



Contract Cleaning Industry
(Portable Long Service Leave) Authority

annual report 2009-2010



OUR MISSION

To be an effective, flexible and equitable provider of portable long service leave benefits for the Contract Cleaning Industry.



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

© State of Queensland Contract Cleaning Industry
(Portable Long Service Leave) Authority 2010

The Contract Cleaning Industry (Portable Long Service Leave) Authority was established to administer a paid long service leave scheme for eligible workers in the contract cleaning industry regardless of the number of employers they work for. QLeave administers the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* on behalf of the Authority. For specific details of the statutory reporting requirements please access the QLeave - Building and Construction Industry (Portable Long Service Leave) Authority Annual Report 2009-2010 at www.qleave.qld.gov.au.

Letter of Compliance

31 August 2010

The Honourable Cameron Dick MP
Attorney-General and Minister for Industrial Relations
GPO Box 149
Brisbane Qld 4001

Dear Minister

I am pleased to present the Annual Report 2009-2010 for the Contract Cleaning Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

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

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

Yours sincerely



Rachel Hunter

CHAIR
Contract Cleaning Industry (Portable Long Service Leave) Authority

About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

During the 2009-2010 financial year, the Authority continued to focus on customer service and financial management within a sound risk management and compliance framework. We are pleased to report that prudent financial management strategies enabled the value of the Scheme's investments to remain protected during the global financial crisis.

QLeave is the statutory authority responsible for administering the portable long service leave scheme for workers and employers in the contract cleaning industry in Queensland.

The Scheme is established under the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*, and is funded by a statutory levy on registered employers and the investment of these collected funds. The employer levy is actuarially determined and has remained at 2% of registered workers' ordinary wages, since commencement of the Scheme.

Currently the Scheme has 57,671 workers and 754 employers registered. Since 2005, 437 long service leave payments have been made to registered workers and employers, totalling over \$781,000.

Legislative amendments, effective 1 January 2010, have improved the fairness and equity of the Scheme for workers and employers in the industry, through alterations to eligibility provisions and improvements to the efficiency of administrative processes.

We would like to thank the members of the Board for their support and commitment to the corporate governance frameworks. Specifically, their advice and consultation during the legislative review process was critical to maintaining the relevance of our legislation to Queensland's contract cleaning industry.

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

Looking ahead, the number and value of long service leave payments to registered employers and workers will increase in the coming years as the Scheme matures beyond its 10 year mark. Additionally, there is a strong likelihood that the Board may be in a position to consider a slight reduction to the levy rate.

We look forward to continuing to review and enhance the administration of the Scheme.



Rachel Hunter
CHAIR



Graeme Wilson
GENERAL MANAGER

Strategic Objectives, Indicators and Measurement

Critical areas and goals	Objectives	Indicators	Achieved
CUSTOMERS/STAKEHOLDERS → Workers → Employers → Alliance Partners → Government	Deliver best possible customer service and communications	→ Stronger relationships with key stakeholders → Appropriate responses to emerging trends → 100% customer service standards met → 85% customer and stakeholder satisfaction → 30% growth in use of online services	✓
FINANCIAL MANAGEMENT	Maintain financial accountability and sustainability of the Contract Cleaning Industry (Portable Long Service Leave) Scheme	→ Achieve a net investment return which exceeds Average Weekly Ordinary Time earnings (AWOTE) by at least 3% p.a. when measured over rolling five year periods* → Achieve returns that are within +/- 12% of the performance objective on an annual basis → Approved actuarial recommendations actioned → Financial targets achieved → Reporting targets met → 100% Compliance Plan activities achieved	✓
CORPORATE GOVERNANCE AND RISK MANAGEMENT	Ensure sound corporate governance and risk management frameworks	→ 100% compliance with all statutory obligations → Annual Board governance and performance review → Quality Certification maintained ISO 9001:2000	✓
BUSINESS SYSTEMS AND PROCESSES	Continue to develop and improve business systems and processes	→ Identified business system and process improvements implemented → Improved data integrity for decision making/planning → Developed suite of performance reports implemented	✓

* This performance objective had not been in place for five years at 30 June 2010

