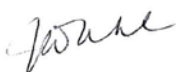
The activities of the Authority are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST payable to the ATO is recognised (refer to Note C2). The collection of levies is not subject to GST.

CERTIFICATE OF THE BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

for the year ended 30 June 2017

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 2017 and of the financial position of the Authority at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



J DAHL
General Manager

22 August 2017



J D'ALTON
Chair

22 August 2017



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. The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and certificates given by the Chair and the General Manager.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

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 Board 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 Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 2017:

- 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.



P CHRISTENSEN, FCPA
As delegate of the Auditor-General



Queensland Audit Office
Brisbane

INTERSTATE SCHEMES

VICTORIA

CoInvest

Level 6, 478 Albert Street
East Melbourne VIC 3002
Telephone: (03) 9664 7677
Facsimile: (03) 9663 7088
Email: info@coinvest.com.au
www.coinvest.com.au

NEW SOUTH WALES

Long Service Corporation

Level 1, 19-21 Watt Street
Gosford NSW 2250
Telephone: 13 14 41
Facsimile: (02) 9287 5685
Email: info@longservice.nsw.gov.au
www.longservice.nsw.gov.au

SOUTH AUSTRALIA

Portable Long Service Leave

155 Fullarton Road
Rose Park SA 5067
Telephone: (08) 8332 6111
Facsimile: (08) 8333 4314
Email: hello@portableleave.org.au
www.portableleave.org.au

AUSTRALIAN CAPITAL TERRITORY

ACT Long Service Leave Authority

71 Constitution Avenue
Campbell ACT 2612
Telephone: (02) 6247 3900
Facsimile: (02) 6257 5058
Email: construction@actleave.act.gov.au
www.actleave.act.gov.au

TASMANIA

TasBuild Ltd

Level 3, 6 Bayfield Street
Rosny Park TAS 7018
Telephone: (03) 6294 0807
Facsimile: (03) 6294 6959
Email: secretary@tasbuild.com.au
www.tasbuild.com.au

WESTERN AUSTRALIA

My Leave

Level 3, 50 Colin Street
West Perth WA 6005
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404
Email: hi@myleave.wa.gov.au
www.myleave.wa.gov.au

NORTHERN TERRITORY

NT Build

32-33/12 Charlton Court
Woolner NT 0820
Telephone: 1300 795 855
Facsimile: (08) 8936 4080
Email: info@ntbuild.com.au
www.ntbuild.com.au

PUBLIC AVAILABILITY

This annual report can be viewed online at www.qleave.qld.gov.au > Building and Construction Industry link.

For further information contact the
Manager Corporate Communications on:

Phone 07 3212 6811

Fax 07 3212 6844

Email yoursay@qleave.qld.gov.au

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ADDITIONAL INFORMATION

Information on consultancies can be accessed through the Queensland Government Open Data Website: www.qld.gov.au/data.



INTERPRETER SERVICE STATEMENT

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



Building and Construction Industry (Portable Long Service Leave) Authority

Level 4, Lutwyche City
543 Lutwyche Road
Lutwyche Queensland 4030
PO Box 512, Lutwyche Queensland 4030

Phone 07 3212 6811
Fax 07 3212 6844
Email yoursay@qleave.qld.gov.au
Web www.qleave.qld.gov.au

HELP LINES
Workers and Employers 1800 803 491
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