




annual report
2012-2013

Building and Construction Industry
(Portable Long Service Leave) Authority



→ **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

Respectful by being open, fair and consistent in our actions

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

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

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QLeave is the trading name of the Building and Construction Industry (Portable Long Service Leave) Authority, established in 1992 to administer a paid long service leave scheme for eligible workers in the building and construction industry regardless of whether they work on different projects for one or more employers.

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

Letter of Compliance

6 September 2013

The Honourable Jarrod Bleijie MP
Attorney-General and Minister for Justice
GPO Box 149
Brisbane Qld 4001

Dear Minister

I am pleased to present the Annual Report 2012-2013 and financial statements for the Building and Construction Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

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

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

Yours sincerely



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

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About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

For 2012-13, QLeave's efforts concentrated on client service and financial management using a sound risk management, compliance and governance framework. Following several years of deficit, the Scheme continues to be in a surplus position primarily due to the ongoing and significant levels of resource sector construction.

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 or above.

Based on actuarial recommendations, the levy rate has remained at 0.3% since January 2010. A cap of \$1,720 per week on wage rates for all long service leave payments was applied for the 2012-13 financial year.

At 30 June 2013, the Scheme had 282,962 workers and 18,465 employers registered. Since 1992, long service leave payments totalling over \$373 million have been paid to workers and employers registered with the Scheme. The 2012-13 financial year represents a record value of long service leave claims paid by QLeave, to the sum of \$62.7 million.

A streamlined and significantly improved claims process is representative of a renewed emphasis on innovative customer service solutions. Online claiming was introduced in February 2013, allowing employers to claim reimbursement for long service leave paid to their workers under the *Industrial Relations Act 1999*. Online claims for workers will become available early in the 2013-14 financial year.

Improved customer communication and education has been achieved through an increase in the presence of our field staff, particularly in the Central Queensland and Galilee Basin regions. Additionally, we have intensified the effectiveness of our market research efforts to obtain more constructive feedback from our customer groups. An increase in the number of members accessing the QLeave website from mobile devices was identified. We have subsequently optimised our existing site to be mobile responsive.

We would like to express our appreciation to our Minister, the Honourable Jarrod Bleijie MP and the Government for ensuring the legislative provisions support portable long service leave benefits for the building and construction industry in the future.

We are also appreciative of the ongoing efforts and contributions of the staff, management and board members. The Board and management are mindful of the need to contain costs and remain focused on improving the administrative efficiency of the Scheme, and of the Government's objectives: *Getting Queensland back on track*.



Jacqueline D'Alton
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 → Staff	Deliver quality client service and communications	→ Activities undertaken in consultation with partners and stakeholders → Strategies implemented for emerging regions and sectors → Participation in cooperative projects with interstate schemes → 100% client service standards met → 85% client and stakeholder satisfaction achieved → Marketing services delivered → Increased usage of online services	✓
Financial Management	Maintain financial accountability and sustainability of the 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	✗
		→ Monitoring reports for claims and wages growth to Board → Financial targets achieved → Reporting targets met	✓
Corporate Governance and Risk Management	Sound corporate governance, compliance and risk management frameworks	→ Compliance with all statutory obligations → Annual Board governance and framework review → Endorsed Scheme Review recommendations implemented → Quality Certification maintained to ISO 9001:2008 → Business continuity and disaster recovery processes reviewed and tested annually → Planned compliance activities delivered	✓
People	Develop a skilled workforce for the future that is adaptable, valued and engaged	→ Comprehensive workforce management framework implemented	✓
Business systems and processes	Continue to develop and improve business systems and processes	→ Improvement projects implemented → High quality data used in decision making /planning	✓

* The investment management component of the corporate plan was not achieved this year, due to the impact of the Global Financial Crisis over the rolling five year period. Further details on investment performance are available under Financial Management.

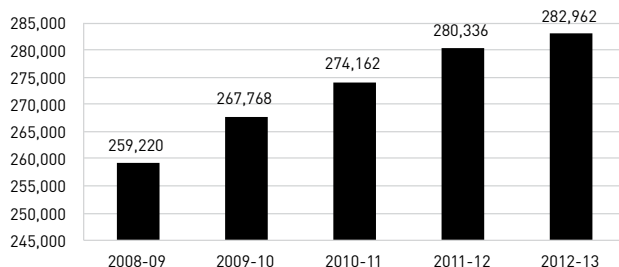
Clients / Stakeholders

- Objectives:
- Deliver quality client service and communications to clients and stakeholders.
 - Planned compliance activities delivered.

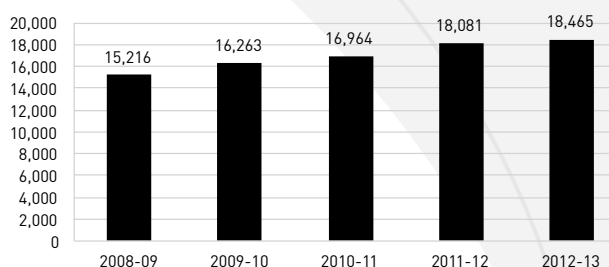
WORKERS AND EMPLOYERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

Customer service

Worker Registrations 2008-2013



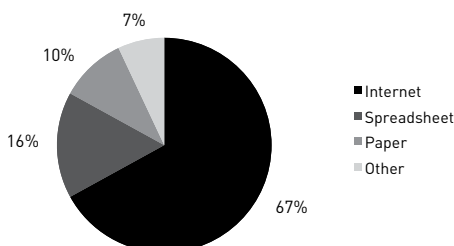
Employer Registrations 2008-2013



Worker registrations increased by less than 1% from 280,336 to 282,962. The majority of new registrations (67%) were received online in 2012-13, compared to 62% in 2011-12.

Employer registrations increased by 2.1% from 18,081 to 18,465. The majority of new registrations (76%) were received online in 2012-13, compared to 73% in 2011-12.

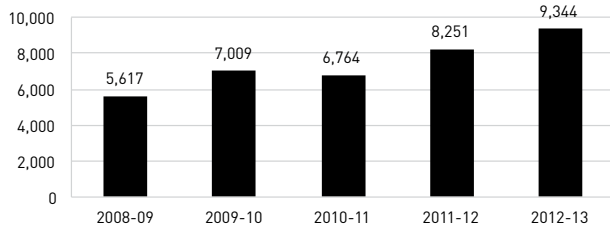
Type of Work Service Return lodged 2012-13



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. 67% of employers submitted their workers' service returns online, compared to 65% in 2011-12.

- Employers who completed their worker service return online were prompted to complete a satisfaction survey regarding the worker service return lodgement process. 38% of employers who lodged their return online completed the survey. A satisfaction rating of 93% and above was achieved for each component surveyed including ease of use, time taken to complete the return and quality of the service provided by staff. Additional comments were received and will be used to improve the process and system in future years.
- The annual notice of service was distributed to 252,151 workers with a current postal address in October 2012. 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 employers. A newsletter accompanied the notice and supplementary information was provided to those workers with a long service leave entitlement. Workers are able to access their service details online at any time.
- 1,500 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service records in the register. It remains a focus for QLeave to encourage workers to check the accuracy of their service records to ensure access to long service leave benefits is maximised.
- Under the Four Year Rule, 31,454 workers, who had not recorded service in the last four consecutive years, had their registrations cancelled during the year.

