



Building and Construction Industry (Portable Long Service Leave) Authority

annual report 2010-2011



OUR MISSION

To be an effective, flexible and equitable provider of building and construction industry portable long service leave benefits and agency services.



OUR VALUES

We are:

Helpful by listening to the needs and expectations of our stakeholders and delivering exceptional customer service

Tolerant by being sensitive to stakeholder needs and situations and seeking to understand those needs before acting

Respectful by being open, fair and consistent in our actions

Diligent by striving to continuously improve outcomes, processes and relationships, and focus attention on what is really important

Trustworthy by acting ethically and honestly, and taking responsibility for our actions

© State of Queensland QLeave 2011

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

31 August 2011

The Honourable Cameron Dick MP
Minister for Education and Industrial Relations
PO Box 15033
City East Qld 4002

Dear Minister

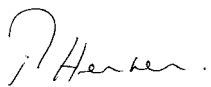
I am pleased to present the Annual Report 2010-2011 for the Building and Construction Industry (Portable Long Service Leave) Authority.

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 found at www.qleave.qld.gov.au

Yours sincerely



Peter Henneken
CHAIRPERSON
Building and Construction Industry (Portable Long Service Leave) Authority

About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

QLeave's focus for the 2010-11 financial year continued in the areas of client service and financial management utilising a sound risk management and compliance framework. We are pleased to again report a profit as a result of significant investment return.

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 the portable long service leave levy. The levy is payable on all building and construction work with a total cost of work of \$80,000 and above.

Based on actuarial recommendations the levy rate has remained at 0.3% since 1 January 2010. A cap of \$1,470 per week on wage rates for all long service leave payments was applied for the 2010-11 financial year.

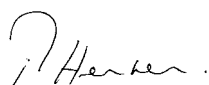
At 30 June 2011, the Scheme had 274,162 workers and 16,964 employers registered. Since 1992, long service leave payments totalling over \$254 million have been paid to workers and employers registered with the Scheme.

Chairs and executives from interstate schemes continued to develop initiatives to enhance national cooperation and improve consistency between jurisdictions. During 2010-11, efforts focused on interstate claims processing, the development of a national enquiry database and the launch of a national brand and website.

A whole-of-scheme review was undertaken by Fisher Advisory Pty Ltd. The report was presented to the Board in October 2010. A number of issues arising from the report have been addressed by the Board, particularly those affecting scheme membership, with further recommendations to be made to the Minister.

We would like to express our appreciation to the Minister, the Hon Cameron Dick MP, and the Government for ensuring the legislative provisions support portable long service leave benefits for the building and construction industry into the future.

This year we welcomed three new directors to the Board. We would like to thank all of the members of the Board, particularly the departing members, for their continued commitment to the corporate governance frameworks.



Peter Henneken
CHAIRPERSON



Graeme Wilson
GENERAL MANAGER

Strategic Objectives, Indicators and Measurement

Critical areas and goals	Objectives	Indicators	Achieved
Clients/Stakeholders → Workers → Employers → Levy Payers → Alliance Partners → Contractual Partners → Government	Deliver quality client service and communications	→ Stronger relationships with industry stakeholders → Legislative review conducted → Participation in co-operative projects with interstate schemes → 100% customer service standards met → 85% customer and stakeholder satisfaction achieved → Growth in online services usage → Marketing services delivered → Introduction of/transition to electronic communication tools	✓
Financial Management	Maintain financial accountability and sustainability of the Building and Construction Industry (Portable Long Service Leave) Scheme	→ Achieve a net investment return which exceeds Average Weekly Ordinary Time earnings (AWOTE) by at least 3% p.a. when measured over rolling five year periods* → Achieve returns that are within +/- 12% of the performance objective on an annual basis → Approved actuarial recommendations actioned → Financial targets achieved → Reporting targets met → Full costs recovered → Compliance activities monitored and reported monthly	✓
Corporate Governance and Risk Management	Sound corporate governance and risk management frameworks	→ 100% compliance with all statutory obligations → Annual Board governance and performance review → Quality Certification maintained ISO 9001:2008 → Business continuity and disaster recovery processes tested annually	✓
People	Develop a skilled workforce for the future that is adaptable, valued and engaged	→ Workforce management strategies implemented → Performance plans reflect corporate goals → Corporate training plan designed and implemented → Individual training plans developed and actioned → Access to work-life balance options → No significant workplace health and safety incidents → Staff satisfaction indicators maintained above industry norm	✓
Business systems and processes	Continue to develop and improve business systems and processes	→ Identified improvements achieved → Consistency of data used in decision making/planning → Dashboard portal developed	✓

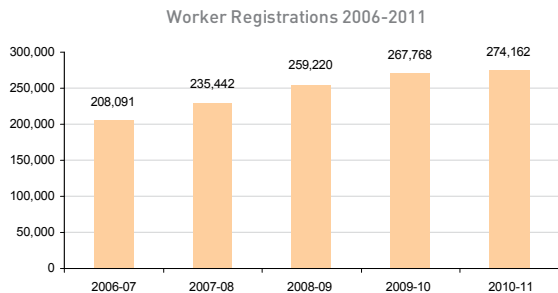
*The objective was not achieved over a rolling five year period. As at 30 June 2011, the portfolio five year return was 5.1% compared to the objective of 7.8%

Clients / Stakeholders

Objectives: Deliver quality client service and communications to customers and stakeholders.
Active monitoring of compliance in targeted areas.

WORKERS AND EMPLOYERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

Customer Service

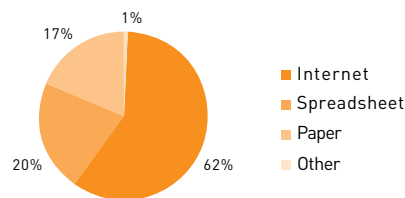


Worker registrations increased from 267,768 to 274,162 in 2010-11. 55% of new registrations were received online in 2010-11.



Employer registrations increased from 16,263 to 16,964 in 2010-11. 64% of new registrations were received online in 2010-11.

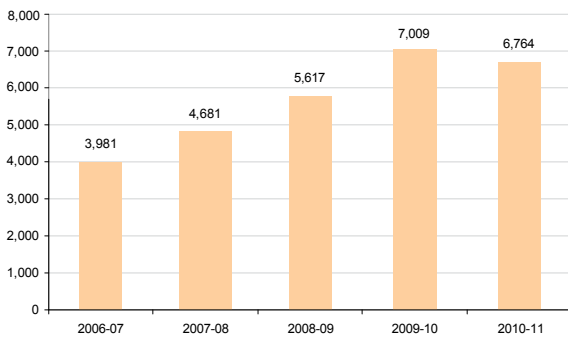
Type of Worker Service Returns lodged 2010-2011



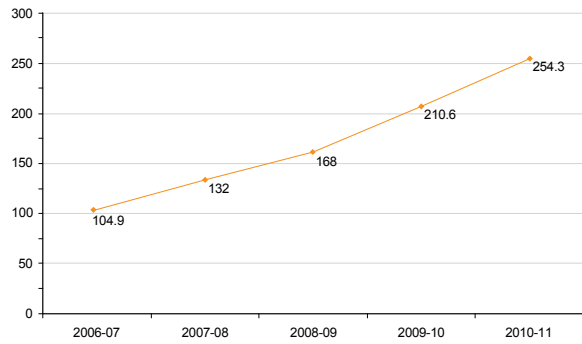
At the end of each financial year, registered employers are required to provide QLeave with a worker service return listing their eligible workers and employment periods.

- The process of cancelling registrations for workers, who had not accrued service in the last four consecutive years, ensures currency of the information stored on the worker register. Under the four year rule, 23,351 workers had their registrations cancelled during the year.
- QLeave distributes a notice of service to each worker with a current postal address. This notice shows a worker's service record for the previous financial year and their current long service leave benefit, based upon information supplied by their employer/s.
- The annual notice of service was distributed to 236,472 workers in October 2010. A newsletter accompanied the notice and provided information for workers on how to access their service details online.
- 1,099 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service records in the register. During the year, communication to workers highlighted the importance of checking the notice of service to ensure their service record is accurate.

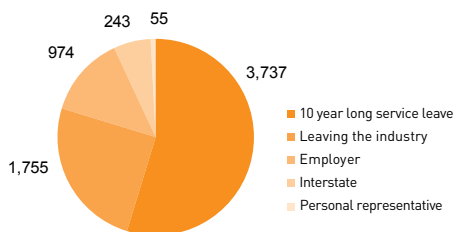
Number of claims paid per year 2006-2011



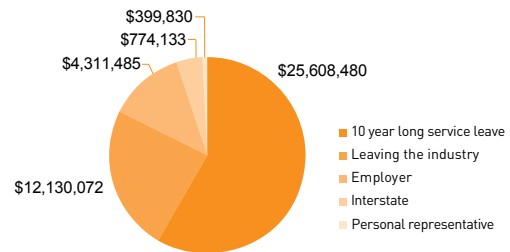
Total value of claims to date \$Million



Number of claims paid 1 July 2010 to 30 June 2011



Value of claims paid 1 July 2010 to 30 June 2011



6,764 long service leave payments were made to the value of \$43,224,000.

- 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*, and
 - long service leave schemes in other states and territories.
- After review, the capped weekly rate of pay for all long service leave payments was increased 5% to \$1,470 for the year.
- Newsletters were distributed to employers and workers during the worker service return and notice of service processes. These newsletters focussed on online services availability and eligibility awareness.
- In addition, an electronic newsletter was broadcast to employers and workers to provide further education and enhance user access to the website.

Stakeholder Engagement

- A number of industry events were supported by QLeave including awards nights, trade shows, roadshows and information sessions. Relationships with unions and employer associations were strengthened by the QLeave staff who attended these events.
- Sponsorship of the Building Services Authority Super Shows was a significant new initiative commenced in 2010-11. These events provided QLeave staff with an opportunity to educate large numbers of employers and contractors about the Scheme and their obligations.
- Visits to major building sites provided educational and promotional opportunities to contact industry workers. Regular visits were made to the Gold Coast Hospital site in addition to the Hilton Hotel (Gold Coast), Brisbane Airport and Westfield Carindale sites. These visits enabled education of workers on their entitlements and eligibility.
- QLeave staff also attended union delegate conferences to increase worker awareness of the Scheme and assist with specific issues relating to the capped weekly rate of pay, interstate service and worker eligibility.
- QLeave utilised a range of industry journals published by unions and employer associations to promote the Scheme, online services and key operational processes, including worker service return lodgement and annual notice of service distribution.