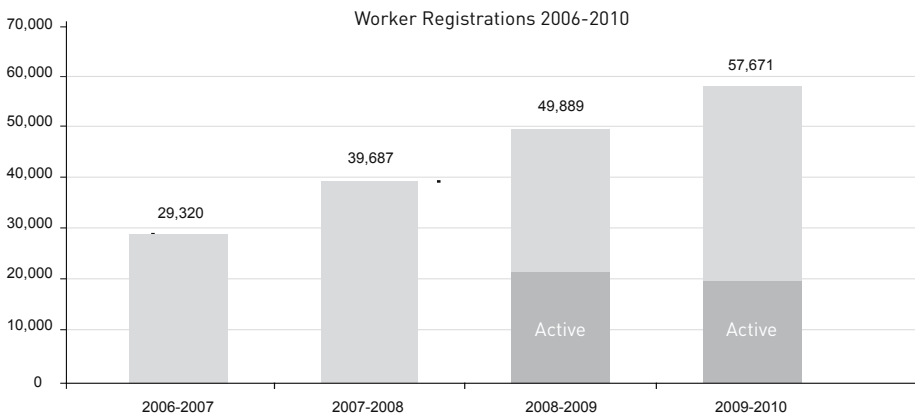
Customers / Stakeholders

OBJECTIVES: DELIVER BEST POSSIBLE CUSTOMER SERVICE AND COMMUNICATIONS

TO ENSURE LEVY COLLECTIONS ARE REFLECTIVE OF INDUSTRY ACTIVITY IN QUEENSLAND

WORKERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

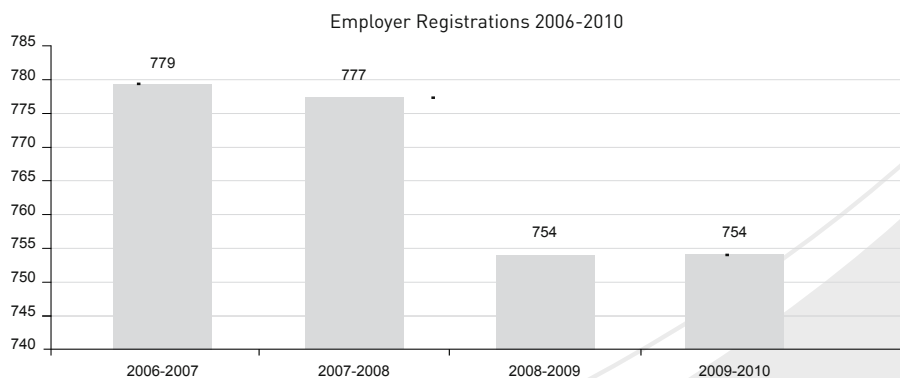
- At 30 June 2010 there were 57,671 workers registered with the Authority, compared with 49,889 at 30 June 2009.
- Of these, 19,760 were active workers, compared with 21,282 at 30 June 2009. Active workers are workers who have recorded service in one of the previous four quarters.



- The Annual Notice of Service was posted, and made available online, to 20,027 registered workers who had active service in the 2009-2010 financial year. The statement shows a worker's record of service credits, their recorded earnings for the financial year and their total service credits since registration, based on the information reported in the quarterly returns.
- A newsletter was distributed with the Annual Notice of Service in October providing general information about the Scheme, contact details for the interpreter service and instructions for accessing service records online.
- The Authority participated in the Liquor, Hospitality and Miscellaneous Union's International Cleaner's Day activities. Promotional and educational materials were distributed to industry workers at this event.

EMPLOYERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

- At 30 June 2010, 754 employers were registered with the Authority, representing no net change from 30 June 2009.

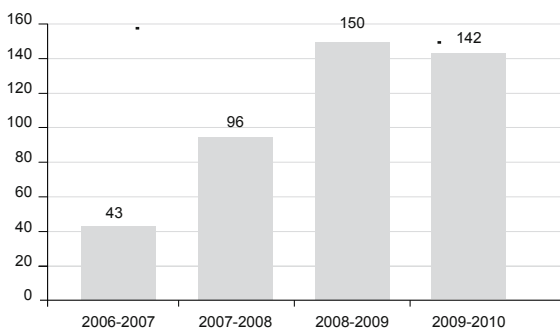


- 77% of employers submitted their quarterly returns using paper forms. The remaining 23% submitted returns electronically, via spreadsheet, compared with 20% in 2008-2009.
- 75% of employers with quarterly levy payments in excess of \$1,000, used the spreadsheet to submit their returns electronically.
- In November 2009, BPay became available to employers for quarterly levy payments. 21% of employers have used this facility to pay their quarterly levy.
- Quarterly newsletters were sent to employers in September and December 2009 and March and June 2010. Newsletter content included information regarding legislative amendments, scheme statistics, employer workshops, modernised award myths, sub-contract workers, penalties, levy payment options and compliance dates.
- From December 2009, newsletters were distributed to employers via e-mail. The newsletter included links to the Authority's website to assist employers with more detailed information.
- Employer visits occurred in Brisbane, Caboolture, Ipswich, Sunshine Coast, Gold Coast, Toowoomba, Wide Bay, Rockhampton, Mackay, Townsville and Cairns. These sessions improved education and communication between QLeave staff and registered employers.
- The Authority participated in the Building Service Contractors Association of Australia (BSCAA) regional roadshow in July 2009. This roadshow included sessions in Cairns, Townsville, Mackay and Gladstone. It was an opportunity for QLeave staff to provide information to employers in the contract cleaning industry.
- The Authority further supported BSCAA at their Annual Dinner and Excellence Awards ceremony, Annual Golf Day and Members' Breakfast.

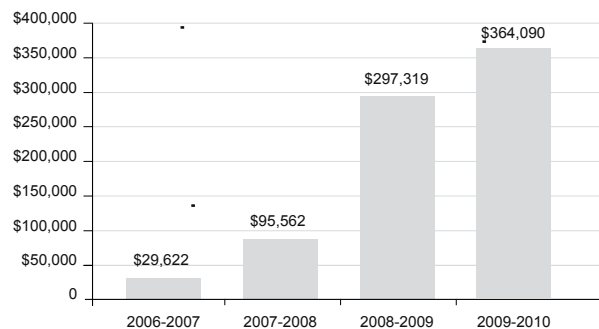
Claims

- From 1 July 2009 to 30 June 2010, long service leave payments were made to the value of \$364,090, comprising:
 - 91 claims paid to registered employers, to the value of \$168,921, compared with 95 claims totalling \$126,294 at 30 June 2009 and
 - 51 claims paid to registered workers, to the value of \$195,169, compared with 55 claims totalling \$171,025 at 30 June 2009.

Number of claims paid per year 2006 - 2010



Value of claims paid per year 2006 - 2010



Levy Collection

- The employer levy is actuarially determined and has remained at 2% of registered workers' ordinary earning, since commencement of the Scheme.
- Levy payments totalled \$5,030,000 for the financial year, compared with \$4,791,000 as at 30 June 2009. 43% of levy payments were received via the post, with 57% received by direct deposit/online.
- The Authority continued to promote electronic lodgement and payment options which assist employers by providing speed and security when meeting their obligations.
- The introduction of BPay in November 2009 was actively promoted in all employer communication.

Legislative Amendments

A number of amendments to the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* were passed by Parliament, effective 1 January 2010, and included:

- a clause to remove the need for employers to declare and pay levy on new workers working less than five days
 - the explicit exclusion of directors of corporations and trustees of a trust from being considered workers for the purpose of the Act
 - clarification of the definition of eligible workers to only include those who are engaged for more than 50% of their time to perform cleaning work, in the contract cleaning industry
 - employers who fail to comply with obligations to pay the levy and/or lodge their returns, on more than one occasion within a 12 month period, now incur a double penalty
 - the definition of cleaning work was amended to include workers performing cleaning work in public open spaces.
- The doubling of penalties for non-lodgement of returns and non-payment of levies is only incurred by repeat offender employers, not by employers for a first offence. Feedback from the industry determined that the previous penalties were insufficient to deter repeat offenders from non-compliance with their legislative obligations. The introduction of double penalties is intended to create a more equitable environment for all employers in the industry, to fulfil their obligations and compete for business.
- In October 2009, all employers were provided with detailed information regarding these legislative amendments. A significant awareness campaign was also undertaken to educate employers on the introduction of double penalties.