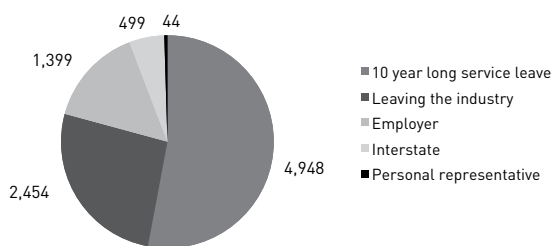
Number of claims paid per year 2008-2013



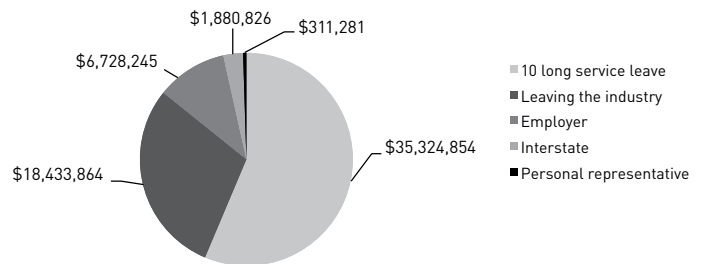
Total value of claims to date \$Million



Number of claims paid 1 July 2012 to 30 June 2013



Value of claims paid 1 July 2012 to 30 June 2013



In 2012-13, 9,344 long service leave payments were made to the value of \$62,679,070. The number of claims paid increased by 13.2% from 2011-12. Additionally, the value of claim payments made in 2012-13 increased by 17.2% from the previous year.

→ Long service leave payments were made to:

- registered workers, under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*
- registered employers who received reimbursement of long service leave benefits paid directly to their employees under the *Industrial Relations Act 1999*
- long service leave schemes in other states and territories in reimbursement of claims paid to workers for work performed in Queensland.

→ After review the capped weekly rate of pay for all long service leave payments was increased by 8% to \$1,720 for the year.

Stakeholder engagement

- QLeave supported the industry by sponsoring and attending awards nights, trade show, information events and roadshows. Involvement in these events promoted the Scheme to employers and provided education focussed on their obligations.
- QLeave supported the Building Services Authority in their Contractor Education program, through attendance and presentations at their Trade Seminars and Better Building Seminars. This provided large numbers of employers and contractors with a better understanding of the Scheme.
- QLeave attended delegates' conferences for construction unions including AMWU, CFMEU, ETU and AWU. Education of workers on the Scheme and its benefits was the primary focus of these interactions.
- QLeave's Compliance and Liaison Officers continued to attend major building sites across Queensland, to educate and inform workers of the Scheme and its benefits. The Gold Coast Hospital, Children's Hospital at South Brisbane, Mackay Base Hospital and major commercial building sites in the Brisbane CBD were visited.
- Major civil projects including all three LNG sites on Curtis Island, and the gas pipeline sites in Western Queensland were also encompassed in the visit schedule of QLeave's Compliance and Liaison Officers.

- In addition, Compliance and Liaison Officers continued their visits to regional areas throughout the year. Visits to building sites, employers and alliance partners occurred in all major regional centres.
- QLeave utilised a range of industry journals to promote the Scheme's key messages and operational processes.
- Newsletters were distributed to employers and workers during the worker service return and notice of service processes. These newsletters focussed on the key compliance areas, including eligibility, and the availability of online services. Electronic newsletters were also broadcast to employers and workers.

Compliance

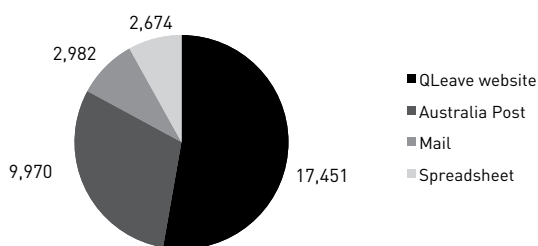
- QLeave's compliance activities focussed on outstanding worker service returns, missing service requests and unregistered employers. 334 employers were contacted regarding outstanding worker service returns. This ensured that workers had their correct service added and accuracy of their entitlement payments.
- QLeave conducted 48 books and records inspections during 2012-13. These inspections resulted in minor amendments to some claim payments. Both underpayments and overpayments of claims were identified and recovered.
- 140 employers were identified as unregistered with the Scheme. The subsequent registration of these employers and lodgement of worker service returns ensures the accuracy of workers' long service leave entitlements.
- Legal services were required for 62 matters including requests for reconsideration, internal advice and compliance with employer obligations including the submission of worker service returns.

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.
- \$127,878,000 was received in levies income, compared with \$190,572,000 in 2011-12.
- A total of 33,077 project notifications were processed, compared with 36,580 in 2011-12.

Type of notification and payments received
1 July 2012 to 30 June 2013



53% of notification and payment forms were lodged online, with 30% lodged at Australia Post, 9% received via mail and a further 8% lodged via the spreadsheet facility.

Stakeholder engagement

- QLeave staff attended 13 education sessions across the State with local governments, councils and key stakeholders. In addition, a number of Building Services Authority Roadshows were attended to deliver education regarding levy payer obligations.
- Regional trips to Gladstone and Townsville provided an opportunity to meet with councils and the Gladstone Ports Corporation.
- A newsletter was published in April 2013 to provide further education regarding online notification and payment options, changes to instalment payment eligibility and other relevant information regarding the Scheme.
- QLeave utilised a range of journals published by industry associations to promote project notification and levy payment obligations and options.
- Quarterly meetings were held with Work Health and Safety and Australia Post. Regular reports regarding building activity were provided to Construction Skills Queensland.

Compliance

- Compliance activities focused on auditing local government councils for claimed exemptions, and Transport and Main Roads for sub-contracting to Roadtek. Compliance within the resource sector, monitoring of the roll out of the National Broadband Project (throughout Queensland) and the Gold Coast Rapid Transit Project were other key focus areas.
- 5 Private Certifiers were audited, with a total of 238 projects audited. No non-conformances were identified.
- Compliance activities secured additional levy of \$9,518,677 for 563 projects, with a total cost of work of \$3,239,124,463.
- Follow up regarding the final cost of work for 986 projects secured \$8,645,507 of additional portable long service leave levy. Refunds for 186 projects were processed totalling \$1,470,527, resulting in a net levy of \$7,174,980. (On completion of notified building and construction projects, QLeave contacted 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.)
- Further compliance activities identified increases to the cost of work for 10 projects, in the resources sector, with additional levy of \$14,956,313 received.
- Legal services were required for 61 matters including requests for reconsideration, internal advice and compliance with notification of projects and payment of the levy, including project finalisation and recovery of outstanding levy payments.

STRATEGIES FOR 2013-14

Deliver quality client service and communications through:

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

Financial Management

Objective: Maintain financial accountability and sustainability of the Scheme.

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 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:

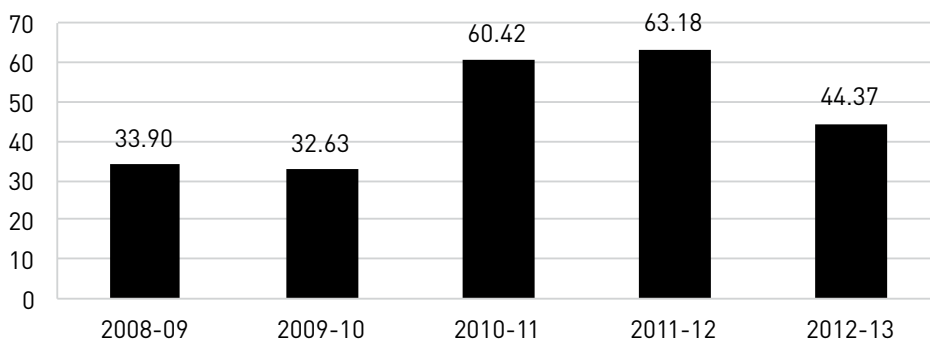
- 0.125% collected for Workplace Health and Safety Queensland
- 0.1% collected for Construction Skills Queensland
- 0.3% retained by QLeave to fund the portable long service leave scheme.