Compliance

→ Compliance activity during 2010-2011 included:

- 98 books and records inspections
- 310 contacts to unregistered employers
- 262 contacts to employers with outstanding worker service returns

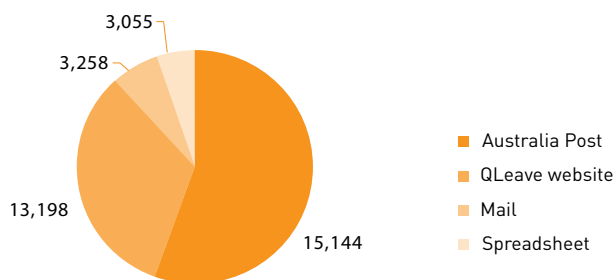
→ Minor rate of pay amendments were identified during audits which led to increased accuracy of long service leave payments.

LEVY PAYERS, LOCAL GOVERNMENTS AND PRIVATE CERTIFIERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

Customer Service

- The Building and Construction Industry (Portable Long Service Leave) Scheme is funded by a levy of 0.3% on all building and construction work performed, where the total cost of work is \$80,000 or more.
- \$103,926,000 was received in levies income, compared with \$80,882,000 in 2009-10.
- A total of 34,655 project notifications were processed, compared with 41,977 in 2009-10, due to lower activity in the housing sector.
- In 2010-11, there was an increase in the percentage of notification and payment forms lodged online and via spreadsheet. There was a subsequent decrease in the percentage of forms lodged with Australia Post and via mail.

Type of notification and payments received 1 July 2010 to 30 June 2011



44% of notification and payment forms were lodged with Australia Post, with 38% completed online at QLeave's website, 9% received via mail and a further 9% lodged via the spreadsheet facility.

Stakeholder engagement

- QLeave provided 37 education and information sessions to local governments, employer associations, mining companies and large project developers regarding obligations and project notification requirements.
- QLeave utilised a range of journals published by industry associations to promote project notification and levy payment options throughout the year.
- Quarterly meetings were held with key operational stakeholders including Australia Post and Workplace Health and Safety Queensland to review service level agreements.

Compliance

- Building and construction work undertaken for all commercial and civil projects and residential dwellings, in Queensland, was diligently monitored during 2010-11. An increased compliance focus was demonstrated through 43 site visits throughout the year.
- These compliance activities secured additional levy of \$25,765,450 for 2,222 projects, with a total cost of work of \$8,141,678,166, including:
 - additional levy of \$18,226,703 for 614 previously non-notified projects, with a total cost of work of \$6,095,044,123
 - follow-up regarding the final cost of work for 1,608 projects secured \$7,538,747 of additional portable long service leave levy, with a total cost of work of \$2,046,634,043. (On completion of notified building and construction projects, QLeave contacted all levy payers to determine if the final cost of work had altered by more or less than \$20,000. If an amendment to the final cost of work was necessary, QLeave issued an invoice for the additional levy required or a refund for the overpaid amount.)
- Investigation revealed a significant number of levy payers were excluding the GST from the total cost of work notified. This initiated a number of compliance visits and education sessions to assist levy payers with improved accuracy of project notification and levy payment.
- 19 audits of private certifiers were conducted during 2010-11. No non-conformances were identified.

STRATEGIES FOR 2011-2012

Deliver quality client service and communications through:

- building and strengthening stakeholder relationships focussing on emerging sectors
 - maintaining client service standards and using feedback to improve service delivery
 - effective communication to external and internal clients.
-

Financial Management

Objective: Maintain financial accountability and sustainability of the Scheme.

Financial Management

QLeave was established to support the Building and Construction Industry in Queensland by providing a portable long service leave scheme for both employers and workers in the industry. To achieve this, the *Building and Construction Industry (Portable Long Service Leave) Act 1991* requires the levying of all building and construction projects with a total cost of work of \$80,000 and above.

In January 2010, the Building and Construction Industry Portable Long Service Leave Levy was increased from 0.2% to 0.3%. This change brought the total combined levies and fee payable to 0.525% of the cost of work (that is, \$5.25 collected for every \$1,000 of the cost of work), consisting of:

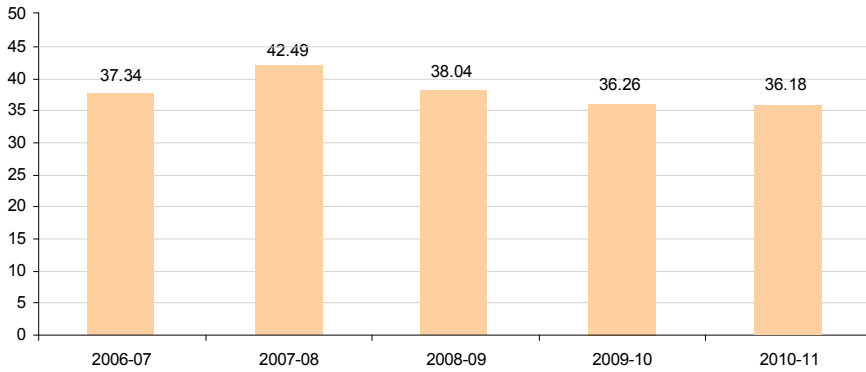
- 0.125% collected for Workplace Health and Safety Queensland
- 0.1% collected for Construction Skills Queensland
- 0.3% retained by QLeave to fund the portable long service leave scheme.

Building Activity

Housing and other residential sectors experienced lower than anticipated activity during 2010-11, whilst commercial and civil sectors had a corresponding increase with the overall activity remaining at 2009-10 levels. The civil sector remained generally weak but had greater than budgeted activity due to the commencement of a number of liquefied natural gas projects and infrastructure work following the cyclone and floods.

Project type	2009-2010 Value \$Billions	2010-2011 Value \$Billions
Housing	7.930	6.242
All other residential	2.000	1.895
Commercial	11.194	11.383
Civil	15.140	16.658
Totals	36.264	36.178

Value of projects notified in \$Billions 2006-2011

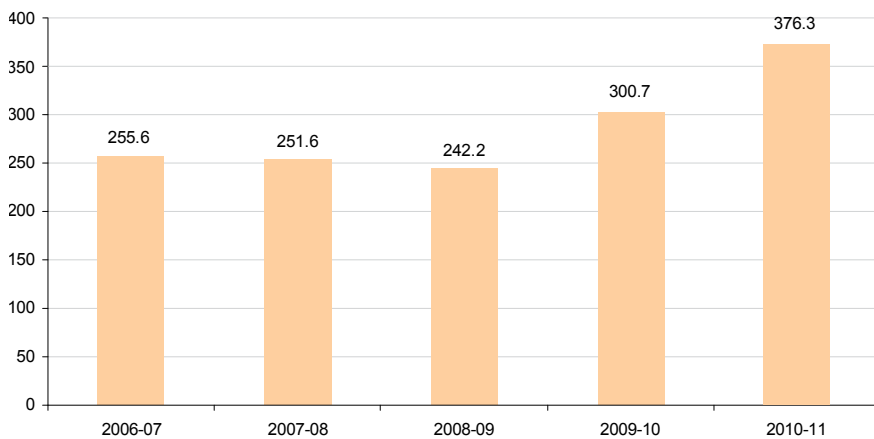


Investment Market Performance

Financial markets resulted in an investment return of 15.8% for the year.

Project type	Investment Performance \$Millions				
	2006-07	2007-08	2008-09	2009-10	2010-11
Total Funds Held Year End	255.6	251.6	242.2	300.7	376.3
Investment Income Received	35.7	(17.3)	(21.4)	31.4	49.9

Funds invested in \$Millions 2006-2011



Investment Returns in \$Millions 2006-2011



Budget Performance

The operational budget methodology adopted by QLeave is zero based and performance is closely monitored on a monthly basis. The 2010-11 outcome is as follows:

	Actual (\$000s)	Variance to Budget (\$000s)
Levies Income	103,926	(3,874)
Investment Income	49,899	24,588
Employee Expenses	4,441	(120)
Supplies and Services	3,601	(204)
Capital Expenses	6	(94)
Long Service Leave Payments	43,224	(4,576)

An overall profit of \$35.3 million was experienced in 2010-11, predominantly due to higher than expected investment returns. Total expenses were contained within budget with long service leave payments being 9.6% below budget. These factors have resulted in the balance of operating deficit being reduced to \$31.5 million.

The actions taken to date should see the fund return to a positive equity position within the next two years.

STRATEGIES FOR 2011-2012

Maintain financial accountability and sustainability of the Scheme through:

- prudent investment management
- management of scheme funds in accordance with actuarial advice
- proactive financial and budget management.

Corporate Governance and Risk Management

Objective: Sound corporate governance and risk management frameworks.

In accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* ('the Act'), QLeave is governed by a board of directors ('the Board'). The Board reports to the Minister for Education and Industrial Relations 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 as far as possible, that QLeave achieves, and acts in accordance with, its corporate goals and carries out its corporate objectives outlined in its Corporate Plan
- providing advice and recommendations to the Minister on issues affecting the provision of long service leave in the industry and the operation of the Act
- ensuring that QLeave performs its functions in an appropriate, effective and efficient way.

The Board determines the strategic directions of QLeave, oversees development of the annual Corporate 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. These Guidelines contain protocols governing:

- the conduct of board meetings
- the management of QLeave's investment strategy and objectives
- the audit timetable
- official misconduct.

The Board Guidelines are reviewed annually and amended to reflect changes in governing legislation, operational requirements and corporate governance principles. Board members are provided with a copy of the Board Guidelines at their initial induction, and on each occasion that the Guidelines are amended.

Composition of the Board

The Board consists of eight directors who are appointed by the Governor-in-Council for terms of three years. It is comprised of 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
- (d) three directors representing workers who perform building and construction work.

The current term of the Board commenced on 6 August 2010 and expires on 30 June 2013. 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 individual expertise of each board member is often called upon by QLeave's executive management in making recommendations to the Board.

The Board comprises representatives of the Scheme's stakeholders from a wide range of 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.

Board members are selected for their expertise and specific experience in the building and construction industry (and in the case of the Deputy Chairperson, the financial services industry). Each board member is encouraged to undertake the Company Director's course, or related courses, to enhance their professional development. QLeave meets the cost for all directors who wish to undertake professional development. The Board is proactive in identifying factors affecting the viability or maintenance of the Scheme, or the building and construction industry.

An Environmental Scan of the industry is undertaken each January and the resulting report is submitted to the Board. This Scan identifies current and future issues requiring attention and management by the Board. The Board is considerate of the broader Queensland community as an interested stakeholder in the operation of the Scheme.