Compliance

- During 2009-2010, the majority of registered employers complied with legislative requirement. 17% of employers failed to lodge returns and pay levies by the due date. As a result, \$53,540 of penalties and interest were incurred by employers. This represents an increase of 74% from 2008-2009, as a result of the introduction of double penalties and the commencement of interest incurred for late levy payments.
- 66 employer audits were conducted and found:
- 76% of employers audited had minimal or no discrepancy in wages declared
 - 18% of employers audited had under-declared wages
 - 6% of employers audited had over-declared wages.
- Compliance staff continued to visit registered employers in the contract cleaning industry. These educational visits assisted employers with their understanding of the Scheme and helped them with the completion of their quarterly returns.
- Legal Services unit action was required on 111 new matters including complaint and summons matters, debt recoveries, reconsiderations, internal advice requests and statutory advice work.

STRATEGIES FOR 2010-2011

DELIVER QUALITY CLIENT SERVICE AND COMMUNICATIONS THROUGH:

- active stakeholder engagement and industry consultation
- maintaining client service standards whilst promoting electronic services
- effective marketing and communications to increase awareness and education of clients

MANAGE COMPLIANCE ACTIVITIES INCLUDING:

- levy collection
 - long service leave payments
 - employer obligations
 - worker eligibility
-

Business Systems

OBJECTIVE: CONTINUE TO DEVELOP AND IMPROVE BUSINESS SYSTEMS AND PROCESSES

ACHIEVEMENTS AND PERFORMANCE MEASURES

Information Services

- A number of key projects have enhanced customer service delivery through improved online access and options, including:
 - the introduction of BPay facilities for account payments
 - the implementation of an online Complaints Management interactive form.
- The level of security on the online payment section of the website was enhanced. The new system encrypts information that is entered into the website securing private information using a VeriSign SSL Certificate. Information exchanged within any browser address beginning with "https" is encrypted using SSL before transmission. A padlock icon is available at the end of the browser address bar for further information on the website's secure certificate.
- New software was introduced to monitor and manage organisational risk. This software independently examines controls within business systems and alerts stakeholders of exceptions that require management, as a scheduled and automated process. This is specifically meaningful when determining average rates of pay and accuracy of long service leave payments.

Quality

QLeave continues to embrace the Australian Business Excellence framework which enables the concepts of Total Quality Management to be used to improve work practices and daily operational performances.

QLeave underwent a post-certification surveillance audit on 7 December 2009. The audit determined that the Quality Management System has been maintained adequately and improved since the last review. The System continues to satisfy ISO 9001-2000 requirements.

A recertification audit is scheduled for December 2010 against provisions of the ISO 9001-2008.

STRATEGIES FOR 2010-2011

IDENTIFY AND IMPLEMENT BUSINESS PROCESS IMPROVEMENTS TO PROVIDE:

- increased efficiencies in service delivery
- flexibility in systems, services and processes
- greater client interaction through eBusiness

ENSURE MANAGEMENT INFORMATION SYSTEMS SUPPORT:

- performance management
 - planning and forecasting
 - decision making and reporting
-

The Board



PETER HENNEKEN, CHAIR - *resigned as Chair on 25 February 2010*

Peter was Chair of the Contract Cleaning Industry (Portable Long Service Leave) Board from July 2005.

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 and Trustee and Director of QSuper.



RACHEL HUNTER, CHAIR BA DipEd BEdSt MBA DUniv - *appointed as Chair on 8 April 2010*

Rachel is the Director-General of the Department of Justice and Attorney-General. Prior to this, she served as Director-General of the Department of Education, Training and the Arts and previously held the position of Director-General of the Department of Justice and Attorney-General from 2003 to 2006. She has also served as Queensland's Public Service Commissioner.

Rachel has extensive experience in the vocational, education and training sector, initially as a teacher and then in a variety of management roles, including Institute Director positions. Rachel was the Director of the Southbank Institute of TAFE and concurrently, the Chair of TAFE Queensland.



ROBYN POPE, DEPUTY CHAIR

Robyn has been Deputy Chair of the Board since July 2005.

She has more than 30 years experience with public sector agencies. Robyn was previously General Manager Executive and Strategic Services, Department of Industrial Relations and prior to that, General Manager Strategic Human Resources, Department of Employment and Training.

Since leaving the public service in 2005, Robyn has undertaken sessional work with the University of Sunshine Coast and has provided consulting services to two government departments in the areas of organisational management. She now concentrates on providing voluntary services to community projects.

Her academic qualifications include a Masters in Business Administration.



RICHARD MACKENZIE

Rick was formerly the National Chief Executive Officer of the Building Service Contractors Association of Australia (BSCAA) and is an employer representative on the Board.

He has over 30 years experience in the contract cleaning industry having owned his own cleaning business, employing in excess of 500 staff. He has also run a successful consultancy business servicing building services companies across Australia. He has a keen interest in the continual development and growth of the building services industry.

Rick has also been a Queensland State President of BSCAA for 10 years, National President for two years, National Vice-President for two years, National Treasurer for four years and a National Board Member for 21 years. For many years he was the Chairperson of the BSCAA Queensland Industrial Relations Sub-Committee.



NICOLA ADAIR

Nicola is an employer representative on the Board.

She has 12 years experience in the contract cleaning industry having co-owned her own cleaning company. Her most recent position was as General Manager, Gold Coast Division of Reflections Group Services Pty Ltd, a national contract cleaning company.

