



Building and Construction Industry
(Portable Long Service Leave) Authority

annual report 2009-2010

→ OUR MISSION

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

→ OUR VALUES

We are:

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

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

Respectful by being open, fair and consistent in our actions

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

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

© State of Queensland QLeave 2010

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

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

Letter of Compliance

31 August 2010

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

Dear Minister

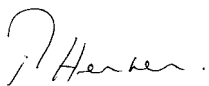
I am pleased to present the Annual Report 2009-2010 for the Building and Construction Industry (Portable Long Service Leave) Authority.

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



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

About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

This year saw a continued focus on customer service and prudent financial management following the impact of the global financial crisis. We are pleased to report a profit for the 2009-2010 financial year due to rebounding financial markets and an increase in the levy from 1 January 2010.

QLeave was established in 1992 to administer a portable long service leave scheme for eligible workers in the building and construction industry. The Scheme is funded by the portable long service leave levy. The levy is payable on all building and construction work with a total cost of work of \$80,000 and above.

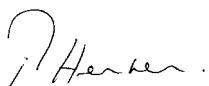
Based on actuarial recommendations and taking into account the changed economic conditions throughout 2009 the levy rate was increased to 0.3% on 1 January 2010. A cap of \$1,400 per week on wage rates for all long service leave payments was sustained for the 2009-2010 financial year.

At 30 June 2010, the Scheme had 267,768 workers and 16,263 employers registered. Since 1992, long service leave payments totalling over \$210 million have been paid to workers and employers registered with the Scheme.

Chairs and executives from interstate long service leave schemes instigated a national cooperation project to improve consistency between the jurisdictions. Initially, efforts will be focussed on national branding and website, a national enquiry database and agreed governance standards.

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

We would also like to thank the members of the Board, particularly the outgoing members Jamie Knowlman, Graham Cuthbert and Bradley O'Carroll, for their commitment to the corporate governance frameworks. Their advice and support of financial policies and investment strategies was critical in reducing pressure on the Scheme's long-term liabilities.



Peter Henneken AM
CHAIR



Graeme Wilson
GENERAL MANAGER

Strategic Objectives, Indicators and Measurement

Critical areas and goals	Objectives	Indicators	Achieved
CUSTOMERS/STAKEHOLDERS → Workers → Employers → Levy Payers → Alliance Partners → Contractual Partners → Government	Deliver quality customer service and communications	→ Stronger relationships with key stakeholders and industry associations → Appropriate responses to emerging trends → Legislative amendment recommendations → 100% customer service standards met → 85% customer and stakeholder satisfaction achieved → 30% growth in use of online services → Measured increase in compliance	✓
FINANCIAL MANAGEMENT	Maintain financial accountability and sustainability of the Building and Construction Industry (Portable Long Service Leave) Scheme	→ Achieve a net investment return which exceeds Average Weekly Ordinary Time earnings (AWOTE) by at least 3% p.a. when measured over rolling five year periods* → Achieve returns that are within +/- 12% of the performance objective on an annual basis → Approved actuarial recommendations actioned → Financial targets achieved → Reporting targets met → Full costs recovered → Levies collection → 95% of targeted activity → 100% accuracy for payments identified from the claims audit process	✓
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	✓
PEOPLE	Develop a skilled workforce for the future that is adaptable, valued and engaged	→ Staff satisfaction indicators maintained at 5% above industry norm → Workforce management strategies implemented → Targeted skills training delivered → Skills needs addressed → Access to work-life balance options → Equal Employment Opportunity Census results → No significant Workplace Health and Safety incidents	✓
BUSINESS SYSTEMS AND PROCESSES	Continue to develop and improve business systems and processes	→ Identified improvements implemented → Improved data integrity for decision making/planning → Developed suite of performance reports implemented	✓

* This objective was not achieved over a rolling five year period.
As at 30 June 2010 the portfolio five year return was 5.5% compared to the objective of 7.9%.