Remuneration

Directors receive remuneration within Category C2 (business activities relating to single operations) of the *Queensland Government's Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities Guidelines*.

The Deputy Chairperson, Jacqueline D'Alton, receives the Chairperson's rate of remuneration when chairing meetings of the Board, the Audit, Risk Management and Compliance Committee and the Finance Committee. She also receives the Chairperson's rate of remuneration for Special Assignment fees in her role as Chairperson of the Audit, Risk Management and Compliance Committee and the Finance Committee.

Board Meetings

The Board met in a formal capacity on a bi-monthly basis through the financial year in August, October and December 2010 and February, April and June 2011. The Board passed 118 resolutions in relation to risk and financial management, governance and operations and provided strategic direction and input into the 2011-15 Corporate Plan.

Board Committees

The Board has established three committees, relating to specific matters, to fulfil its functions within an environment of effective and appropriate corporate governance.

Following the Board's appointment on 6 August 2010, the Board members elected to re-constitute membership of the Committees to provide directors with the opportunity to contribute to the Board in additional areas.

1. 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 the associated financial legislation. The Finance Committee oversees the development, implementation and monitoring of the Board's investment strategy and policies.

The Committee was comprised of:

- Jacqueline D'Alton (Chair)
- Debbie Johnson, Employer Representative
- Rohan Webb, Worker Representative
- Peter Henneken

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 met three times during 2010-11.

2. 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 Committee was comprised of:

- Peter Henneken
- John Crittall, Employer Representative
- Gary Deane, Employer Representative
- Michael Ravbar, Worker Representative
- Ben Swan (as nominee for William Ludwig), Worker Representative

The Worker Eligibility Committee met once during 2010-11 to consider the recommendations contained in the Fisher Report following a whole-of-scheme review.

3. Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee operates under its own approved 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:

- 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 Committee was comprised of:

- Jacqueline D'Alton (Chair)
- Gary Deane, Employer Representative
- Michael Ravbar, Worker Representative

The Committee was assisted by officers from the Queensland Audit Office (QAO) or its representatives Merrotts Chartered Accountants and Business Advisors, the General Manager, Assistant General Managers – Finance and Client Services and Corporate Strategy and the Internal Auditor.

The Audit, Risk Management and Compliance Committee met three times during 2010-11.

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
- the performance of areas that have acted on recommendations made by the Internal Auditor or the QAO
- items raised by the QAO
- technical/operational issues relating to the finalisation of annual financial statements.

2010-11 Board Performance Assessment

The Board undertook its annual self-assessment in June 2011. Overall, the Board's assessment of its achievements and performance was sound, with the average score being 4.68 out of 5 against the selected criteria. The Board has identified risk management, levy compliance and scheme equity/eligibility as issues of focus for 2011-12.

Director's attendance at meetings 2010-11

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee	Worker Eligibility Committee
Number of meetings held	6	3	3	1
Peter Henneken AM	6	Not a member	1 (eligible for 1)	1
Jacqueline D'Alton	6	3	3	Not a member
John Crittall	5	Not a member	Not a member	1
Gary Deane	5	2	Not a member	0
Debbie Johnson	5	Not a member	2	Not a member
William Ludwig OAM	5	Not a member	Not a member	1 as nominee
Michael Ravbar	4	2	Not a member	1
Rohan Webb	5	Not a member	1	Not a member

Additional reporting

The Board is provided with a General Manager's Report containing financial and operational performance results data, progress of field activities, and other relevant issues in the months when a Board meeting is not held.

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

There is an ongoing process through QLeave's internal Risk Management Committee, for identifying, evaluating and managing QLeave's potential and operational risks. The Board, through its Audit, Risk Management and Compliance Committee, regularly reviews QLeave's risk management strategies.

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 in 2010-11

Issues for the Board during 2010-11 included:

- Board reappointment – the new Board commenced its three-year term on 6 August 2010. Three new directors were welcomed to the Board, two of whom replaced their predecessors from the existing constituency (Queensland Master Builders Association and the Housing Industry Association). The Australian Manufacturing Workers Union (AMWU) replaced the Plumbers' Union as a worker representative on the Board.
- Scheme review – following a whole-of-scheme review by Fisher Advisory Pty Ltd, the final report was presented to the Board in October 2010. The Board is further investigating some of the issues arising from the report, prior to making final recommendations to the Minister.
- Worker eligibility – in light of the recommendations of the Fisher Scheme Review, the Board recommended that the Worker Eligibility Committee should be re-established to examine issues surrounding scheme membership. The Committee has met once and is scheduled to meet again in July 2011, to pursue critical issues affecting scheme membership.
- Wage cap review – the Board investigated the impact of the wage cap on long service leave claims and the current industry wage rates, particularly in relation to the large Liquefied Natural Gas projects commencing in Central Queensland. The Board's recommendation to the Minister was to ensure the new wage cap (as of 1 July 2011) protects the wage limits for the majority of workers.
- Risk management – the Board has placed an emphasis on risk management and risk management processes within QLeave, including the completion of an annual review of the Risk Management Register.
- Investment strategy review – the Board has reviewed its investment strategy and has resolved to maintain its existing investment configuration.
- Impact of Queensland Floods and Cyclone Yasi – following the natural disasters afflicting Queensland in January 2011, the Board examined the impact of the damage and requisite reconstruction work on the Scheme's financial position.
- National co-operation of portable long service leave schemes – the Chief Executive Officers of all state and territory schemes have been meeting regularly with a view to establishing a 'national back office', to facilitate more effective and efficient cooperation between jurisdictions in terms of administration of respective portable long service leave schemes. It is anticipated that this project will take approximately five years to complete.
- Review of Board Guidelines – the Board reviewed its guidelines in relation to relevance, accuracy and amendments to the governing legislation associated with Queensland Government boards.
- Information Technology Risk Management Review – the Board has placed a heightened focus on IT security and business continuity.
- Levy compliance – the Board has placed an emphasis on levy compliance activities and the monitoring of industry activity levels.
- Focus on achieving full solvency over the next several years.

Internal Audit

The independent audit and risk management functions of QLeave are overseen by the Audit, Risk Management and Compliance Committee and undertaken by the Internal Auditor. The internal audit and risk management function is primarily concerned with evaluating the accuracy and effectiveness of internal controls and assessing risks, which may impact on QLeave's ability to achieve its strategic and operational objectives.

Internal Audit's role is to support the governance responsibilities of oversight, insight and foresight. It provides an unbiased, objective assessment to ensure that public resources are responsibly and effectively managed to achieve intended results.

Internal audits are carried out in accordance with the annual Internal Audit Plan and annual risk assessment schedule following endorsement from the Board. Audits are undertaken on the financial, information and communication technology resources and the Authority's operational activities.

Risk management is an essential component of an effective governance system and works in conjunction with the Internal Audit function. In addition to the business risk assessment, internal audits undertaken in 2010-11 involved assessments of internal controls and associated risks and compliance with QLeave policies and procedures and government guidelines.

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.

Whistleblowers Protection Act 1994

With the repeal of the *Whistleblowers Protection Act 1994* and the introduction of the *Public Interest Disclosure Act 2010* (PID Act), the way in which public interest disclosures are to be publicly reported has changed. From 1 January 2011 agencies are no longer required to report public interest disclosures in annual reports.

Under section 61 of the PID Act, the Public Service Commission is now responsible for the oversight of public interest disclosures and preparing an annual report on the operation of the PID Act. From 1 January 2011 agencies are required to report information about public interest disclosures to the Public Service Commission. The Public Service Commission will prepare an annual report on the operations of the PID Act and the information provided by agencies. The annual report will be made publicly available after the end of each financial year.

In 2010-11, there were no public interest disclosures under the *Whistleblowers Protection Act 1994*.

Public Sector Ethics Act 1994

QLeave has an ethical framework in place to maintain public trust and confidence in the integrity and professionalism of the organisation and its staff. In 2010-11 this framework included:

- transition from the QLeave Code of Conduct to the single Code of Conduct for the Queensland Public Service
- mandatory training for all staff on public sector ethics
- monitoring of compliance through a workplace committee
- reflecting ethical requirements in broader QLeave policies and procedures.

STRATEGIES FOR 2011-2012

Sound corporate governance and risk management frameworks through:

- maintaining sound governance arrangements for accountability, managing risk and compliance with relevant legislation and policies.

The Board



PETER HENNEKEN AM, BBus, BA, FIPAA, FAICD TA, **CHAIR**

Peter has been Chair of the QLeave Board since July 2001.

He was Director-General of the Department of Employment, Economic Development and Innovation, until his retirement from the Queensland Public Service in November 2009. Prior to that Peter was Director-General of the Department of Employment and Industrial Relations.

He has a long standing interest in the labour market and its impact on the lives of working people, and has worked in all areas of labour market and employment policy and regulation.

Peter is Chair of the Safety, Rehabilitation and Compensation Commission, Chair of the Queensland Fitness, Sport and Recreation Skills Alliance and Trustee and Director of QSuper.



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

Jackie, who holds a Bachelor of Commerce, a Master of Applied Finance, is a Fellow of the Australian Institute of Company Directors and is a Senior Fellow of Financial Services Institute of Australasia, has been Deputy Chair of the QLeave Board since 1998.

She has more than 25 years experience in financial markets, including broader based responsibilities in Bank Treasury functions to more specialised roles, including her current position in Programme Debt and Capital with Suncorp Group Treasury.

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 2008.



GARY DEANE FAICD, **EMPLOYER REPRESENTATIVE**

Gary is the Managing Director of Gary Deane Constructions Pty Ltd, a civil and engineering road works and bulk earthworks contracting business. He has been a Director of the QLeave Board since 1997.

Gary has extensive experience in the building and construction industry. He has, at various times, been on the state and national boards of the Civil Contractors Federation and has been a long-term Director and Chairman of Beaconsfield Press.

Gary is a member of the Australian Institute of Company Directors.



JOHN CRITTALL B.Econ *Hons* MAdmin, **EMPLOYER REPRESENTATIVE**

John was appointed as a Director and joined the QLeave Board in 2010.

He has been the Director of Construction Policy at Master Builders since 2003. He is responsible for the key areas of industrial relations, workplace health and safety, legal and contracts and training within Master Builders Queensland.

He has had over 25 years experience associated with the building and construction industry. He currently sits on the Queensland Government Workplace Health and Safety Board and is also a board member of BIGA training and CIPQ.



DEBBIE JOHNSON, EMPLOYER REPRESENTATIVE

Debbie was appointed as a Director and joined the QLeave Board in 2010.