She is a member of the Building Service Contractors Association of Australia (BSCAA) and is Chairperson BSCAA Gold Coast Regional Committee.



GARY BULLOCK *resigned from the Board on 26 February 2010*

Gary was a worker representative on the Board.

For the past 15 years, Gary has been a union official, actively advocating the rights of working people. He is currently the State Secretary of the Liquor, Hospitality and Miscellaneous Union (LHMU).

On behalf of the LHMU, Gary was involved with the inception of the portable long service leave scheme for the contract cleaning industry, to ensure contract cleaners receive their entitlements. Gary is also a Director on a number of superannuation boards.



JANE CARTWRIGHT

Jane is a worker representative on the Board.

For the past seven years, she has been an employee of the Liquor, Hospitality Miscellaneous Union (LHMU), four years as Lead Organiser representing the contract cleaning workers in Queensland, and two years as a Contracting Organiser covering cleaning, security, catering and car park workers.

In her various roles within the LHMU, Jane has been involved in the negotiation of industrial instruments with key contracting industry stakeholders including employer associations and major contractors. She was intricately involved in the initial phases of the successful CleanStart campaign run by the national body of the LHMU.

Always having had a keen enthusiasm for community involvement, Jane is an active Justice of the Peace, and is heavily involved in raising funds for various not-for-profit organisations.

Corporate Governance and Risk Management

OBJECTIVE: ENSURE SOUND CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORKS

Under the provisions of the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* ('the Act'), the Contract Cleaning Industry (Portable Long Service Leave) Authority ('the Authority') is governed by a board of directors ('the Board'). The Board reports to the Attorney-General and Minister for Industrial Relations at specified quarterly intervals concerning the Authority's operational and financial performance.

The Contract Cleaning Industry (Portable Long Service Leave) Scheme ('the Scheme') is administered by QLeave on behalf of the Authority. QLeave is remunerated for this administration under the terms of an Administration and Cost Sharing Agreement executed by the Authority's Board and QLeave's Board.

The core role of the Board is responsibility for the Authority's commercial policy and management. The Board's other functions include:

- ensuring that, as far as possible, the Authority achieves and acts in accordance with its goals and objectives outlined in its Corporate Plan, and
- ensuring the Authority performs its functions in an appropriate, effective and efficient way.

The Board determines the strategic directions of the Authority, oversees development of the Corporate Plan which outlines the Authority's objectives, and monitors the Authority'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 forming part of the Board's governance policy. The Board Guidelines contain protocols governing the:

- conduct of board meetings
- management of the Authority's investment strategy and objectives
- audit timetable
- code of conduct for directors and management.

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

COMPOSITION OF THE BOARD

The Board consists of not more than 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, commerce, economics, finance or management
- (c) two or three directors representing employers in the contract cleaning industry
- (d) two or three directors representing workers who perform contract cleaning work.

The current term of the Board commenced on 1 July 2008 and expires on 30 June 2011. Directors are eligible for reappointment on completion of their terms.

REMUNERATION

Directors receive remuneration within Category E1 (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*.

The Chair, Mr Peter Henneken did not receive remuneration, as being the Director-General of Employment, Economic Development and Innovation, until November 2009, he was a public sector employee. Since his retirement he has received the Chairperson's rate of remuneration.

BOARD MEETINGS

The Board met formally on five occasions during 2009-2010; in August and November 2009, and February, April and June 2010. It passed 93 resolutions concerning the governance, operations, risk and financial management of the Authority, together with strategic direction and input into the 2010-2014 Corporate Plan.

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

There is a structured process for identifying, evaluating and managing the Authority's potential financial and operational risk. This process is regularly reviewed by the Board in conjunction with the internal and external auditors.

As required by legislation, and in the interests of the Authority, minutes of each Board meeting, containing all resolutions of the Board, are recorded and stored both on and off-site. Pursuant to the provisions of the *Public Records Act 2002*, archive copies of board meeting documentation are provided to Queensland State Archives, with copies of board publications being provided to the State Library of Queensland and the Queensland Parliamentary Library.

DIRECTORS' ATTENDANCE AT MEETINGS 2009-2010

Director	Meetings attended	Director	Meetings attended
Peter Henneken	2	Nicola Adair	4
Robyn Pope	4	Gary Bullock	0
Richard Mackenzie	3	Jane Cartwright	5
Rachel Hunter	0		

Note:

Peter Henneken resigned as Chairperson on 25 February 2010.

Gary Bullock resigned from the board on 26 February 2010.

Rachel Hunter was appointed as Chairperson on 8 April 2010.

THE BOARD AND QLEAVE'S MANAGEMENT

The Authority's board and QLeave's executive management enjoy a cooperative, open and supportive relationship. The Board is kept fully apprised of all matters pertaining to the Authority's operational and financial position. The individual expertise of each board member is often called upon by the Authority's executive management in making recommendations to the Board. The Board relies upon the expertise of QLeave's executive management in administering the Scheme, through its understanding of the industry, and in making appropriate operational decisions.

The Board comprises representatives of the Scheme's major stakeholders. Accordingly, the specific and periodically competing interests of worker and employer stakeholder groups are communicated to the Board, with the aim of achieving a balance between the interests of stakeholders and the long-term viability of the Scheme.

Board members are selected for their expertise and experience in the contract cleaning industry. Each board member is encouraged to undertake the Company Director's course or related courses to enhance their professional development. The Authority meets the costs for all directors who wish to undertake professional development.

The Board is proactive in identifying factors which may affect the viability of the Scheme or the contract cleaning industry. The Board is cognisant of the environmental and societal interests of the contract cleaning industry and, when making decisions concerning the operation of the Scheme, considers all relevant issues.