Building activity

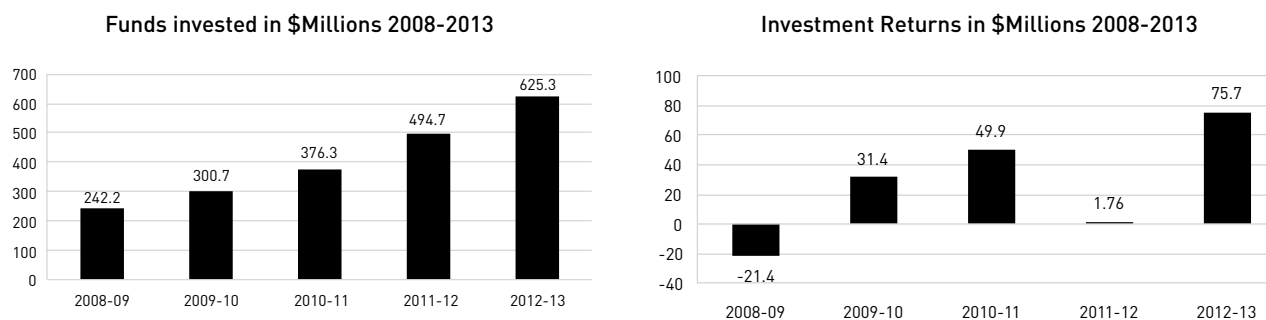
Activity in all sectors except other residential experienced lower than anticipated activity during 2012-13. Activity in the other residential sector saw a 21% increase over the previous year.

Project type	2011-12 Value \$Billions	2012-13 Value \$Billions
Housing	6.487	6.173
All other residential	1.600	1.936
Commercial	10.235	8.469
Civil	44.862	27.787
Totals	63.184	44.365

Value of project levied in \$Billions 2008-2013



Investment market performance



Budget performance

The operational budget methodology adopted by QLeave is zero based and performance is closely monitored on a monthly basis. The 2012-13 outcome is as follows:

	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	127,878	(37,122)
Investment income	75,735	32,170
Employee expenses	4,674	(530)
Supplies and services	2,284	(707)
Fund management expenses	1,777	217
Long service leave payments	62,679	2,679

An overall profit of \$60.45 million was experienced in 2012-13, predominantly due to higher than expected investment income which produced a 14.93% return.

Despite increased fund management charges associated with higher than expected investment balances, and a 4.5% increase in long service leave payments made to workers and employers; prudent management of expenses allowed the Authority to increase its equity to \$211.748 million.

STRATEGIES FOR 2013-14

Maintain financial accountability and sustainability of the Scheme through:

- prudent investment and financial management
- proactive financial and budget management practices.

Corporate Governance and Risk Management

Objective: Sound corporate governance, compliance 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 relevant Minister at specified quarterly intervals concerning QLeave's operational and financial performance. The Board reports to the Attorney-General and Minister for Justice, the Honourable Jarrod Bleijie MP.

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. 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, financial expertise). Each board member is encouraged to undertake the Company Director's course, or related courses, to enhance their professional development. The Board is proactive in identifying factors affecting the viability or maintenance of the Scheme, or the building and construction industry.

In 2012-13, the Board was comprised of the following directors:

Chairperson: Peter Henneken AM

Deputy Chairperson: Jacqueline D'Alton

Employer Representatives: John Crittall (QMBA), Gary Deane (CCF), Debbie Johnson (HIA)

Worker Representatives: William Ludwig OAM (AWU), Michael Ravbar (CFMEU), Rohan Webb (AMWU)

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 the 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

Board meetings are held bi-monthly in February, April, June, August, October and December. The Board met on seven occasions during 2012-13, with an extraordinary meeting held in early June 2013.

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.

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 currently comprises Jacqueline D'Alton (Chair), Peter Henneken, Debbie Johnson and Rohan Webb. The Committee met on three occasions during 2012-13.

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 Worker Eligibility Committee comprises Peter Henneken (Chair), John Crittall, Gary Deane, Michael Ravbar and Ben Swan who represents William Ludwig OAM.

The Worker Eligibility Committee was not required to meet during 2012-13.

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 Audit Risk Management and Compliance Committee comprises Jacqueline D'Alton (Chair), Gary Deane and Michael Ravbar.

The Audit, Risk Management and Compliance Committee met on three occasions during 2012-13.

The Committee was assisted by officers from the Queensland Audit Office (QAO) and its representatives Pitcher Partners, the General Manager, Assistant General Manager Finance and Client Services, Assistant General Manager Corporate Strategy and the Internal Auditor.

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
- annual systems appraisal
- 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.

2012-13 Board Performance Assessment

Pursuant to the principles of good governance, the board undertakes a self assessment process both as a whole and as individual directors. This process gives the Board an opportunity to remind directors of their duties and responsibilities as directors of a government board, identify the strengths and weaknesses of board operations, review and measure QLeave's progress towards its goals and mission, and open channels of communication.

Giving board members the opportunity to rate their board performance is a fundamental part of the overall board evaluation system and integral to best governance practices.

The self evaluation process reinforces to directors their accountability to QLeave, the greater community served by QLeave and the resources consumed.

The self evaluation process is valuable in assessing QLeave's governance standards, assessing the board's overall teamwork and communication abilities and highlights areas where each individual director and the Board as a whole can improve.

The Board has undertaken its self evaluation for 2012-13 and has identified areas upon which to focus in 2013-14 concerning continuing professional development for directors and best practice risk management.

Directors' attendance at meetings 2012-13

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee	Worker Eligibility Committee
Number of meetings held	7	3	3	0
Peter Henneken AM	7	2 (not a member, but attended as guest at request of Committee)	3	0
Jacqueline D'Alton	7	3	3	Not a member
John Crittall	6	1 (not a member, but attended as guest at request of Committee)	Not a member	0
Gary Deane	7	2	Not a member	0
Debbie Johnson	7	Not a member	2	Not a member
William Ludwig OAM	1	Not a member	Not a member	0
Michael Ravbar	6	2	Not a member	0
Rohan Webb	3	Not a member	3	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

Issues for the Board during 2012-13 included:

- **Industry Stakeholders** - the emergence and growth of the resources sector as the primary driver of industry activity in Queensland.
- **Financial Management** - monitoring wages growth associated with large resources sector projects and returning the Scheme to a fully funded equity position.
- **Corporate Governance** - remaking the *Building and Construction Industry (Portable Long Service Leave) Regulation 2013*.
- **Business Systems** - continuous improvement of QLeave's systems to improve service delivery and transition stakeholders towards increased usage of online services.

Internal Audit

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 auditing is 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 QLeave's operational activities which included:

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

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 2012-13 involved assessments of internal controls and associated risks and compliance with QLeave policies, 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.

Information systems and recordkeeping

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

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

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

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

In 2012-13 the following initiatives and activities were:

- Completed a major review of the electronic document and records management system and implemented QSA methodologies and guidelines – Disposal of records after digitisation.
- Completed close out of legacy recordkeeping system and related documents
- Reviewed retention and disposal regime of records requiring off-site storage
- Built staff awareness about good record keeping practices with training programs and information sessions
- Feedback provided to Queensland State Archives on the following:
 - 2013 recordkeeping survey for Queensland Public Authorities
 - Draft guideline for Recordkeeping Implications of Mobile and Smart Devices
 - Consultation draft for General Retention and Disposal Schedule for Administrative Records (GRDS)
- Preparation of permanent records for transfer to Queensland State Archives
- Reviewed and updated policies, procedures and guidelines that underpin how information is captured, managed, recorded and used within business systems and in QLeave's records management system.

In 2013-14 it is anticipated that there will be an upgrade to our existing recordkeeping system with incorporation of the general retention and disposal schedule into the TRIM system and development of a systematic disposal program.

STRATEGIES FOR 2013-14

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 role in Programme Debt and Capital with Suncorp Group Treasury.

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

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

→ **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 experience 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 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 and is the National President of the Australian Workers' Union.

→ **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 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; and provides a report to the Management Team.

The General Manager is accountable to the Board and to the Minister, 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.