She has more than 35 years in the development industry starting out as a building designer and becoming a building contractor in the 1990s. Debbie started a medium-sized design office, trading as Coolum Design and Building Services, and successfully managed this business for more than 20 years, before selling in 2006.

Currently she works as a development consultant, work that is across all states. In addition, she works as a mediator and adjudicator in building, development and other related disputes.

Debbie has become increasingly involved as an industry representative working to achieve improved industry outcomes with local and state government bodies. She is currently the Vice President for the Housing Industry Association's Regional Executive Committee, a Referee on the Building and Development Dispute Resolution Committees and a Director with the Bendigo Community Bank.



WILLIAM LUDWIG OAM, WORKER REPRESENTATIVE

Bill has been a Director of the QLeave Board since 1992.

He has extensive experience in the building and construction industry through his union's representation of employees and is a Director of both the WorkCover Queensland Board and the SunSuper Board.

Bill is the Secretary of the Australian Workers' Union of Employees Queensland Branch, National President of the Australian Workers' Union and is a member of the Queensland Racing Board.



MICHAEL RAVBAR, WORKER REPRESENTATIVE

Michael has been a Director of the QLeave Board since 2007.

He has been involved with the union movement since being employed as the Industrial Officer for the Painters and Decorators Union in 1990 and held many union and industry committee positions. He is a strong advocate for the Queensland building and construction industry and is now State Secretary of the Construction, Forestry, Mining and Energy Union (CFMEU).

Michael is a member of the CFMEU National Divisional Executive, alternate Director of BERT, member of the State Purchasing Policy Committee, member of SEQ Infrastructure Industry Taskforce, a Director of CIPQ and member of the Industrial Relations Society Queensland, as well as serving as a member of many industry subcommittees.



ROHAN WEBB, WORKER REPRESENTATIVE

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

He is a Fitter and Turner by trade and has extensive experience in the construction industry. Rohan also represents his union as an Employee Trust Director on the Allied Unions Superannuation Trust of Queensland and CoverForce Income Protection. Rohan is also a government-appointed representative on the Construction and Mining Safety and Health Advisory Councils.

Rohan is currently the Assistant State Secretary for the Australian Manufacturing Workers Union (AMWU) Queensland and Northern Territory. He has been representing workers for over 20 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 comprises QLeave General Manager, Assistant General Manager – Corporate Strategy and Assistant General Manager – Finance and Client Services.

Executive management reviews QLeave's strategic and financial performance and the recommendations of all in-house committees; with a subsequent report provides to the Management Team.

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

- setting and developing 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 Board Secretariat
- the internal audit function.

The Assistant General Manager – Corporate Strategy is responsible for:

- human resource management
- information services
- administration
- quality and records management
- corporate communications
- legal services.

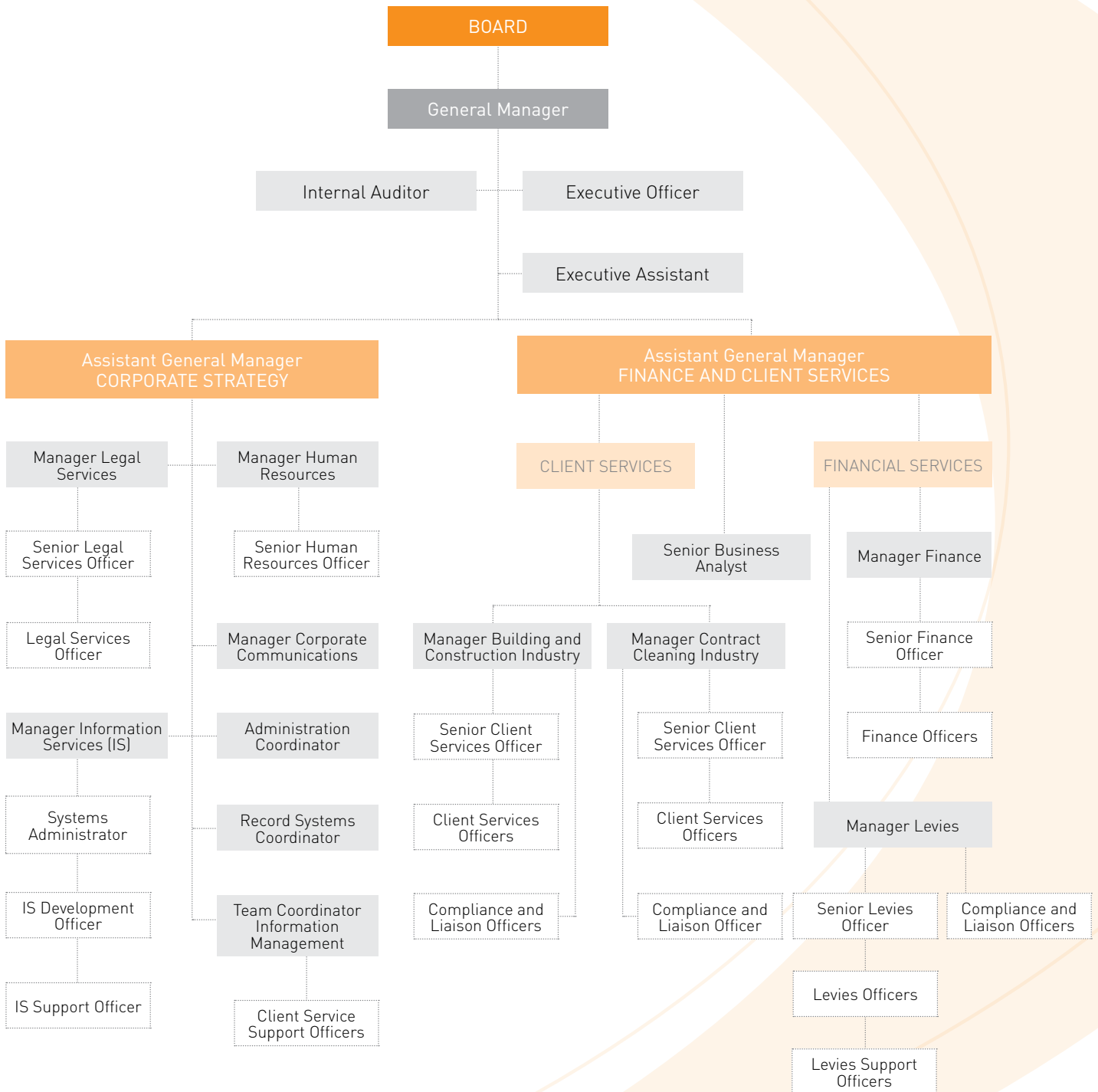
The Assistant General Manager – Finance and Client Services is responsible for:

- financial management
- funds management
- levy collection
- legislative compliance
- worker, employer and levy payer register maintenance
- long service leave processing
- client liaison and site visits.

People

Objective: Develop a skilled workforce for the future that is adaptable, valued and engaged.

Organisational Chart



Workforce Planning, Attraction and Retention

Workforce Profile

The approved establishment at 30 June 2011 was 58.3 full-time equivalents.

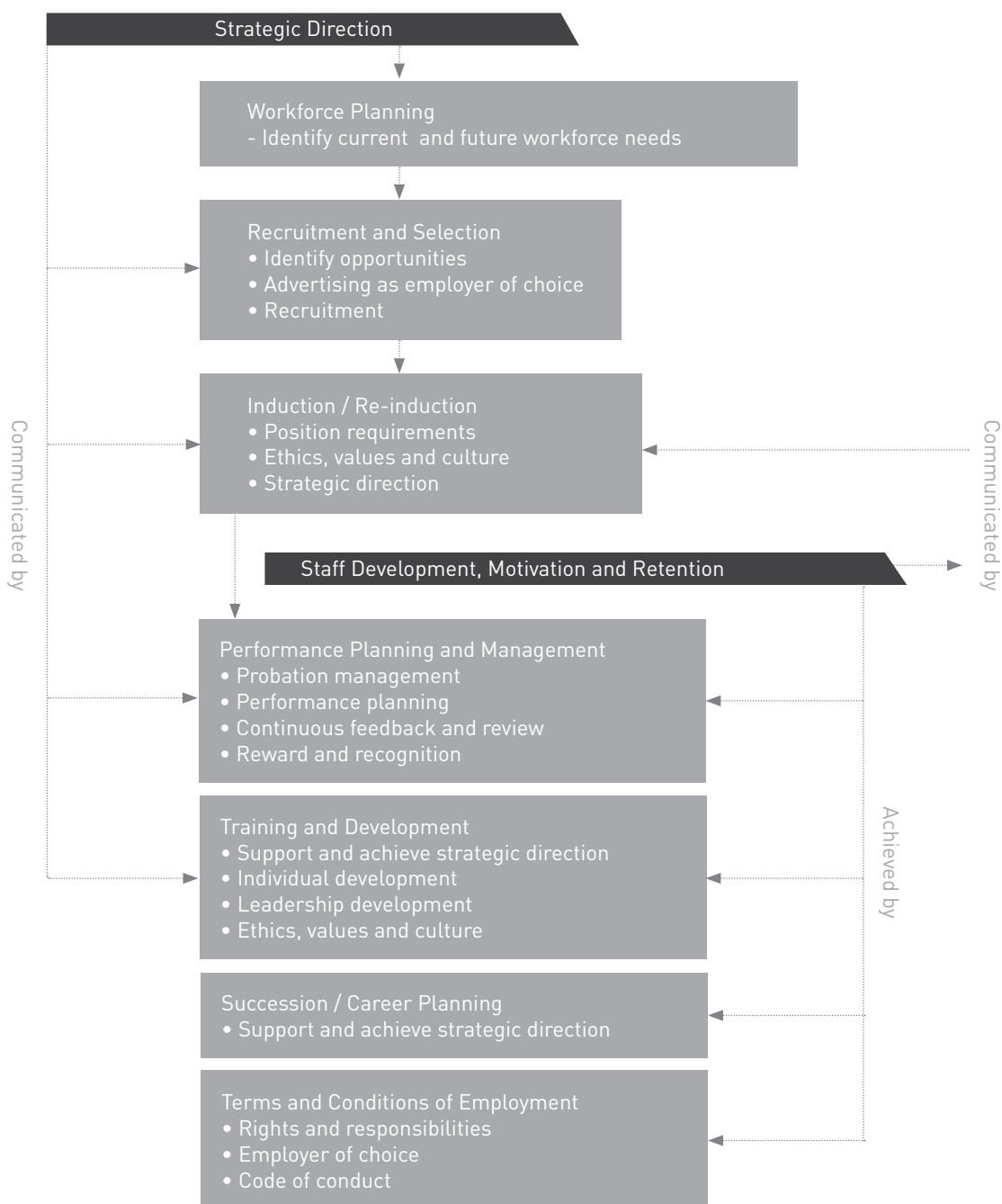
There were 58.8 actual full-time equivalents paid as at 30 June 2011.