ISSUES FOR THE BOARD

Issues for the Board during 2009-2010 included:

- legislative amendment – following extensive consultation with industry stakeholders, the Board took steps to amend the legislation to increase the efficiency and equity in the application of the legislation across the whole industry
- financial management – the Board has been mindful of the impact of the global financial crisis and the need to protect and enhance the Scheme's assets. The Board has undertaken a review of its investment strategy in light of the affects of the global financial crisis on investment returns
- actuarial assessment – the Actuary undertook an investigation of the Scheme's funds as at 30 June 2009. The investigation determined that the Scheme's position is financially sound and the Board is in a position to consider its financial options concerning the long-term viability of the Scheme
- compliance – although compliance levels are high, the Board required compliance activities, particularly in regional areas, to be maintained and improved
- stakeholder relationships – the Board is committed to maintaining and strengthening its relationships with industry stakeholders and alliance partners. A focus on increasing QLeave's presence at industry events has provided greater opportunities for liaison with both workers and employers.

BOARD PERFORMANCE ASSESSMENT

The Board undertook its annual self assessment in June 2010. Overall, the Board's assessment of its achievements and performance was sound, with the average score being 4.8 out of 5, against the selection criteria. The Board has identified strategic forward planning and continuing professional development as areas of focus for 2010-2011.

INTERNAL AUDIT

QLeave's in-house, internal audit function provides an independent, objective assurance and consulting service to add value and improve the Authority's operations and business practices. Internal Audit reports directly to the Board.

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. Audits are undertaken on the financial resources, information and communication technology resources and the Authority's operational activities.

Internal Audit supports the Authority by:

- ensuring the Authority adheres with financial legislation, regulations and standards
- reviewing and monitoring internal controls for financial and non-financial processes, and advising on risk management and systems improvements
- reviewing financial reports, including performance information supplied to the executive officer, management and committees
- focusing its efforts on audits with a business improvement, consulting or strategic focus, to ensure the alignment of business activities with the Authority's strategic direction
- advising management on identifying improvement opportunities in the delivery of services or activities
- providing a professional advisory service to management on all matters relating to enterprise risk management.

STRATEGIES FOR 2010-2011

ENSURE SOUND CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORKS THROUGH:

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

Financial Management

OBJECTIVE: MAINTAIN FINANCIAL ACCOUNTABILITY AND SUSTAINABILITY OF THE SCHEME

Investment Performance

Investment returns play a significant part in ensuring the sustainability of the Scheme. This is necessary to cater for the increase in the long service leave liability and to maintain levy rates at the lowest possible level. As at 30 June 2010 the Scheme had \$18.7 million under fund management with the Queensland Investment Corporation. This represents an increase of \$4.37 million over the 30 June 2009 figure.

The cash enhanced fund returned 6% for the year (30 June 2010 balance was \$10 million) and the growth fund returned 13.06% for the year (30 June 2010 balance was \$8.7 million). These were good results given the rebound experienced in financial markets following the impact of the financial global crisis in 2008-2009.

	30 June Balance	2009 - 2010 Income
Cash at Bank	217,019	9,583
Queensland Investment Corporation	18,685,153	994,015
Total	18,902,172	1,003,598

Budget Performance

The operational budget methodology adopted is zero based and is closely monitored on a monthly basis. The administration costs include \$695,000 paid to QLeave to administer the Contract Cleaning Industry (Portable Long Service Leave) Scheme on behalf of the Authority.

Income exceeded original expectations by 9.2%, while total expenditure was below the budget estimate by 10.1%.

	Actual (\$000s)	Variance to Budget (\$000s)
Levies Income	5,084	284
Investment Income	1,004	227
Supplies, Services and Employee Expenses	840	(8)
Long Service Leave Payments	364	(136)

The total provision for the Scheme's accrued long service leave entitlements at 30 June 2010, as determined by the actuary, was \$9,400,000 which is an increase of \$2,446,000 (35%) from the previous year.

The 2009-2010 financial year saw the Authority make an operating surplus of \$2,437,783.

Actuarial Assessment

To determine the appropriate quantum of the levy and to ensure the Authority will be able to meet its short and long-term commitments in funding the Scheme, an actuarial assessment was undertaken prior to the commencement of the Scheme in July 2005. In considering a broad spectrum of relevant financial and industry factors, the actuarial calculation of the initial required levy rate was 2% of workers' ordinary wages. This levy rate included components for Scheme operating expenses and retrospective benefits.

A full actuarial assessment is performed every two years. This verifies the Scheme's financial viability, including the appropriateness of the levy rate. Additionally it predicts, as accurately as possible, whether investment strategies will continue to maintain sufficient monetary reserves to meet future commitments for long service leave payments.

A full actuarial assessment was undertaken during 2009-2010 and reported that the Scheme was in a sound financial position. This report was sent to the Authority's Investment Consultant to review the Authority's investment objectives and strategy, and implications for long-term funding requirements and future levy rate.

STRATEGIES FOR 2010-2011

MAINTAIN FINANCIAL ACCOUNTABILITY AND SUSTAINABILITY OF THE SCHEME THROUGH:

- prudent investment management
 - managing Scheme funds taking account of actuarial advice
 - proactive financial and budget management practices
 - managing compliance activities
-

Financial Statements 2009 - 2010

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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Income from Continuing Operations			
Revenue			
Portable long service leave levies	1(d)	5,084	4,822
Other revenue		1	2
Income from investments	2	955	816
Interest		10	7
Total Income from Continuing Operations		6,049	5,648
Expenses from Continuing Operations			
Expenses			
Employee expenses	5	3	3
Supplies and services	6	837	754
Portable long service leave scheme benefits	12	2,810	2,051
Total Expenses from Continuing Operations		3,650	2,808
Operating Results from Continuing Operations		2,399	2,840
Other Comprehensive Income			
Net gain/(loss) on available-for-sale financial assets	3	39	(139)
Total Other Comprehensive Income/(Loss)		39	(139)
Total Comprehensive Income		2,438	2,701