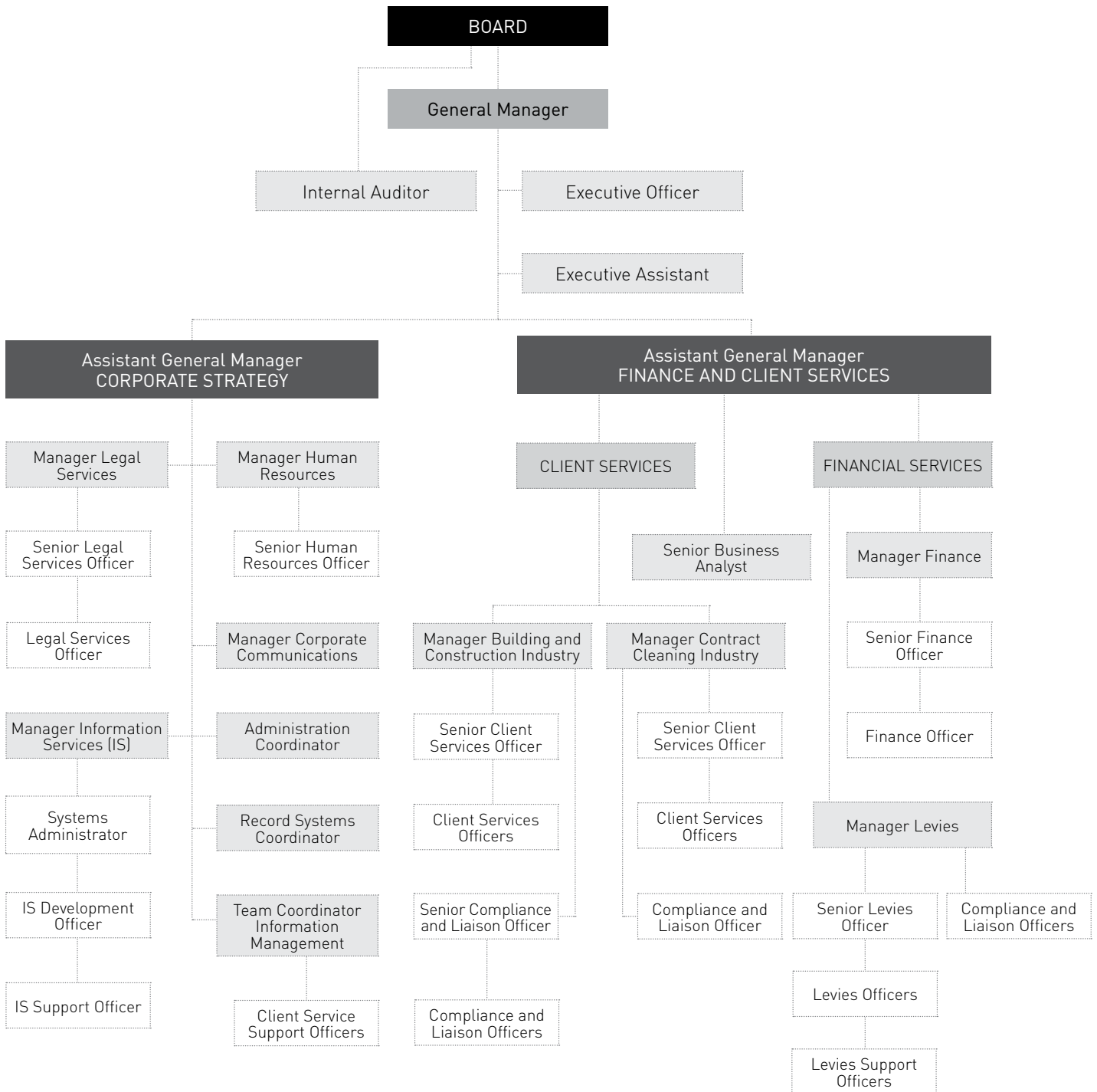
The Assistant General Manager Finance and Client Services is responsible for:

- 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 2013 was 55.1 full-time equivalents. The establishment has reduced by 1.2 full-time equivalents from the same period last year due to efficiencies in corporate service delivery.

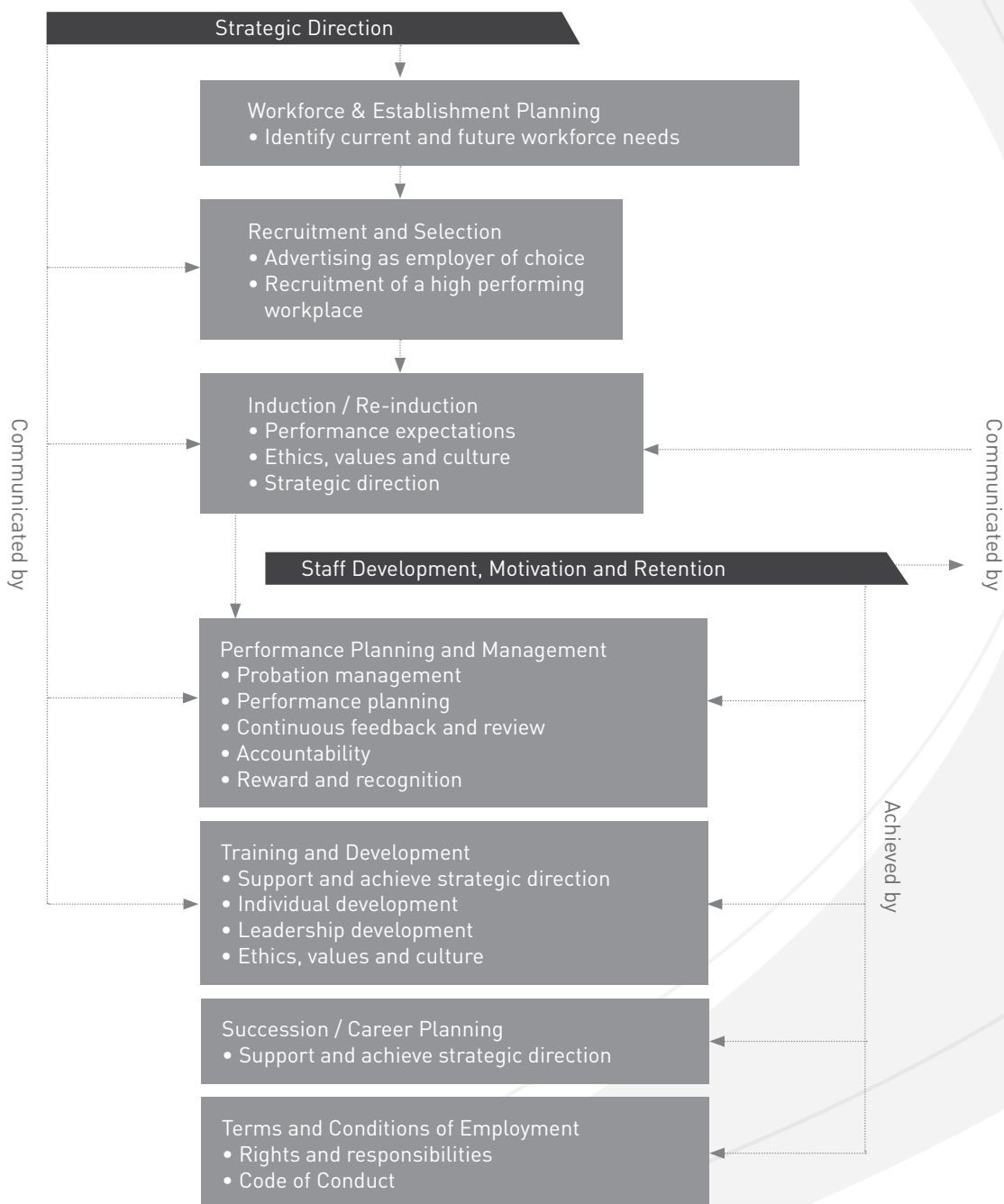
There were 51.7 actual full-time equivalents as at 30 June 2013.

The permanent retention rate during 2012-13 was 95%.

The permanent separation rate during 2012-13 was 5%.