The permanent retention rate during 2010-11 was 87%.

The permanent separation rate during 2010-11 was 13%.

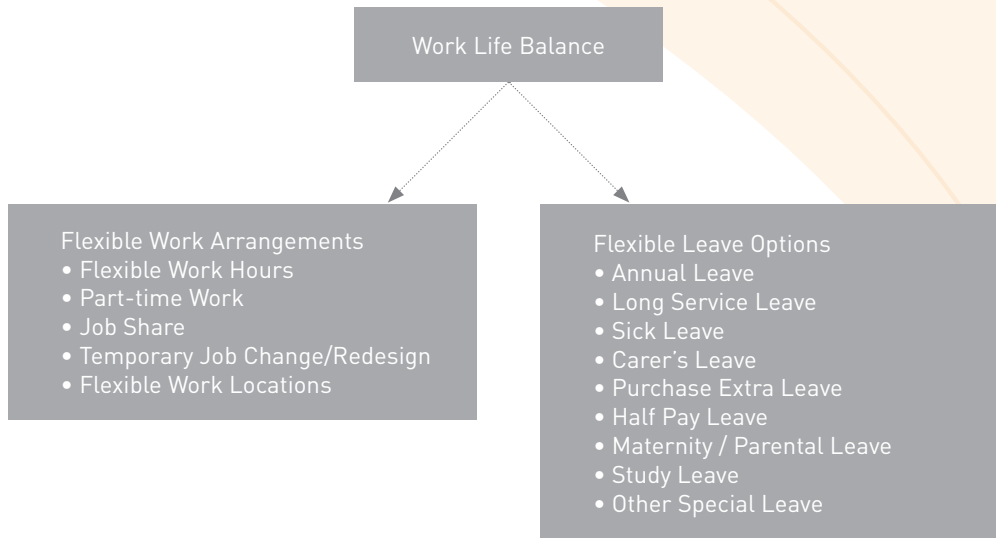
Workforce planning and employee performance frameworks

QLeave has a comprehensive human resource framework that incorporates workforce and performance management. The framework operates on a continuous cycle.



Work life balance policies

QLeave provides staff with access to a number of work life balance options that reflect broader Queensland Public Service initiatives. The following options have been well received by staff:



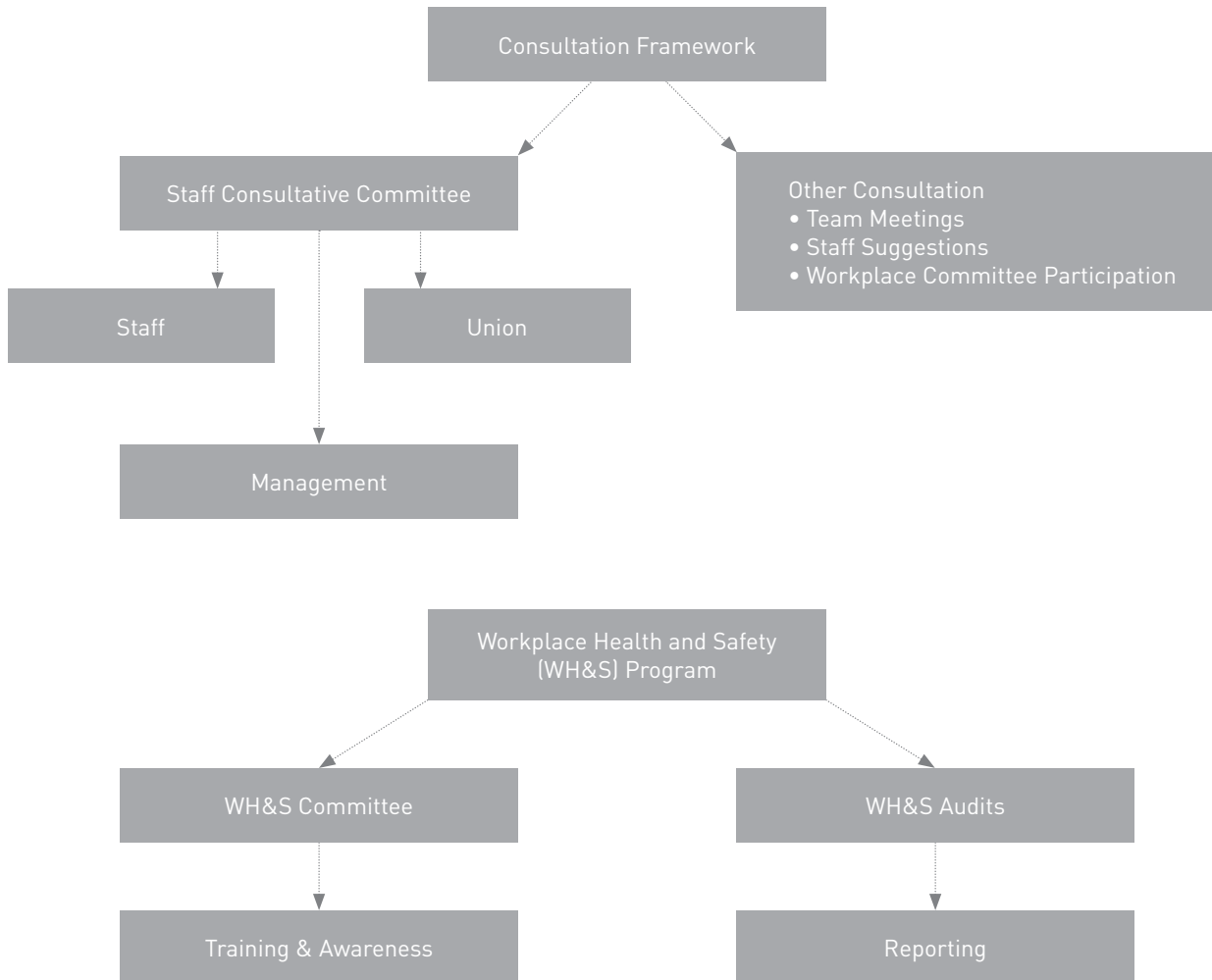
Leadership and management development

QLeave recognises the importance of leadership development. QLeave has a leadership strategy that includes:

- succession planning: training leaders of the future
- supervisor development: enhance people, team and operational management capability
- management development: enhancing people, team and strategic management capability
- executive and board development: enhancing strategic management and corporate compliance capability.

Industrial relations and workplace health and safety

QLeave has maintained a workplace that is both equitable and safe. This goal was achieved through strong staff participation in regard to staff and union consultation, and an effective workplace health and safety program.



Internal staff committees

QLeave staff can participate in a number of workplace committees including:

- the Staff Consultative Committee – established under the Enterprise Bargaining Agreement to consult on a range of workplace issues. It is comprised of managers, staff members and a representative from the Queensland Public Sector Union.
- the Risk Management Committee – responsible for managing risks in the workplace, identifying potential new risks and progressing issues to the board of director's Audit, Risk Management and Compliance Committee.
- the Privacy, Equity and Corporate Events (PEACE) Committee – monitors EEO, Privacy and other whole-of-office issues. It provides a forum for staff and management to raise general issues and suggestions. It also takes a coordinating role in corporate events and activities that support QLeave's culture.
- the Workplace Health and Safety Committee – to assist cooperation between QLeave and staff in developing and carrying out measures to ensure a healthy and safe working environment
- the Management Team and Information Services Steering Committee that meet regularly to review key operational strategies and achievements.

Carers (Recognition) Act 2008

Although not a direct policy priority, QLeave recognises the effort and dedication of carers in our community. Carers provide a vital service to those they care for and QLeave has adopted strategies to support them in their vital roles including:

- ensuring agency policies provide flexible work arrangements to assist staff who are carers
- ensuring agency policies and procedures enable members to identify their carers to QLeave
- recognising the importance of the views and needs of carers in decision making processes by way of Authority to Act on behalf of members
- providing members with access to their portable long service leave entitlement to care for others.

Business Systems

Objective: Continue to develop and improve business systems and processes.

Achievements and Performance Measures

Information Services

QLeave's information services projects have been focused on:

- service delivery options (specifically additional online services)
- risk management and data protection to ensure the accuracy and privacy of data
- business process improvement to add value and efficiency to operational activities
- the enhanced use of an electronic records management system.

A number of key projects have enhanced QLeave's client service delivery through improved online access and options, including:

- the ongoing improvement of QLeave's online Worker Registration Systems
- the restructuring of QLeave's website to allow easier and faster navigation for online services and to access information.

An IBM Business Partner was engaged to perform a health check of the IBM Lotus Domino infrastructure and subsequently to upgrade the existing Levy Payer Online system, which is an e-commerce system to facilitate online levy payments. This project will be completed during 2011-12.

A VMware, Cisco, HP and Microsoft Business Partner was engaged, under a managed services agreement, to monitor, report and provide project and technical services support for QLeave's private infrastructure cloud. This accredited service provider acts as another layer in addition to the internal information services team, to monitor internet connectivity and network and server infrastructure for alarms, alerts, threats and updates, in real-time. With the support of this partner, a number of enhancements were made to improve the maturity, reliability and redundancy of QLeave's infrastructure.

Faced with the demands of increasing call volumes and an aging telephone infrastructure, a new PABX and telephone software was acquired and implemented. The new system supports the three customer call centre queues, and allows for expansion and comprehensive reporting.

In April 2011, a comprehensive security audit of QLeave's information services was undertaken. None of the risks identified were of a critical nature. All findings of a high and medium importance were actioned, including the implementation of a Virtual Local Area Network (VLAN) to provide for segmented network traffic enabling additional network security. An action plan was developed to further resolve and implement the report's recommendations throughout 2011-12.

As part of QLeave's risk management and business continuity strategy, the Offsite Disaster Recovery Plan was reviewed and updated. This plan is both reviewed and tested annually.

An industry standard reporting portal application was installed and delivered a suite of standard documented reports to support the decision making and planning process.

The electronic records management system was upgraded ahead of end-of-support life of the previous version. The records management system has been growing in use as QLeave moves towards an organisational-wide electronic record keeping strategy.

Legal Services

The Legal Services unit processed 202 new matters including debt recoveries, reconsiderations, internal advice requests and statutory advice work.

Quality

QLeave continues to embrace the Australian Business Excellence framework, which enables the concepts of Total Quality Management to be used to improve work practices and daily operational performances. QLeave strives for continual improvement and these practices assure the organisation of meeting the ongoing and future requirements of its clients.