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalents	7	217	50
Receivables	1(c), 8	1,776	1,438
Available-for-sale financial assets	9	18,685	14,313
Other	10	-	1
Total Current Assets		20,678	15,801
Total Assets		20,678	15,801
Current Liabilities			
Payables	1(g), 11	212	220
Employee benefits			
Provision for scheme benefits:			
Expected to be settled within 12 months	12	600	500
Expected to be settled after 12 months	12	2,000	2,058
Total Current Liabilities		2,812	2,778
Non Current Liabilities			
Provision for scheme benefits	12	6,800	4,396
Total Non Current Liabilities		6,800	4,396
Total Liabilities		9,612	7,174
Net Assets		11,065	8,628
Equity			
Accumulated surplus	18	11,065	8,628
Total Equity		11,065	8,628

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2010

	2010 \$'000	2009 \$'000
Balance as at 1 July	8,628	5,927
Operating Result from Continuing Operations	2,399	2,840
<i>Total Other Comprehensive Income/(Loss)</i>		
Net gain on available-for-sale financial assets	39	(139)
Balance as at 30 June	11,065	8,628

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest received		9	10
Portable long service leave levies received		4,996	4,728
Sundry income received		1	2
GST refunded from ATO		79	71
<i>Outflows:</i>			
Payments for employee expenses		(3)	(3)
Payments for supplies and services		(786)	(608)
Portable long service leave payments		(373)	(309)
GST paid for supplies and services		(98)	(60)
Net cash provided by (used in) operating activities	13	3,824	3,831
Cash flows from investing activities			
<i>Inflows:</i>			
Investment income		747	511
<i>Outflows:</i>			
Increase in investments		(4,373)	(4,367)
Investment expenses paid		(32)	(19)
Net cash provided by (used in) investing activities		(3,658)	(3,876)
Net increase (decrease) in cash and cash equivalents		167	(44)
Cash and cash equivalents at beginning of financial year		50	94
Cash and cash equivalents at end of financial year	7	217	50

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

	Objectives and Principle Activities of the Authority
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Objectives and Principle Activities of the Authority

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

The Authority is funded by a 2% levy imposed on worker wages and the income earned on the investment of these funds.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Authority has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

The financial statements are for the Authority as a single entity. The Authority is a non-for-profit statutory body established in 2005 and reported to the Attorney General and Minister for Industrial Relations.

These financial statements are a general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and complies with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. 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 received but not banked at 30 June as well as deposits at call with financial institutions.

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

(c) Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment. There are no significant bad debts written off for the year as at 30 June and no requirement to increase the provision for impairment. Note 20.

Other debtors generally arise from transactions outside the usual operating activities and are recognised at their assessed values. 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, in the period to which it relates. Revenue applicable to the last quarter, April to June 2010, has been estimated and accrued, based on levies received for the previous three quarter return periods.

(e) Property, Plant and Equipment

The Authority holds no physical assets.

(f) Intangible Assets

The Authority holds no intangible assets.

(g) Payables

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

(h) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Available-for-sale financial assets - at fair value
- 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 20.

(i) Employee Benefits

The Authority does not employ staff at the operational level. Costs incurred on the Statement of Comprehensive Income under employee expenses represent committee attendance fees for board members.

(j) Portable Long Service Leave Scheme Benefits

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. The liability has been recorded both as a current liability and as a non current liability and in accordance with AASB 101 *Presentation of Financial Statements* whereby the current liability represents any amount of scheme benefits liability for which QLeave does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. Refer Note 12.

(k) Taxation

The activities of the Authority are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST credits receivable from, and GST payable to the ATO, are recognised. Refer Note 8. The collection of levies is not subject to GST.

(l) 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.

(m) Judgements

The Authority's judgements and assumptions 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 42 (1) of the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* at intervals of at least every two years to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave levy. The Authority ensures an independent actuarial assessment is undertaken annually.

An independent actuarial assessment was completed in April 2010 utilising 30 June 2009 worker data. Actuarial assumptions used in the assessment of the total liability for accrued normal and retrospective service credits included earning rates on investments, rate of salary inflation, rates of leaving industry and in service claim rates, rates of death and retirement, future accrual of certificate credits, wage rates and operating expenses. All of the above impact on resulting provision required for scheme benefits. The outcome of this assessment was that the scheme was in a healthy financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

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 12.

(n) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. Sub-totals and totals may not add due to rounding.

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

(o) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the Authority's financial statements are as follows.

The Authority complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to the Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. In line with the new concept of 'comprehensive income', the bottom of the new statement contains certain transactions that previously were detailed in the Statement of Changes in Equity (refer to the items under the sub-heading "Other Comprehensive Income" in the Statement of Comprehensive Income). The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income of the relevant components of equity.

The Authority is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Authority has not applied any Australian Accounting Standards and interpretations that have been issued but are not yet effective. The Authority will apply these standards and interpretations in accordance with their respective commencement dates.

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

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)* become effective from reporting periods on or after 1 January 2013. The main impacts of these standards are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset 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 principal and interest on the principal amount outstanding.

On initial application of AASB 9, the Authority will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Authority enters into, it is not expected that any of the Authority's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Authority's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit and loss" (instead of the measurement classifications presently used in notes 1(h) and 20). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Authority's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

	2010 \$'000	2009 \$'000
2. Income/Loss from Investments		
Queensland Investment Corporation Cash Enhanced Fund		
Distribution	378	789
Queensland Investment Corporation Growth Fund		
Distribution	577	25
Queensland Treasury Corporation	-	2
Total	955	816
3. Net Gain/Loss on Available-For-Sale Financial Assets		
Movement in Available-For-Sale Financial Assets		
<i>Queensland Investment Corporation Cash Enhanced Fund</i>		
Balance at 30 June	10,008	12,011
Balance at 1 July	12,011	9,945
Movement	(2,003)	2,066
<i>Queensland Investment Corporation Growth Fund</i>		
Balance at 30 June	8,677	2,302
Balance at 1 July	2,302	-
Movement	6,375	2,302
Total Movement	4,373	4,367
Movement in Available-For-Sale Financial Assets	4,373	4,367
<i>Queensland Investment Corporation Cash Enhanced Fund</i>		
Deposits	-	(1,940)
Distributions reinvested	-	(380)
Distributions paid	(378)	(409)
Distribution paid current year on account of previous year	(139)	-
Distributions shown in statement yet to be paid	238	139
Transfers to Growth Fund	2,250	-
Distributions Transferred to Growth Fund	278	409
Fund Management Fees	18	18
<i>Queensland Investment Corporation Growth Fund</i>		
Deposits	(3,660)	(1,935)
Transfers from Cash Enhanced Fund	(2,250)	-
Distributions reinvested	(577)	(25)
Distribution paid current year on account of previous year	(25)	-
Distributions shown in statement yet to be paid	173	25
Distributions Transferred from Cash Enhanced Fund	(278)	(409)
Fund Management Fees	16	1
Total	39	(139)

4. Related Parties

Directors of the Authority are appointed for a three year period and the following persons held the position of Director during the year ended 30 June 2010.