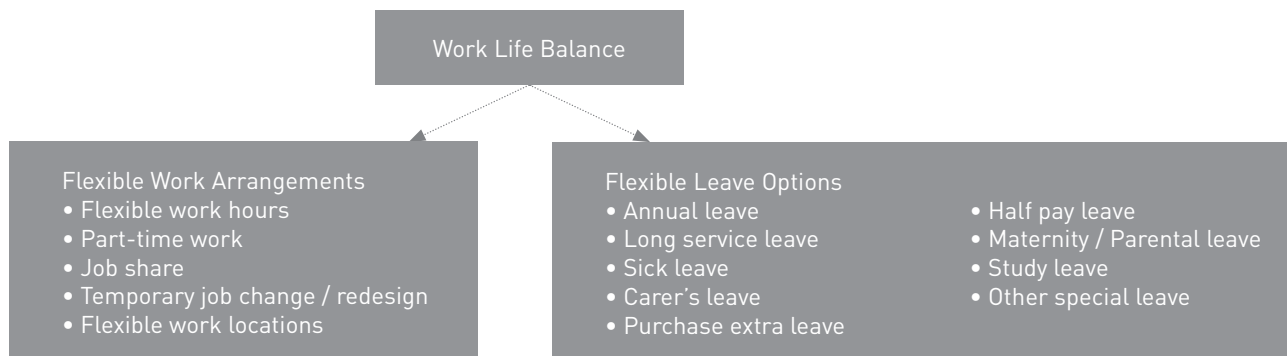
Workforce planning and employee performance frameworks

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:



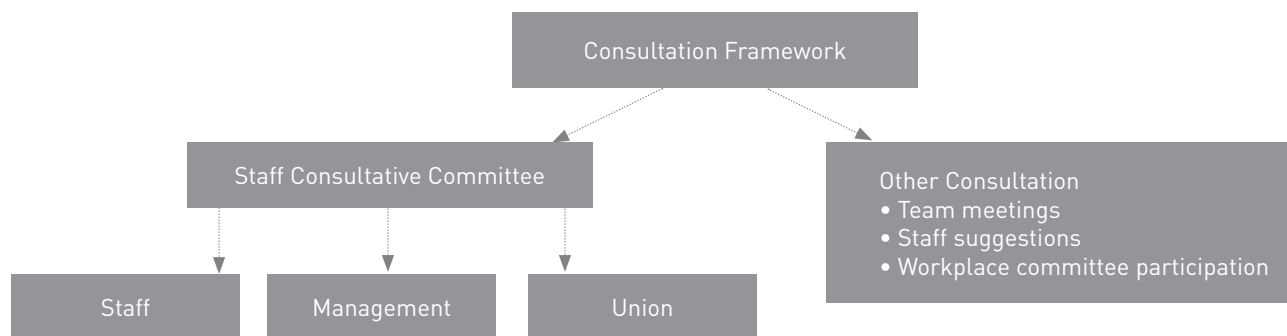
Leadership and management development

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

- succession planning: training leaders of the future
- supervisor development: enhancing 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 and employee relations framework

QLeave has maintained a work environment that is fair and equitable. This goal was achieved through strong staff participation on committees, and staff and union consultation.



Ethics framework

QLeave has an ethical framework in place based on the *Public Sector Ethics Act 1994* to maintain public trust and confidence in the integrity and professionalism of the organisation and its staff. In 2012-13 this framework included:

- mandatory training for all staff on public sector ethics, including the Code of Conduct
- reflecting ethical requirements in performance management
- reflecting ethical requirements in broader QLeave policies and procedures.

STRATEGIES FOR 2013-14

Develop a skilled workforce that is adaptable, valued and engaged through:

- strategic human resource planning that supports QLeave in achieving the corporate goals.

Financial Statements 2012 - 2013

- 22** STATEMENT OF COMPREHENSIVE INCOME
- 23** STATEMENT OF FINANCIAL POSITION
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(PORTABLE LONG SERVICE LEAVE) AUTHORITY
- 45** INDEPENDENT AUDITOR'S REPORT

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

**Statement of Comprehensive Income
for the year ended 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
Income from Continuing Operations			
Portable long service leave levies		127,878	190,572
Other revenue	2, 8	2,293	2,075
Income from investments	3	50,334	8,748
Interest		67	91
Net gain/(loss) on financial assets at fair value	4	25,334	(7,079)
Total Income from Continuing Operations		205,906	194,407
Expenses from Continuing Operations			
Employee expenses	5, 8	4,674	4,627
Supplies and services	7, 8	2,284	2,677
Fund management charges		1,777	1,366
Depreciation and amortisation	9	42	35
Portable long service leave scheme benefits	18	136,679	93,473
Total Expenses from Continuing Operations		145,456	102,178
Operating Result from Continuing Operations		60,450	92,229
Other Comprehensive Income		-	-
Total Comprehensive Income		60,450	92,229

The accompanying notes form part of these statements.

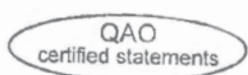


STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2013

	Notes	2013	2012
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	10	12,909	10,142
Receivables	11	94,574	53,784
Financial assets at fair value through profit or loss	12	614,783	486,733
Other	13	553	262
Total Current Assets		722,819	550,921
Non-Current Assets			
Receivables	11	53,644	91,192
Plant and equipment	14	75	49
Intangibles	15	195	-
Total Non-Current Assets		53,914	91,241
Total Assets		776,733	642,162
Current Liabilities			
Payables	16	1,777	1,779
Provision for employee benefits	17	1,208	1,085
Provision for scheme benefits:			
Expected to be settled within 12 months	18	75,000	60,000
Expected to be settled after 12 months	18	182,000	178,000
Total Current Liabilities		259,985	240,864
Non-Current Liabilities			
Provision for scheme benefits	18	305,000	250,000
Total Non-Current Liabilities		305,000	250,000
Total Liabilities		564,985	490,864
Net Assets		211,748	151,298
Equity			
Accumulated Surplus	22	211,748	151,298
Total Equity		211,748	151,298

The accompanying notes form part of these statements.



STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Accumulated (Deficit)/Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2011	59,069	59,069
Operating Result from Continuing Operations	<u>92,229</u>	<u>92,229</u>
Other Comprehensive Income	-	-
<i>Total Comprehensive Income</i>	<u>-</u>	<u>-</u>
Balance as at 30 June 2012	<u>151,298</u>	<u>151,298</u>
Balance as at 1 July 2012	151,298	151,298
Operating Result from Continuing Operations	<u>60,450</u>	<u>60,450</u>
Other Comprehensive Income	-	-
<i>Total Comprehensive Income</i>	<u>-</u>	<u>-</u>
Balance as at 30 June 2013	<u>211,748</u>	<u>211,748</u>

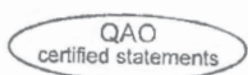


STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest		456	457
Portable long service leave levies		144,059	153,359
Other revenue		2,436	1,879
GST collected from customers		257	228
GST input tax credits from ATO		216	211
<i>Outflows:</i>			
Employee expenses		(4,551)	(4,520)
Supplies and services		(2,189)	(2,990)
Portable long service leave		(63,108)	(53,270)
Payments for investments		(74,200)	(93,600)
GST paid to suppliers		(296)	(417)
GST remitted to ATO		(50)	(50)
Net cash provided by (used in) operating activities	19	3,030	1,287
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		(48)	-
Payments for tenancy fitout		(10)	-
Payments for systems software		(205)	-
Net cash provided by (used in) investing activities		(263)	-
Net increase/(decrease) in cash and cash equivalents		2,767	1,287
Cash and cash equivalents at beginning of financial year		10,142	8,855
Cash and cash equivalents at end of financial year	10	12,909	10,142

The accompanying notes form part of these statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	Objectives and Principle Activities of the Authority
Note 1:	Summary of Significant Accounting Policies
Note 2:	Other Revenue
Note 3:	Income from Investments
Note 4:	Net Gain/(Loss) on Financial Assets at Fair Value
Note 5:	Employee Expenses
Note 6:	Key Executive Management Personnel and Remuneration
Note 7:	Supplies and Services
Note 8:	Net Employee and Supplies and Services Expenses
Note 9:	Depreciation and Amortisation
Note 10:	Cash and Cash Equivalents
Note 11:	Receivables
Note 12:	Financial Assets at Fair Value through Profit or Loss
Note 13:	Other Current Assets
Note 14:	Plant and Equipment
Note 15:	Intangibles
Note 16:	Payables
Note 17:	Provision for Employee Benefits
Note 18:	Provision for Scheme Benefits
Note 19:	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 20:	Commitments for Expenditure
Note 21:	Contingencies
Note 22:	Equity
Note 23:	Events Occurring after Balance Date
Note 24:	Financial Instruments
Note 25:	General Information



Building and Construction Industry (Portable Long Service Leave) Authority
Trading as QLeave
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

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 and construction projects over \$80,000 and the income earned from 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.