Throughout the year, 13 internal audits on core business processes were conducted. These audits resulted in a number of improvements to internal documentation. A number of staff members received training to perform these audits in the future.

QLeave underwent a recertification audit on 6 December 2010. The audit determined that the Quality Management System is documented, continues to be implemented and improved and meets the requirements of ISO 9001:2008.

The next review is scheduled for December 2011 and will be a continuing assessment of QLeave's management system against the requirements of ISO 9001:2008.

Records

QLeave keeps full and accurate records of its activities in accordance with the *Public Records Act 2002*, Information Standard 40: Recordkeeping and Information Standard 31: Retention and Disposal of Public Records.

In 2010-11 the following records management activities have occurred:

- approval by Queensland State Archives of a new QLeave Retention and Disposal Schedule
- completion of self-assessment of maturity levels of record keeping practice and knowledge across QLeave and subsequent training of all staff
- testing of recordkeeping systems within the Disaster Recovery Plan.

STRATEGIES FOR 2011-2012

Continue to develop and improve business systems and processes through:

- identifying and implementing business process improvements
- ensuring management information systems support performance management, planning and forecasting, decision making and reporting.

Financial Statements 2010 - 2011

27	STATEMENT OF COMPREHENSIVE INCOME
28	STATEMENT OF FINANCIAL POSITION
29	STATEMENT OF CHANGES IN EQUITY
30	STATEMENT OF CASH FLOWS
31	NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
55	CERTIFICATE OF THE BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY
56	INDEPENDENT AUDITOR'S REPORT

**Statement of Comprehensive Income
for the year ended 30 June 2011**

	Notes	2011 \$'000	2010 \$'000
Income from Continuing Operations			
Portable long service leave levies		103,926	80,882
Other revenue	2	2,001	1,939
Income from investments	3	46,532	23,542
Interest		50	33
Net gain on financial assets	4	3,317	7,842
Total Income from Continuing Operations		155,827	114,238
Expenses from Continuing Operations			
Employee expenses	5	4,441	4,356
Supplies and services	8	3,601	3,096
Depreciation and amortisation	9	594	721
Portable long service leave scheme benefits	19	111,924	59,462
Total Expenses from Continuing Operations		120,559	67,636
Operating Result from Continuing Operations		35,268	46,602
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		35,268	46,602

The accompanying notes form part of these statements.

**Statement of Financial Position
as at 30 June 2011**

	Notes	2011 \$'000	2010 \$'000
Current Assets			
Cash and cash equivalents	10	8,855	8,185
Receivables	11	70,317	17,208
Financial assets	12	370,325	295,646
Other	13	241	265
Total Current Assets		449,738	321,305
Non Current Assets			
Receivables	11	60,088	6,222
Plant and equipment	14	84	122
Intangibles	15	-	552
Total Non Current Assets		60,172	6,895
Total Assets		509,910	328,200
Current Liabilities			
Unearned revenue	18	27,935	5,617
Payables	16	1,848	2,822
Employee benefits	17	935	873
Provision for scheme benefits:			
Expected to be settled within 12 months	19	54,000	47,800
Expected to be settled after 12 months	19	193,000	152,600
Total Current Liabilities		277,718	209,712
Non Current Liabilities			
Unearned revenue	18	62,611	6,248
Employee benefits	17	58	84
Provision for scheme benefits	19	201,000	178,900
Total Non Current Liabilities		263,669	185,232
Total Liabilities		541,387	394,944
Net Assets		(31,476)	(66,744)
Equity			
Accumulated deficit	26	(31,476)	(66,744)
Total Equity		(31,476)	(66,744)

The accompanying notes form part of these statements.

**Statement of Changes in Equity
for the year ended 30 June 2011**

	Accumulated Deficit	Total Equity
	\$'000	\$'000
Balance as at 1 July 2009	(113,346)	(113,346)
Operating Result from Continuing Operations	46,602	46,602
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2010	(66,744)	(66,744)
Balance as at 1 July 2010	(66,744)	(66,744)
Operating Result from Continuing Operations	35,268	35,268
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2011	(31,476)	(31,476)

The accompanying notes form part of these statements.

Statement of Cash Flows
for the year ended 30 June 2011

	Notes	2011	2010
		\$'000	\$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest received		34	224
Portable long service leave levies received		93,031	79,463
Sundry income received		1,923	1,716
GST collected on income received from customers		232	209
GST input tax credits from ATO		192	121
<i>Outflows:</i>			
Payments for Employee expenses		(4,389)	(4,532)
Payments for supplies and services		(3,430)	(2,466)
Portable long service leave payments		(43,222)	(43,223)
GST paid for supplies and services		(395)	(323)
GST remitted to ATO		(33)	(99)
Net cash provided by (used in) operating activities	20	44,249	31,090
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from investments		32,229	27,856
<i>Outflows:</i>			
Purchase of investments		(74,678)	(58,444)
Investment expenses paid		(1,124)	(716)
Purchase of computer equipment		(6)	(8)
Net cash provided by (used in) investing activities		(43,579)	(31,312)
Net increase (decrease) in cash and cash equivalents		670	(222)
Cash and cash equivalents at beginning of financial year		8,185	8,407
Cash and cash equivalents at end of financial year	10	8,855	8,185

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

Objectives and Principle Activities of the Authority

Note 1:	Summary of Significant Accounting Policies
Note 2:	Other Revenue
Note 3:	Income/Loss from Investments
Note 4:	Net Gain/Loss on Financial Assets
Note 5:	Employee Expenses
Note 6:	Key Management Personnel Compensation
Note 7:	Related Parties
Note 8:	Supplies and Services
Note 9:	Depreciation and Amortisation
Note 10:	Cash and Cash Equivalents
Note 11:	Receivables
Note 12:	Financial Assets
Note 13:	Other Current Assets
Note 14:	Plant and Equipment
Note 15:	Intangible Assets
Note 16:	Payables
Note 17:	Employee Benefits
Note 18:	Other Current Liabilities
Note 19:	Provision for Scheme Benefits
Note 20:	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 21:	Finance/Borrowing Costs
Note 22:	Segment Information
Note 23:	Commitments for Expenditure
Note 24:	Contingent Assets and Liabilities
Note 25:	Consultants
Note 26:	Equity
Note 27:	Events Occurring after Balance Date
Note 28:	Financial Instruments
Note 29:	General Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

Objectives and Principle Activities of the Authority

The objective of the Building and Construction Industry (Portable Long Service Leave) Authority (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 imposed on building projects over \$80,000 and the income earned on the investment of these funds.

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.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

The financial statements are for the Authority as a single entity. The Authority is a not-for-profit statutory body which commenced operations 1 July 1992 and reported to the Minister for Education and Industrial Relations.

These financial statements are a general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and complies with the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. Except where stated, the historical cost convention is used.

(b) Cash and Cash Equivalents

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

Cash and cash equivalents includes investments that are readily convertible to cash on hand at the Authority's option.

(c) Receivables

Trade debtors are recognised at the amounts due at the time of project notification and project commencement date. Settlement of these amounts are due and payable at time of 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*.

The collectability of receivables is assessed periodically with an allowance being made for impairment. There are no significant bad debts for the year as at 30 June and no requirement to increase the allowance for impairment. Refer Note 28.

Other debtors generally arise from the Authority acting on a fee for service basis for fee and levy collection. Collection fees for providing these services are recognised in accordance with agency agreements. Revenue from acting as an agent for the collection of fee and levy is disclosed in Note 2. Terms are a maximum of one month, no interest is charged and no security is obtained.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

(d) Revenue Recognition

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

Levy revenue applicable to notified projects with a cost of work greater than \$400 million is recognised across financial years up to the completion date of the project as advised by the project owner. The future years amounts appear on the Statement of Financial Position as unearned revenue. Projects are monitored and transfers from unearned revenue to revenue are recorded as the projects progress.

(e) Acquisition of Assets

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.

(f) Plant and Equipment

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.

(g) Intangibles

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 in the year of acquisition.

It has been determined that there is not an active market for any of the Authority's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

(h) Amortisation and Depreciation of Intangibles and Plant and Equipment

Depreciation on plant and equipment and amortisation of intangibles are calculated using the straight line method based on the expected useful life of the asset to the Authority.

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.

Each intangible asset is amortised over its estimated useful life to the Authority, less any anticipated residual value. The residual value is zero for all the Authority's intangible assets.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Rate %	Class	Rate %
Plant and Equipment		Intangible Assets	
Computer equipment	20	Purchased software	20
Office equipment	3 - 20		
Tenancy fitout	14		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

(i) **Impairment of Non-Current Assets**

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator or 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. No impairment loss has been recognised in the Statement of Comprehensive Income.

(j) **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.

(k) **Payables**

Trade Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price. Amounts owing are unsecured and are generally settled on 30 days.

(l) **Financial Instruments**

Recognition

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.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Financial assets - held at fair value through profit and loss
- Payables - held at amortised cost

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Authority are included in Note 28.

(m) **Employee Benefits**

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave and Sick Leave

Wages and salaries paid but not due at reporting date are recorded in the Statement of Financial Position at the current salary rates.

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

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

(m) Employee Benefits (cont'd)

Long Service Leave

Long service leave entitlements payable are assessed at each payroll having regard to current employee remuneration rates, employment related on-costs and other factors including accumulated years of employment, future remuneration levels, and experience of employee departure per year of service. Current benefits represent those that the Authority does not have an unconditional right to defer settlement for at least 12 months. Non-current benefits are recognised at current salary rates. Refer Note 17.

Superannuation

Employees of the Authority are members of QSuper. Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on advice of the State Actuary. Contributions are expensed in the period they are paid or payable. The Authority's obligation is limited to its contribution to QSuper.

No liability is recognised for accruing superannuation benefits in these financial statements.

Executive Remuneration

The executive remuneration disclosed in the key management personnel compensation note (Note 6) refer to personnel employed as part of the Senior Executive Service under the *Public Service Act 2008* and relates to the General Manager who is responsible, under the board, for managing the Authority.

The QLeave board consists of 8 Directors. The remuneration disclosed for executives and directors is all remuneration paid or payable, directly or indirectly, by the Authority in connection with the management of the affairs of the Authority. For this purpose, remuneration includes:

→ Board meeting and committee fees and conference attendance

(n) Portable Long Service Leave Scheme Benefits

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*. The liability has been recorded both as a current liability and as a non-current liability and in accordance with AASB 101 *Presentation of Financial Statements* whereby the current liability represents any amount of scheme benefits liability for which QLeave does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using a discount rate equal to the projected long-term rate of return on the scheme's assets of 8% per annum net of management fees. Refer Note 19.