Mr Peter Henneken	Chair
Ms Robyn Pope	Deputy Chair
Mr Richard MacKenzie	Employer Representative
Ms Nicola Adair	Employer Representative
Mr Gary Bullock	Worker Representative
Ms Jane Cartwright	Worker Representative
Ms Rachel Hunter	Chair

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

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

Mr Henneken was the Director-General of the Department of Employment, Economic Development and Innovation and resigned as Chair on the 25 February 2010.

Ms Hunter was the Director-General of the Department of Justice and Attorney-General and was appointed on 8 April 2010.

Ms Pope is a private consultant.

Mr MacKenzie and Ms Adair are members of the Building Services Contractors Association of Australia.

Mr Bullock is the State Secretary of the Liquor Hospitality and Miscellaneous Workers Union and resigned on 26 February 2010.

Ms Cartwright is a Lead Organiser of the Liquor Hospitality and Miscellaneous Workers Union.

	2010	2009
	\$'000	\$'000
5. Directors Remuneration		
Total remuneration of directors	3	3

No payment was made or was applicable to Mr P Henneken from July 2009 to February 2010 in his capacity as the Chair of the Authority, as he held the position of Director-General of the Department of Employment, Economic Development and Innovation, and as a public servant was not entitled to receive remuneration. Mr Henneken resigned as Chair of the Authority as at 25 February 2010.

Excluding Ms R Pope, all payments for committee attendance were made to a related entity of the Director (union or employer association).

6. Supplies and Services

Advertising/Promotions	12	24
Actuarial fees	23	5
Agency fees - QLeave	695	642
Auditor's remuneration - Queensland Audit Office	11	9
Consultancy charges	8	6
Contractor charges	4	6
Funds manager and trustee charges	33	20
General administration	8	8
Travel costs	11	3
Printing & photocopying	13	15
Postage & freight	13	16
Bad and doubtful debts	8	-
Total	837	754

7. Cash and Cash Equivalents

Cash at bank	217	50
Total	217	50

Interest earned on cash held with the Commonwealth Bank was 2.92% in 2010 (2009: 4.43%).

8. Receivables

Levy Debtors	1,763	1,427
Less: Provision for impairment	(25)	(25)
	1,738	1,402
GST Receivable	38	36
Other	-	-
Total	1,776	1,438

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

	2010	2009
	\$'000	\$'000
Movement in the allowance of provision for impairment		
Balance at the beginning of the year	25	25
Amounts written off during the year	8	-
Increase/decrease in allowance recognised in profit or loss	(8)	-
Balance at the end of the year	25	25
9. Available-For-Sale Financial Assets		
Queensland Investment Corporation - Cash Enhanced Fund (at market value)	10,008	12,011
Queensland Investment Corporation - Growth Fund (at market value)	8,677	2,302
Total	18,685	9,945
10. Other Current Assets		
Prepayments	-	1
Total	-	1
11. Payables		
Trade Creditors	196	21
Accrued Charges	17	199
Total	212	220
12. Provision for Scheme Benefits		
Current		
Provision for long service leave - expected to be settled within 12 months (measured at actual value)	600	500
Provision for long service leave - expected to be settled after 12 months (measured at present value)	2,000	2,058
Total	2,600	2,558
Non-Current		
Provision for long service leave (measured at present value)	6,800	4,396
Total	6,800	4,396
Movements in Provisions		
Balance as at 1 July	6,954	5,200
Additional provision recognised	2,810	2,051
Reductions in provisions as a result of payments	(364)	(297)
Balance at the end of the year	9,400	6,954
	2010	2009
Scheme eligible members as at 30 June were:	57,671	49,889
The financial assumptions used in the actuarial valuation of Scheme Member Benefits were:		
	%	%
Investment return	10.0	6.7
Rate of pay inflation	5.0	4.0
Long term real return	5.0	2.7

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

	2010 \$'000	2009 \$'000
13. Reconciliation of Operating Surplus (Deficit) to Net Cash from Operating Activities		
Surplus (Deficit) from ordinary activities	2,438	2,701
Adjustments for Non-Cash items:		
PLSL Scheme Benefits	2,446	1,754
Adjustments for Investment items:		
Investment Loss (Income)	(747)	(511)
Investment Expenses	32	20
Changes in Assets and Liabilities:		
(Increase) decrease in Receivables	(338)	(261)
(Increase) decrease in Prepayments	1	(1)
Increase (decrease) in Payables	(8)	130
Net cash from operating activities	3,824	3,831

14. Finance/Borrowing Costs

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

15. Segment Information

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

16. Contingent Assets and Liabilities

As at 30 June 2010, there were no contingent assets or contingent liabilities.