The Authority reported to the Attorney-General and Minister for Justice.

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*.

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*. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013.

The financial statements are for the Authority as a single entity. With respect to compliance with Australian Accounting Standards and Interpretations the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit statutory body which commenced operations 1 July 1992. 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.

(c) Receivables

Trade debtors are recognised at the amounts due at the time of project notification. 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*. Trade debtors are presented as current assets unless collection is not expected for more than twelve months after reporting date. Non-current debtors are discounted using the long term discount factor of 7.6%.

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written-off as at 30 June 2013. A decrease in the allowance for impairment was based on loss events in conjunction with current debtor monitoring and analysis. Refer Note 24.

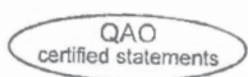
Other debtors generally arise from the Authority acting on a fee for service basis for levy collection. Income for providing these services is in accordance with agency agreements. The income received from acting as an agent for the collection of levy is disclosed in Note 2. Terms are a maximum of one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

(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 is recognised at the date of notification.

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



Building and Construction Industry (Portable Long Service Leave) Authority
 Trading as QLeave
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

(e) Acquisition of Assets

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

(f) Property, Plant and Equipment

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

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

(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.

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 asset has been classified as held or sale or form part of a disposal group held for sale.

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

All intangible assets of the Authority have finite useful lives and are amortised on a straight line basis.

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.

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

For each class of depreciable asset depreciation and amortisation rates are reviewed annually and are as follows:

Class	Rate %
Plant and Equipment:	
Computer equipment	20
Office equipment	20
Tenancy fitout	14
Intangible Assets:	
Software	20

(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 of possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

(k) Payables

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

(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 or loss
- Receivables - held at amortised cost
- Financial assets - held at fair value through profit or 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 24.

(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 due but unpaid 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.

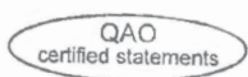
Long Service Leave

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

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and *General Government Sector Financial Reporting*.



Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 6 for the disclosures on key management personnel and remuneration.

The QLeave board consists of 8 Directors. The remuneration disclosed for key management 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. Refer Note 6. For this purpose, remuneration includes board meeting and committee fees and conference attendance.

The General Manager is responsible for the management of the Authority under direction of the Board.

(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 and AASB 137 Provisions, *Contingent Liabilities and Contingent Assets* whereby the current liability represents any amount of scheme benefits liability for which the Authority does not have an unconditional right to defer settlement for at least 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 7.8% for 2012-13 and 7.6% thereafter per annum. Refer Note 18.

(o) Insurance

The Authority's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Authority pays premiums to Work Cover 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 Benefit 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.

(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) Accounting Estimates and Judgements

The Authority's estimates and judgements are based upon actuarial assessments for 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 May 2013 utilising 30 June 2012 worker data. Actuarial assumptions used in the assessment of the total liability included earning rates on investments, discount rate, rates of leaving industry and in service claim rates, rates of death and retirement, future accrual of certificate credits, wage rates, productivity increases, 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 October/November 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 18.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

The Australian government passed its *Clean Energy Act* in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It is preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne of carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury and Trade's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the Authority's critical accounting estimates, assumptions and management judgements.

(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.

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 2012-13. Australian accounting standard changes applicable for the first time for 2012-13 have had minimal effect on the Authority's financial statements, as explained below.

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049) became effective from reporting periods beginning on or after 1 July 2012. The impact related to the Statement of Comprehensive Income for items within the "Other Comprehensive Income" section. The Authority does not have items in this section.

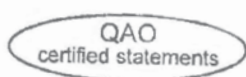
The Authority is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the Authority has not applied any Australian Accounting Standards and Interpretations that have been 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 expected impacts of new or amended Australian Accounting Standards with future commencements dates are as set out below.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Authority's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the Authority's circumstances, the only implications for the Authority are that the revised standard clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 129 requirements for 'other long-term benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/ assets. The Authority makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the state. Therefore, those changes to AASB 119 will have no impact on the Authority.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes 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 Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013).

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, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-government financial statements. 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. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. QLeave will not be electing to adopt Tier 2 reporting requirements.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, the Authority will need to include in these financial statements the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Equity Changes and Statement of Cash Flows. These budgeted statements will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial statement.

In addition, the Authority will need to include in these financial statements the original budgeted information for major classes of income and expenses, and major classes of assets and liabilities. This budgeted information will need to be presented consistently with the corresponding (actuals) information, and will be accompanied by explanations of major variances between actual amounts and the corresponding budgeted financial information.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 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. The main impacts of these standards on the Authority 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 must 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.

As the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Authority's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Authority enters into, it is not expected that any of the Authority's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the Authority's financial assets are expected to be required to be measured at fair value. In the case of the of the Authority's current receivables, as they are short term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The Authority will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2015-16. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2015-16 financial statements to explain the impact of adopting AASB 9.

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



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	2013 \$'000	2012 \$'000
2. Other Revenue		
Under agreement the Authority acts on a fee for service basis for the collection of levies on behalf of the entities listed below:		
Workplace Health and Safety Queensland		
Construction Skills Queensland		
Contract Cleaning Industry (Portable Long Service Leave) Authority		
	2,293	2,075
Total	2,293	2,075
3. Income from Investments		
Queensland Treasury Corporation Interest	391	367
Queensland Investment Corporation Growth Fund Distribution	49,789	8,381
Queensland Investment Corporation GFI Inflation Plus Fund Distribution	154	
Total	50,334	8,748
4. Net Gain/(Loss) on Financial Assets at Fair Value		
<i>Queensland Investment Corporation Growth Fund</i>		
Earnings	75,276	1,302
Less Distributions	(49,789)	(8,381)
Fair Value Movement	25,487	(7,079)
<i>Queensland Investment Corporation GFI Inflation Plus Fund</i>		
Earnings	-	-
Less Distributions	(154)	-
Fair Value Movement	(154)	-
Movement in Financial Assets		
<i>Queensland Investment Corporation Growth Fund</i>		
Opening Balance 1 July	486,733	370,325
Plus		
Earnings	75,276	1,302
Contributions	68,000	93,600
Distributions reinvested	30,377	31,320
Less		
Distributions	(49,789)	(8,381)
Redemptions	(1,863)	(1,433)
Closing Balance 30 June	608,734	486,733
<i>Queensland Investment Corporation GFI Inflation Plus Fund</i>		
Opening Balance 1 July	-	-
Plus		
Earnings	-	-
Contributions	6,200	-
Distributions reinvested	4	-
Less		
Distributions	(154)	-
Redemptions	(1)	-
Closing Balance 30 June	6,049	-



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5. Employee Expenses

Employee Benefits

Salaries and related costs *	3,490	3,536
Annual leave expense *	337	355
Employer Superannuation contributions *	457	431
Long service leave expense *	172	77

Employee Related Expenses

Workers' compensation premium *	18	12
Payroll tax *	185	186
Fringe benefits tax	15	30
Total	4,674	4,627

* Refer to Note 1(m)

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

Number of Employees	52	54
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6. Key Management Personnel and Remuneration

(a) Key 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 2012-13 including board members. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		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
Board Members	Commercial policy and management	Board Director Minister	5 August 2010

The following board members held the position of Director during the year ended 30 June 2013:

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

Board members are remunerated through the provisions of the "Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities" issued by the Department of Justice and Attorney-General Public Service Commission.