(o) Insurance

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

(p) Taxation

The activities of the Authority are exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST credits receivable from, and GST payable to the ATO, are recognised. Refer Note 11. The collection of levies is not subject to GST.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

(q) Issuance of Financial Statements

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

(r) Judgements

The Authority's judgements and assumptions are based upon actuarial assessments for employee long service leave benefits and the portable long service leave scheme benefits.

An actuarial investigation of funds is required to be undertaken in accordance with Section 35 (1) of the *Building and Construction Industry (Portable Long Service Leave) Act 1991* at intervals of not more than two years to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave levy. The Authority ensures an independent actuarial assessment is undertaken annually.

An independent actuarial assessment was completed in February 2011 utilising 30 June 2010 worker data. Actuarial assumptions used in the assessment of the total liability for accrued normal and retrospective service credits included earning rates on investments, rate of salary inflation, rates of leaving industry and in service claim rates, rates of death and retirement, future accrual of certificate credits, wage rates, contract values and operating expenses.

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 September/October each year to allow an actuarial assessment to be undertaken in accordance with Section 35 (1) of the Act.

Annually the actuary recommends an amount to be included in the Authority's financial statements for accrued long service leave entitlements as at the end of the financial year. The figures are provided as current and non-current liabilities in accordance with AASB 101 *Presentation of Financial Statements*. Refer Note 19.

(s) Rounding and Comparatives

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. Sub-totals and totals may not add due to rounding.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(t) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2010-11.

The Authority is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department.

Consequently, the Authority has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Authority applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the only significant impact of new or amended Australian accounting standards with future commencement dates is as set out below.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-07 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods on or after 1 January 2013.

(t) **New and Revised Accounting Standards (cont'd)**

The main impacts of these standards are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset may be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding.

On initial application of AASB 9, the Authority will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. 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 2013-14 financial statements, all of the Authority's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1 (l) and 28). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Authority's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052) apply to reporting periods beginning on or after 1 July 2013. AASB 1053 established a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "tier 2").

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under the tier 2 reporting.

Pursuant to AASB 1053, public sector entities like the Authority may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Authority, the Treasury Department is the regulator. Queensland Treasury's policy position is to require all departments and statutory bodies captured within the whole-of-government financial statements to adopt tier 1 reporting requirements. QLeave is a statutory body not captured within the whole-of-government financial statements as it is totally self funded and may elect to adopt tier 2 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new and revised accounting standards, the Authority has not early adopted AASB 1053.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

	2011 \$'000	2010 \$'000
2. Other Revenue		
Under agreement the Authority acts on a fee for service basis for the collection of fees and levies on behalf of the entities listed below:		
Workplace Health and Safety Queensland		
Building and Construction Industry Training Fund (QLD)		
Contract Cleaning Industry (Portable Long Service Leave) Authority	2,001	1,939
Total	2,001	1,939
3. Income/Loss from Investments		
Queensland Treasury Corporation	296	202
Queensland Investment Corporation Distribution	46,237	23,340
Total	46,532	23,542
4. Net Gain/Loss on Financial Assets		
Queensland Investment Corporation		
Balance at 30 June	370,325	295,646
Balance at 1 July	295,646	237,203
Total Movement	74,678	58,444
Movement in QIC Growth Fund	74,678	58,444
Deposits	(44,400)	(31,350)
Redemptions	750	-
Distributions reinvested	(46,237)	(23,340)
less Distribution paid current year on account of previous year	(5,879)	(2,554)
plus Distributions shown in statement yet to be paid	23,204	5,879
Fund Management Fees	1,200	763
Total Gain	3,317	7,842
5. Employee Expenses		
Employee Benefits		
Salaries and related cost	3,456	3,461
Annual leave expense	324	313
Employer Superannuation contributions	410	363
Long service leave expense	47	37
Fringe benefits tax	21	21
Employee Related Expenses		
Workers' compensation premium	13	9
Payroll tax	171	153
Total	4,441	4,356
The total early retirement/redundancy/retrenchment payments to employees	-	53

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

5. Employee Expenses (cont'd)

The number of employees including both full-time and part-time employees measured on a full-time equivalent basis was:

	2011	2010
Number of Employees	58	54

6. Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Current Incumbents			
Position	Responsibilities	Contract Classification and appointment authority	Date appointed to position (Date resigned from position)
General Manager	Managing the Authority	SES2 Governor in Council	17 December 2001

(b) Remuneration

Remuneration policy for the agency's key executive management is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount dispensed in the Statement of Comprehensive Income.
 - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits included superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods of payment in lieu of notice of termination, regardless of the reason of termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

1 July 2010 - 30 June 2011

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	154	32	6	19	-	211
Total Remuneration	154	32	6	19	-	211

1 July 2009 - 30 June 2010

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	148	26	6	18	-	198
Total Remuneration	148	26	6	18	-	198

Directors' Remuneration

Total remuneration of directors

2011 \$'000	2010 \$'000
25	10

(c) Performance Payments

There were no performance bonuses paid in the 2010-11 or in the 2009-10 financial years and the General Manager's contract of employment does not provide for such a bonus.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

7. Related Parties

Directors of the Authority are appointed for a three-year period and the Board was reappointed on 5 August 2010 for the period to 30 June 2013. The following persons held the position of Director during the year ended 30 June 2011.

Mr Peter Henneken	Chair	Ms Debra Johnson	Employer Representative (HIA)
Ms Jacqueline D'Alton	Deputy Chair	Mr Michael Ravbar	Worker Representative (CFMEU)
Mr Gary Deane	Employer Representative (CCF)	Mr William Ludwig	Worker Representative (AWU)
Mr John Crittall	Employer Representative (QMBA)	Mr Rohan Webb	Worker Representative (AMWU)

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

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

From time to time, particular Directors of the Authority may be required to comply with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and the *Workplace Health and Safety Regulation 1997* in respect of payment of levies and fees 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.

8. Supplies and Services

	2011 \$'000	2010 \$'000
Advertising and promotions	118	108
Computer costs	341	227
Personnel development	72	116
Auditor's remuneration - Queensland Audit Office *	36	31
Contractor charges	298	317
Consultancy charges (including Actuarial fees)	116	129
Funds manager and trustee charges	1,161	730
Legal expenses	94	34
Motor vehicle costs	14	14
Motor vehicle leases	35	35
Travel costs	52	45
Telecommunication costs	84	94
Printing and photocopying	70	104
Reference Materials	58	59
General administration	398	454
Leases - rental	452	425
Building services	85	81
Maintenance building, plant and equipment	20	19
Expensed assets	6	11
Portable and attractive assets	28	30
Bad and impairment of receivables	63	34
Total	3,601	3,096

* There were no non-audit services provided by QLeave's auditors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

	2011 \$'000	2010 \$'000
9. Depreciation and Amortisation		
Plant and Equipment	43	65
Purchased Software	552	655
Total	595	721
During the year the Authority reviewed the useful life of Plant and Equipment and Intangible Assets. Refer Note 1 (g) and (h).		
10. Cash and Cash Equivalents		
Cash at bank	2,855	3,085
Queensland Treasury Corporation (QTC)	6,000	5,100
Total	8,855	8,185

Interest on cash held with the Commonwealth Bank earned 3.92% in 2011 (2010: 2.90%). Deposits with QTC earned interest at 5.48% in 2011 (2010: 4.28%).

	2011 \$'000	2010 \$'000
11. Receivables		
Current trade debtors	46,865	11,159
Less: Allowance for impairment loss	(360)	(365)
Accrued Revenue*	23,236	5,914
GST Receivable	20	21
Other	568	485
Less: Allowance for impairment loss	(11)	(6)
	70,317	17,208
Non-current trade debtors **	60,088	6,222
Total	130,405	23,431

* Includes Queensland Investment Corporation 4th quarter distribution of \$23.204 million.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

11. Receivables (cont'd)

Movement in the allowance for impairment

Balance at the beginning of the year	371	371
Amounts written off during the year	(63)	(34)
Amounts recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	63	34
Balance at the end of the year	371	371

2011	2010
\$'000	\$'000

12. Financial Assets

Queensland Investment Corporation (QIC) - Growth Fund (at market value)	370,325	295,646
Total	370,325	295,646

13. Other Current Assets

Prepayments	241	265
Total	241	265

14. Plant and Equipment

Property Plant and Equipment	767	761
Less: Accumulated depreciation	683	641
Less: Accumulated impairment losses	-	-
Total	84	122

2011	Opening Book Value	Acquisitions	Disposals	Depreciation	Closing Book Value
	\$'000	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment	122	6	-	(43)	84
Total	122	6	-	(43)	84

2010	Opening Book Value	Acquisitions	Disposals	Depreciation	Closing Book Value
	\$'000	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment	179	8	-	(66)	122
Total	179	8	-	(66)	122

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

	2011 \$'000	2010 \$'000
15. Intangible Assets		
Purchased Software	1,472	1,472
Less: Accumulated amortisation	(1,472)	(920)
Less: Accumulated impairment losses	-	-
Total	-	552

2011	Opening Book Value \$'000	Acquisitions \$'000	Disposals \$'000	Amortisation \$'000	Closing Book Value \$'000
Purchased Software	552	-	-	(552)	-
Total	552	-	-	(552)	-

2010	Opening Book Value \$'000	Acquisitions \$'000	Disposals \$'000	Amortisation \$'000	Closing Book Value \$'000
Purchased Software	1,207	-	-	(655)	552
Total	1,207	-	-	(655)	552

	2011 \$'000	2010 \$'000
16. Payables		
Trade creditors	1,257	678
Accrued charges	591	2,144
GST Payable	-	-
Total	1,848	2,822

17. Employee Benefits		
Current		
Accrued annual leave	361	350
Provision for long service leave	574	523
Total	935	873
Non-Current		
Provision for long service leave	58	84
Total	58	84
Movements in Long Service Leave Provision		
Balance as at 1 July	607	730
Additional provision recognised	46	12
Reductions in provision as a result of payments	(21)	(135)
Balance as at 30 June	632	607

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

	2011 \$'000	2010 \$'000
18. Other Liabilities		
Unearned revenue - Current	(27,935)	(5,617)
Unearned revenue - Non-Current	(62,611)	(6,248)
Total	(90,546)	(11,865)
Refer Note 1(d)		
19. Provision for Scheme Benefits		
Current		
Provision for long service leave - expected to be settled within 12 months (measured at actual value)	54,000	47,800
Provision for long service leave - expected to be settled after 12 months (measured at present value)	193,000	152,600
Total	247,000	200,400
Non-Current		
Provision for long service leave (measured at present value)	201,000	178,900
Total	201,000	178,900
Movements in Provision		
Balance as at 1 July	379,300	362,800
Additional provision recognised	111,924	59,462
Reductions in provisions as a result of payments	(43,224)	(42,962)
Balance as at 30 June	448,000	379,300
	2011	2010
Scheme eligible members as at 30 June were:	274,162	267,768
	%	%
The financial assumptions used in the actuarial valuation of Scheme Member Benefits were:		
Investment return	8.0	15.0
Rate of pay inflation	4.0	4.0
Real return	4.0	11.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

	2011 \$'000	2010 \$'000
20. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus/(deficit)	35,268	46,602
Adjustments for non cash items:		
Depreciation and amortisation expense	594	721
Loss on sale of property, plant and equipment	-	-
Employee benefits	36	(191)
PLSL Scheme benefits	68,700	16,500
Adjustments for investment items:		
Investment loss (Income)	(32,229)	(27,856)
Investment expenses	1,124	716
Changes in assets and liabilities:		
(Increase) decrease in receivables	(106,974)	(1,865)
(Increase) decrease in prepayments	24	(154)
Increase (decrease) in unearned revenue	78,681	(3,143)
Increase (decrease) in payables	(974)	(240)
Net cash from operating activities	44,249	31,090

21. Finance/Borrowing Costs

The Authority has no credit standby arrangements or long-term financing facilities.