	2010 \$'000	2009 \$'000
17. Consultants		
The Authority, in order to assist in the management of the scheme, expended the following on Consultants:		
Finance/Accounting	23	11
Legal	8	4
Total	31	15

18. Equity

Retained Surplus

Opening balance	8,628	5,927
Net surplus	2,438	2,701
Closing balance	11,065	8,628

19. Events Occurring after Balance Date

There have been no event occurring after balance date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

20. Financial Instruments**(a) Categorisation of Financial Instruments**

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

Category	Note	2010 \$'000	2009 \$'000
Financial Assets			
Cash and cash equivalents	7	217	50
Receivables	8	1,776	1,438
Available-for-sale financial assets	9	18,685	14,313
Total		20,678	15,800
Financial Liabilities			
Payables	11	212	220
Total		212	220

(b) Financial Risk Management

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

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

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

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

(c) Credit Risk Exposure

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

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

Maximum Exposure to Credit Risk

Category	Note	2010 \$'000	2009 \$'000
Financial Assets			
Cash and cash equivalents	7	217	50
Receivables	8	1,776	1,438
		1,993	1,487

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.

Recognised impairment loss for 2010 was \$8,279 (2009 nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

20. Financial Instruments (cont'd)**(c) Credit Risk Exposure (cont'd)**

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. All individually impaired assets were with the Authority's legal services section for appropriate action.

Section 87 of the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* provides for charging of interest on unpaid levies under certain circumstances and Section 65 provides for penalty charges for late submission of quarterly returns and payments.

Application of the provision is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest and penalty charges totalled \$53,390 in 2010 (\$30,761 in 2009). Penalties waived totalled \$8,900 in 2010 (\$15,564 in 2009).

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

2010 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	-	-	-	47	47
Total	-	-	-	47	47

2009 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	-	5	-	27	32
Total	-	5	-	27	32

2010 Individually Impaired Financial Assets

	Contractual Repricing/ Maturity Date:				Total \$'000
	Overdue				
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
Financial Assets					
Receivables (gross)	-	-	3	44	47
Provision for impairment	-	-	-	(25)	(25)
Total	-	-	3	19	22

2009 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)	-	1	-	25	26
Provision for impairment	-	-	-	(25)	(25)
Total	-	1	-	-	1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

20. Financial Instruments (cont'd)**(d) Liquidity Risk**

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

The Authority manages liquidity through the use of a liquidity management strategy. This strategy aims to reduce exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee, supplier and scheme recipient obligations as they fall due. This is achieved by ensuring that appropriate levels of cash are held within 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	2010 Payable in			Total \$'000
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	11	212	-	-	212
Total		212	-	-	212

	Note	2009 Payable in			Total \$'000
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	11	220	-	-	220
Total		220	-	-	220

(e) Market Risk

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

The following market sensitivity analysis reflects the outcome to profit and loss if investment returns would change by +/- 3% from forecasted returns by QIC. These fluctuations are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$561,000 (2009: \$429,000). This is attributable to the Authority's exposure to investment returns held with QIC's cash enhanced and growth fund.

Financial Instruments	Carrying Amount \$'000	2010 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Funds	10,008	(300)	(300)	300	300
QIC - Growth Fund	8,677	(260)	(260)	260	260
Potential Impact		(561)	(561)	561	561

Financial Instruments	Carrying Amount \$'000	2009 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Funds	12,011	(360)	(360)	360	360
QIC - Growth Fund	2,302	(69)	(69)	69	69
Potential Impact		(429)	(429)	429	429

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

20. 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 \$2,000 surplus/(deficit) and equity increase/(decrease) (2009: nil).

Financial Instruments	Carrying Amount \$'000	2010 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	217	(2)	(2)	2	2
Potential Impact		(2)	(2)	2	2

The Authority's sensitivity to interest has increased in the current period due to the downturn in investment market returns.

Financial Instruments	Carrying Amount \$'000	2009 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	50	-	-	-	-
Potential Impact		-	-	-	-

(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:

2010 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2010 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
	Financial Assets			
Cash and cash equivalents	217			217
Available-for-sale financial assets	18,685			18,685
Total	18,902			18,902

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10

20. Financial Instruments (cont'd)

2009 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2009 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial Assets				
Cash and cash equivalents	50			50
Available-for-sale financial assets	14,313			14,313
Total	14,362			14,362

21. 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 cci@qleave.qld.gov.au or visit the Authority's Internet site www.qleave.qld.gov.au.

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

These general purpose financial statements have been prepared pursuant to section 46F(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 Contract Cleaning Industry (Portable Long Service Leave) Authority's transactions for the financial year ended 30 June 2010 and of the financial position of the Authority at the end of that year.



G Wilson
General Manager
26 August 2010



R Hunter
Chair
26 August 2010

Independent Auditor's Report

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2010 included on the Contract Cleaning Industry (Portable Long Service Leave) Authority's website. The Directors are responsible for the integrity of the Contract Cleaning Industry (Portable Long Service Leave) Authority's website. I have not been engaged to report on the integrity of the Contract Cleaning Industry (Portable Long Service Leave) Authority's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Contract Cleaning Industry (Portable Long Service Leave) Authority, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Contract Cleaning Industry (Portable Long Service Leave) Authority which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairperson and General Manager.

The Authority's Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report 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 (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Independence

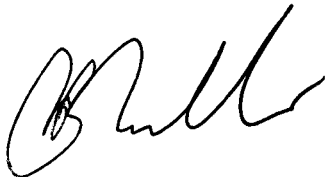
The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's 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 respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



R D MULLER
As Delegate of the Auditor-General of Queensland

Brisbane

PUBLIC AVAILABILITY

This annual report can be viewed online at www.qleave.qld.gov.au → Contract Cleaning Industry link.

For further information contact the Manager Corporate Communications on:

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Email yoursay@qleave.qld.gov.au

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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.



Contract Cleaning Industry (Portable Long Service Leave) Authority

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Addendum

The following is an addition to the printed copies of the Contract Cleaning Industry (Portable Long Service Leave) Authority's *Annual Report 2009-10*.

Carers (Recognition) Act 2008

The Authority recognises the effort and dedication of carers in our community. Carers provide a vital service to those they care for and the Authority has adopted strategies to support them in their roles including:

- recognising the importance of the views and needs of carers in decision making processes by way of Authority to Act on behalf of Scheme members
- providing members access to their portable long service leave entitlement to care for others

Future actions

The Authority will continue to address the requirements of the *Carers (Recognition) Act 2008* in 2010-11.