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 *Work Health and Safety Act 2011* in respect of payment of levies for their own business undertakings in building and construction work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

6. Key Management Personnel and Remuneration (cont'd)

(b) Remuneration

Remuneration policy for the agency's key management is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits including motor vehicles.

For the 2012-13 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- 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 on termination, regardless of the reason of termination.
- Performance bonuses are not paid under the contract in place.

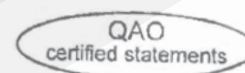
Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2012 - 30 June 2013

	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	169	39	7	19	-	234
Mr Peter Henneken	7	-	-	-	-	7
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Gary Deane	2	-	-	-	-	2
Mr John Crittal	2	-	-	-	-	2
Ms Debra Johnson	2	-	-	-	-	2
Mr Michael Ravbar	4	-	-	-	-	4
Mr William Ludwig	-	-	-	-	-	-
Mr Rohan Webb	1	-	-	-	-	1
Total Remuneration	193	39	7	19	-	258

1 July 2011 - 30 June 2012

	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	166	31	4	19	-	220
Mr Peter Henneken	8	-	-	-	-	8
Ms Jacqueline D'Alton	7	-	-	-	-	7
Mr Gary Deane	2	-	-	-	-	2
Mr John Crittal	2	-	-	-	-	2
Ms Debra Johnson	2	-	-	-	-	2
Mr Michael Ravbar	2	-	-	-	-	2
Mr William Ludwig	1	-	-	-	-	1
Mr Rohan Webb	2	-	-	-	-	2
Total Remuneration	192	31	4	19	-	246



Building and Construction Industry (Portable Long Service Leave) Authority
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$'000	2012 \$'000
7. Supplies and Services		
Advertising and promotions	99	132
Computer costs	260	195
Personnel development	42	102
External audit fees *	33	36
Contractor charges	298	523
Consultancy charges	131	77
Legal expenses	59	170
Motor vehicle costs	15	16
Motor vehicle leases	34	38
Travel costs	46	42
Telecommunication costs	76	85
Printing and photocopying	132	104
Reference Materials	61	49
General administration	403	571
Leases - rental	489	470
Building services	100	89
Maintenance building, plant and equipment	14	12
Expensed assets	3	6
Portable and attractive assets	29	44
Bad debts and impairment of receivables	(40)	(84)
Total	2,284	2,677

* Total audit fees paid to the Queensland Audit Office contracted auditors relating to the 2012-13 financial statements are estimated to be \$33,000 (2012: \$33,000). There are no non-audit services included in this amount.

8. Net Employee and Supplies and Services Expenses

Employee expenses of \$4.674 million (2012: \$4.627 million) (Note 5) together with supply and services expenses of \$2.284 million (2012: \$2.677 million) (Note 7) totalling \$6.958 million (2012: \$7.304 million) are offset by income from fee for service activities for the collection of levies on behalf of other organisations of \$2.127 million (2012: \$2.075 million) (Note 2) resulting in the net cost of \$4.831 million (2012: \$5.229 million).

9. Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:

Plant and Equipment	31	35
Software	11	-
Total	42	35

Depreciation expense increased by \$16,000 in 2013 (2012: decreased by \$559,000).

10. Cash and Cash Equivalents

Cash at bank	2,409	2,142
Queensland Treasury Corporation (QTC) - deposits at call	10,500	8,000
Total	12,909	10,142

Interest on cash held with the Commonwealth Bank earned 2.85% in 2013 (2012: 3.84%). Deposits with QTC earned interest at 3.6% in 2013 (2012: 5.28%).



Building and Construction Industry (Portable Long Service Leave) Authority
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$'000	2012 \$'000
11. Receivables		
Current trade debtors	74,240	52,973
Less: Allowance for impairment loss	(150)	(250)
	<u>74,090</u>	<u>52,723</u>
Accrued Revenue *	19,862	298
GST Receivable	(16)	10
	<u>19,846</u>	<u>308</u>
Other	649	764
Less: Allowance for impairment loss	(11)	(11)
	<u>638</u>	<u>753</u>
Total current debtors	94,574	53,784
Non-current trade debtors **	53,644	91,192
Total	<u>148,218</u>	<u>144,976</u>

* Includes Queensland Investment Corporation 4th quarter distribution for the Growth Fund \$19.7 million and for the GFI Inflation Plus Fund \$150,369.

** The Non-current trade debtors figure represents instalments allowed under Section 82 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and discounted using the long term discount factor of 7.6%.

Refer to Note 24 (c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

12. Financial Assets at Fair Value through Profit or Loss

Queensland Investment Corporation (QIC) - Growth Fund	608,734	486,733
Queensland Investment Corporation (QIC) - GFI Inflation Plus Fund	6,049	-
Total	<u>614,783</u>	<u>486,733</u>

QLeave's Investment Policy Statement outlined the establishment of an additional fund ie The Queensland Investment Corporation - GFI Inflation Plus Fund which was established March 2013.

13. Other Current Assets

Prepayments	553	262
Total	<u>553</u>	<u>262</u>

14. Plant and Equipment

At cost	824	767
Less: Accumulated depreciation	(749)	(718)
Total	<u>75</u>	<u>49</u>
Carrying amount as at 1 July	49	84
Acquisitions	57	-
Disposals	-	-
Depreciation	(31)	(35)
Carrying amount at 30 June	<u>75</u>	<u>49</u>

The Authority has plant and equipment with an original cost of \$577,000 and a written down value of \$75,000 still being used in the provision of services.

15. Intangibles

At cost	206	55
Less: Accumulated depreciation	(11)	-
Total	<u>195</u>	<u>55</u>
Carrying amount as at 1 July	55	-
Acquisitions	151	55
Disposals	-	-
Depreciation	(11)	-
Carrying amount at 30 June	<u>195</u>	<u>55</u>

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The Authority has intangibles with an original cost of \$206,000 and a written down value of \$195,000 still being used in the provision of services. The intangibles recognised is on account of software enhancements to the claim system.

	2013 \$'000	2012 \$'000
16. Payables		
Trade creditors	789	473
Accrued charges	988	1,306
Total	1,777	1,779
17. Provision for Employee Benefits		
Current		
Accrued annual leave	391	411
Provision for long service leave	817	674
Total	1,208	1,085
Movements in Long Service Leave Provision		
Balance as at 1 July	674	632
Additional provision recognised	173	77
Reductions in provision as a result of payments	(30)	(35)
Balance as at 30 June	817	674
18. Provision for Scheme Benefits		
Current		
Provision for long service leave - expected to be settled within 12 months (measured at present value)	75,000	60,000
Provision for long service leave - expected to be settled after 12 months (measured at present value)	182,000	178,000
Total	257,000	238,000
Non-Current		
Provision for long service leave (measured at present value)	305,000	250,000
Total	305,000	250,000
Movements in Provision		
Balance as at 1 July	488,000	448,000
Additional provision recognised	136,679	93,473
Reductions in provisions as a result of payments	(62,679)	(53,473)
Balance as at 30 June	562,000	488,000
Scheme eligible members as at 30 June were:	282,962	280,336

The above figures are actuarially assessed. The latest actuarial assessment of the scheme's liabilities by DeeDeeRa was in May 2013 and prepared based on a number of assumptions.