22. Segment Information

The Authority provides for portability of long service leave for eligible workers in the Building and Construction Industry. It operates solely within the State of Queensland.

	2011 \$'000	2010 \$'000
23. Commitments for Expenditure		
Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are exclusive of anticipated GST and are payable as follows:		
Not later than one year	501	460
Later than one year and not later than five years	1,523	1,908
Total	2,024	2,368

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

26. Equity (cont'd)

It is expected that future operating surpluses will result from the action taken, however economic conditions and financial market volatility create uncertainty as to the impact on future results. Actuarial projections indicate that a positive equity position is expected to be realised within the next two years.

The Authority believes that the steps taken to date together with constant monitoring of ongoing actuarial assessments will be sufficient to ensure the schemes future viability and the ability to continue as a going concern.

The Authority is self funded, does not draw funds from consolidated revenue and is not guaranteed funds from the Government for supplementation of the scheme.

27. Events Occurring after Balance Date

There has been no event occurring after balance date other than recent world events that have impacted on investment returns.

28. Financial Instruments

(a) Categorisation of Financial Instruments

The Authority has the following categories of financial assets and financial liabilities:

Category	Note	2011 \$'000	2010 \$'000
Financial Assets			
Cash and cash equivalents	10	8,855	8,185
Receivables	11	130,405	23,431
Financial assets	12	370,325	295,646
Total		509,585	327,262
Financial Liabilities			
Payables	16	1,848	2,822
Total		1,848	2,822

(b) Financial Risk Management

The Authority's activities expose it to a variety of financial risks - credit risk, liquidity risk, market risk and interest rate risk.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

28. Financial Instruments (cont'd)

(b) Financial Risk Management (cont'd)

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

Risk Exposure	Measurement Method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

Maximum Exposure to Credit Risk

Category	Note	2011 \$'000	2010 \$'000
Financial Assets			
Cash and cash equivalents	10	8,855	8,185
Receivables	11	130,405	23,431
Total		139,260	31,615

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

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.

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

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 and geographic changes form part of the Authority's documented risk analysis assessment in conjunction with historic experience and associated industry data.

There was no increase in the allowance for impairment (\$371,000) which is considered appropriate given the impact of the current economic climate on the building and construction industry and the significant increase in debtors as at 30 June 2011.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

28. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

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.

Application of the provision is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest charges of \$1.28 million in 2010-11 (\$466,000 in 2009-10) were imposed mainly relating to late notification of projects.

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2011 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables	175	908	20	37	1,140
Total	175	908	20	37	1,140

2010 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables	1,640	418	313	384	2,755
Total	1,640	418	313	384	2,755

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

28. Financial Instruments (cont'd)

(c) Credit Risk Exposure

2011 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables (gross)	-	-	-	160	160
Allowance for Impairment	-	-	-	(371)	(371)
Total	-	-	-	(211)	(211)

2010 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables (gross)	-	-	-	381	381
Allowance for Impairment	-	-	-	(371)	(371)
Total	-	-	-	10	10

(d) Liquidity Risk

The Authority is exposed to liquidity risk in respect of its payables (including payment of long service leave claims).

The Authority manages liquidity through the use of a liquidity management strategy. This strategy aims to reduce exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee, supplier and scheme recipient obligations as they fall due. This is achieved by ensuring that appropriate levels of cash are held within the various accounts in accordance with the Authority's investment strategy so as to meet the expected liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

28. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

The following tables set out the liquidity risk of financial liabilities held by the Authority.

		2011 Payable in			
		< 1 year	1-5 years	> 5 years	Total
	Note	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	16	1,848	-	-	1,848
Total		1,848	-	-	1,848

		2010 Payable in			
		< 1 year	1-5 years	> 5 years	Total
	Note	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	16	2,822	-	-	2,822
Accrued annual leave	17	350	-	-	350
Total		3,172	-	-	3,172

(e) Market Risk

The Authority is exposed to market risk through investments with Queensland Investment Corporation (QIC). The Authority is exposed to adverse movements in the level and volatility of the financial markets in respect to these investments. The Authority's investment policy statement is reviewed annually to ensure that an appropriate asset allocation exists to give expected returns for given level of risk over time.

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 2011. These fluctuations 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 \$11,110,000 (2010: \$8,869,000). This is attributable to the Authority's exposure to investment returns held with QIC's growth fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

28. Financial Instruments (cont'd)
(e) Market Risk (cont'd)

Financial Instruments	Carrying Amount	2011 Market risk			
		- Sensitivity		+ Sensitivity	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
QIC	370,325	(11,110)	(11,110)	11,110	11,110
Potential Impact		(11,110)	(11,110)	11,110	11,110

Financial Instruments	Carrying Amount	2010 Market risk			
		- Sensitivity		+ Sensitivity	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
QIC	295,646	(8,869)	(8,869)	8,869	8,869
Potential Impact		(8,869)	(8,869)	8,869	8,869

(f) Interest Rate Sensitivity Analysis

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 \$89,000 (2010: \$82,000).

Financial Instruments	Carrying Amount	2011 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	8,855	(89)	(89)	89	89
Potential Impact		(89)	(89)	89	89

Financial Instruments	Carrying Amount	2010 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	8,185	(82)	(82)	82	82
Potential Impact		(82)	(82)	82	82

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

28. Financial Instruments (cont'd)

(g) Fair Value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - fair values that reflect unadjusted quoted prices in active markets for identical assets/liabilities;

Level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices); and

Level 3 - fair values that are derived from data not observable in a market.

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

2011 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2011 Total Carrying Amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
Financial Assets				
Cash and cash equivalents	8,855			8,855
Financial Assets	370,325			370,325
Total	379,180			379,180

2010 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2010 Total Carrying Amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
Financial Assets				
Cash and cash equivalents	8,185			8,185
Financial Assets	295,646			295,646
Total	303,831			303,831

29. General Information

The head office and principle place of business of the Authority is:

Level 4 Lutwyche City Shopping Centre
543 Lutwyche Road
Lutwyche Queensland 4030

A description of the nature of the Authority's operations and its principle activities is included in the above notes.

For information in relation to the Authority's financial statements please call 3212 6811, email yoursay@qleave.qld.gov.au or visit the Authority's Internet site www.qleave.qld.gov.au.

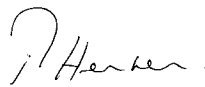
CERTIFICATE OF THE BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

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 statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the Building and Construction Industry (Portable Long Service Leave) Authority's transactions for the financial year ended 30 June 2010 and of the financial position of the Authority at the end of that year.



G Wilson
General Manager
26 August 2010



P Henneken
Chair
26 August 2010

Independent Auditor's Report

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

Report on the Financial Report

I have audited the accompanying financial report of Building and Construction Industry (Portable Long Service Leave) Authority, which comprises the statement of financial position as to 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year the ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chair and the General Manager.

The Board's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standards 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

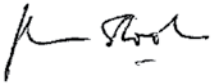
In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –

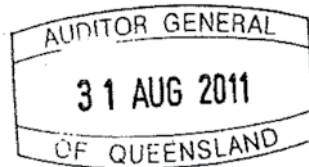
- (i) the prescribed requirements in relation to the establishment and keeping of the accounts have been complied with in all material respects; and
- (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Building and Construction Industry (Portable Long Service Leave) Authority for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Emphasis of Matter – Significant uncertainty regarding continuation as a going concern

Without modifying my opinion, attention is drawn to Note 26 to the financial report which discloses that the Authority has a deficiency of net assets of \$31.476 million (2010: \$66.744 million) and an operating surplus of \$35.268 million (2010: \$46.602 million). The Authority also has a total scheme benefits liability of \$448.000 million (2010: \$379.300 million) as reported in Note 19. The liability for scheme benefits is a long term projection that will be settled over a number of accounting periods and, while the Authority has no control over the timing of the settlement of this liability, it is independently assessed by an actuary on an annual basis. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Authority's ability to continue as a going concern and therefore, the Authority may be unable to realise its assets and discharge its liabilities in the normal course of business.



G G Poole FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

INTERSTATE SCHEMES

VICTORIA

ColInvest

Level 6, 478 Albert Street
East Melbourne Victoria 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

Construction Benefit Services

Level 2, 191 Fullarton Road
Dulwich SA 5065
Telephone: (08) 8332 6111
Facsimile: (08) 8333 4314
Email: enquiries@cbserv.com.au
www.cbserv.com.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@actlslb.act.gov.au
www.actlslb.act.gov.au

TASMANIA

TasBuild Ltd

196 Campbell St
Hobart Tasmania 7000
Telephone: (03) 6233 7670
Facsimile: (03) 6233 7224
Email: secretary@tasbuild.com.au
www.tasbuild.com.au

WESTERN AUSTRALIA

Construction Industry Long Service Leave Payments Board

1st Floor, 26 Colin Street
West Perth WA 6005
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404
Email: lslstaff@walslboard.com.au
www.lslboard.com.au

NORTHERN TERRITORY

NT Build

32-33/12 Charlton Court
Woolner NT 0820
Telephone: 1300 795 855
Facsimile: (08) 8923 9318
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

ISSN 1837-056X

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.



Level 4, Centro Lutwyche
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

Levy Payers

1800 803 481