The major actuarial assumptions used were:

- long term investment return of 7.8% 2012-13 and 7.6% per annum thereafter;
- rate of salary inflation at 5.5% 2012-13, 7% 2013-14 and 2014-15, 5% 2015-16 and 4% per annum thereafter;
- future accrual of certificate credits at 170 days per annum;
- wage rate of \$1,227.77 per week as at 30 June 2012;
- discount factor 7.8% 2012-13 and 7.6% per annum thereafter;
- leviable construction values of \$48.333 billion 2012-13, \$47.212 billion 2013-14, \$49.096 billion 2014-15, \$53.367 billion 2015-16 and \$46.75 billion 2016-17 increasing 4% per annum thereafter;
- the value of work commencing on resource projects as a proportion of total work commencing being 30% 2012-13, 15% 2013-14 and 10% 2014-15 and thereafter; and
- expenses of administering the scheme at 0.015% of leviable construction value in 2012-13 increasing 4% per annum thereafter.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$'000	2012 \$'000
19. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus	60,450	92,229
Adjustments for non-cash items:		
Depreciation and Amortisation Expense	42	35
Changes in assets and liabilities:		
(Increase) decrease in Financial Assets	(128,050)	(116,408)
(Increase) decrease in Receivables	(3,242)	(14,571)
(Increase) decrease in Prepayments	(291)	(21)
Increase (decrease) in Payables	(2)	(69)
Increase (decrease) in PLSL Scheme Benefits Provision	74,000	40,000
Increase (decrease) in Employee Entitlements Provision	123	92
Net cash from operating activities	3,030	1,287

20. Commitments for Expenditure

Non-Cancellable Operating Lease

Commitments under operating leases for accommodation and vehicles at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	542	508
Later than one year and not later than five years	540	1,050
Total	1,082	1,558

Operating leases are entered into as a means of acquiring access to office accommodation and vehicles. Lease payments are generally fixed, in the case of the office accommodation lease there is an inflation escalation clause.

21. Contingencies

Litigation in progress

As at 30 June 2013, the following case were filed in the courts naming the Authority as defendant:

	Cases	Cases
Industrial Magistrates Court	1	2
Total	1	2

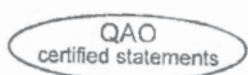
The case is a dispute regarding the interpretation of the *Building and Construction Industry (Portable Long Service Leave) Authority Act 1991*. It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the court at this time.

	2013 \$'000	2012 \$'000
22. Equity		
Accumulated Surplus		
Opening balance	151,298	59,069
Net surplus	60,450	92,229
Closing balance	211,748	151,298

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.

23. Events Occurring after Balance Date

New Board appointments were effective from 1 July 2013. Outgoing was the Chair Mr Peter Henneken and two Board members, Mr Michael Ravbar and Mr William Ludwig. The new Chair was Ms Jacqueline D'Alton who held the position of Deputy Chair for the previous three years. The incoming Deputy Chair was Mr Adam Stoker and the replacement Board members were Ms Amanda Richards and Mr Brad O'Carroll.



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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

24. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2013 \$'000	2012 \$'000
Financial Assets			
Cash and cash equivalents	10	12,909	10,142
Receivables	11	148,218	144,976
Financial assets at fair value through profit or loss:			
QIC - Growth Fund	12	608,734	486,733
QIC - GFI Inflation Plus Fund	12	6,049	-
Total		775,910	641,851
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	16	1,777	1,779
Total		1,777	1,779

(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 Statement. This policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority.

The Authority 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

Credit risk exposure refers to the situation where the Authority may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The 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 allowance for impairment.

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.

Amounts written off for the current year regarding the Authority's receivables is \$60,000. This was an increase of \$34,000 from 2012 and is mainly due to one company going into receivership with QLeave having no prospect of recovering the outstanding levy.

There was a decrease (\$100,000) in the allowance for impairment. The revised amount of \$161,000 is considered appropriate given past impairments and current assessment of debtors.

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 this provision is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest charges of \$1.42 million in 2012-13 (\$2.85 million in 2011-12) were imposed mainly relating to late notification of projects.

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



Building and Construction Industry (Portable Long Service Leave) Authority
 Trading as QLeave
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

24. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

2013 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables	2,315	101	-	155	2,571
Total	2,315	101	-	155	2,571

2012 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables	3,101	156	104	281	3,642
Total	3,101	156	104	281	3,642

2013 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables (gross)	-	-	-	21	21
Allowance for Impairment	-	-	-	(161)	(161)
Total	-	-	-	(140)	(140)

2012 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables (gross)	-	-	-	174	174
Allowance for Impairment	-	-	-	(261)	(261)
Total	-	-	-	(87)	(87)

	2013 \$'000	2012 \$'000
Movement in Allowance for Impairment		
Balance at the beginning of the year	261	371
Amounts written off during the year	(60)	(26)
Decrease in allowance recognised in profit or loss	(40)	(84)
Balance at the end of the year	161	261



Building and Construction Industry (Portable Long Service Leave) Authority
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24. Financial Instruments (cont'd)

(d) Liquidity Risk

Liquidity risk refers to the situation where the Authority may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Authority is exposed to liquidity risk in respect of its payables (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.

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

	Note	2013 Payable in			Total \$'000
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	16	1,777	-	-	1,777
Total		1,777	-	-	1,777

	Note	2012 Payable in			Total \$'000
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	16	1,779	-	-	1,779
Total		1,779	-	-	1,779

(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. An additional investment fund the QIC - GFI Inflation Plus Fund was established in March 2013 to limit risk exposure.

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 2013 (2012: +/- 5%). These fluctuations are considered appropriate given the economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity current world increase/(decrease) of \$18,443,000 (\$24,337,000 in 2012). This is attributable to the Authority's exposure to investments returns held with QIC's Growth Fund and GFI Inflation Plus Fund.

Financial Instruments	Carrying Amount \$'000	2013 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	608,734	(18,262)	(18,262)	18,262	18,262
QIC - GFI Inflation Plus Fund	6,049	(181)	(181)	181	181
Potential Impact		(18,443)	(18,443)	18,443	18,443

Financial Instruments	Carrying Amount \$'000	2012 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	486,733	(24,337)	(24,337)	24,337	24,337
QIC - GFI Inflation Plus Fund	-	-	-	-	-
Potential Impact		(24,337)	(24,337)	24,337	24,337



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24. Financial Instruments (cont'd)

(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 \$129,000 (\$101,000 in 2012).

Financial Instruments	Carrying Amount \$'000	2013 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	12,909	(129)	(129)	129	129
Potential Impact		(129)	(129)	129	129

Financial Instruments	Carrying Amount \$'000	2012 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	10,142	(101)	(101)	101	101
Potential Impact		(101)	(101)	101	101

(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:

2013 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2013 Total Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Cash and cash equivalents	12,909	-	-	12,909
QIC - Growth Fund	608,734	-	-	608,734
QIC - GFI Inflation Plus Fund	6,049	-	-	6,049
Total	627,692	-	-	627,692

2012 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2012 Total Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Cash and cash equivalents	10,142	-	-	10,142
QIC - Growth Fund	486,733	-	-	486,733
QIC - GFI Inflation Plus Fund	-	-	-	-
Total	496,875	-	-	496,875

The Authority does not recognise any financial liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

25. 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 transactions of the Building and Construction Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2013 and the financial position of the Authority at the end of that year.

A handwritten signature in black ink, appearing to read "G Wilson".

G Wilson
General Manager
30 August 2013

A handwritten signature in black ink, appearing to read "J D'Alton".

J D'Alton
Chair
30 August 2013

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 the Building and Construction Industry (Portable Long Service Leave) Authority, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chair and 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 Standard 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 gives a true and fair view and 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 used 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* be removed only 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 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 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



C F DOUGHERTY CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

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

ADDITIONAL INFORMATION

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



INTERPRETER SERVICE STATEMENT

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

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@actslsb.act.gov.au
www.actslsb.act.gov.au

TASMANIA

TasBuild Ltd

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

WESTERN AUSTRALIA

My Leave

1st Floor, 26 Colin Street
West Perth WA 6005
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404
Email: hi@myleave.wa.gov.au
www.myleave.wa.gov.au

NORTHERN TERRITORY

NT Build

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

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

Building and Construction Industry
(Portable Long Service Leave) Authority