Customers / Stakeholders

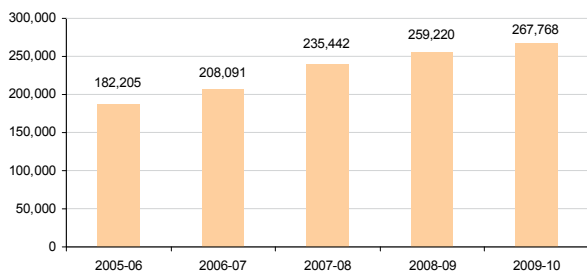
OBJECTIVES: DELIVER QUALITY CUSTOMER SERVICE AND COMMUNICATIONS TO CUSTOMERS AND STAKEHOLDERS

ACTIVE MONITORING OF COMPLIANCE

WORKERS AND EMPLOYERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

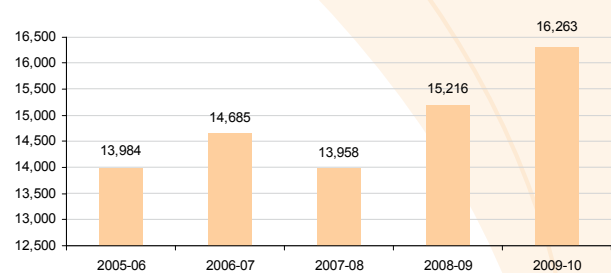
Customer Service

Worker Registrations 2005-2010



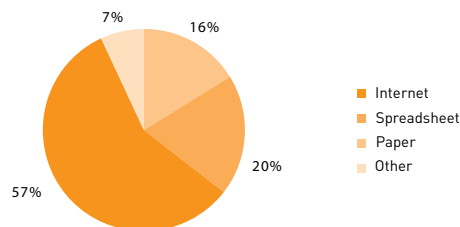
Worker registrations increased from 259,220 to 267,768 in 2009-2010. 56% of new registrations were received online in 2009-2010.

Employer Registrations 2005-2010



Employer registrations increased from 15,216 to 16,263 in 2009-2010. 66% of new registrations were received online in 2009-2010.

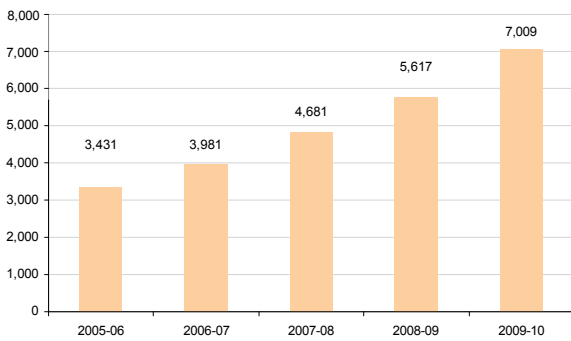
Type of Worker Service Returns lodged 2009-2010



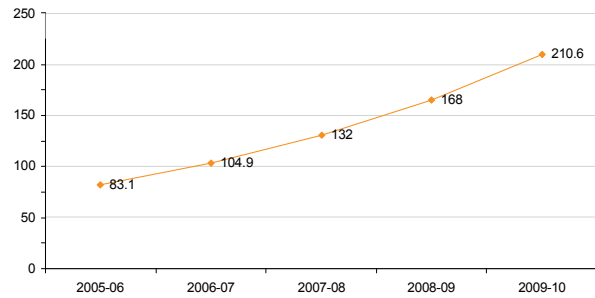
At the end of each financial year registered employers are required to provide QLeave with a worker service return listing their eligible workers and employment periods.

- A target of 40% of employers to lodge worker service returns online was set. This target was well-exceeded with 52% of employers lodging worker service returns online for 2008-2009.
- Under the four year rule, 18,757 workers had their registrations cancelled during the year. The process of cancelling registrations for workers, who had not accrued service in the last four consecutive years, ensures currency of the information stored on the worker register.
- QLeave distributes a notice of service to each worker with a current postal address. This notice shows a worker's service record for the previous financial year and their current long service leave benefit, based upon information supplied by their employer/s.
- The annual notice of service was distributed to 230,482 workers in October 2009. A newsletter accompanied the notice and provided information on accessing service details online.
- 1,776 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service records. During the year, communication to workers highlighted the importance of checking the notice of service to ensure their service record is accurate.

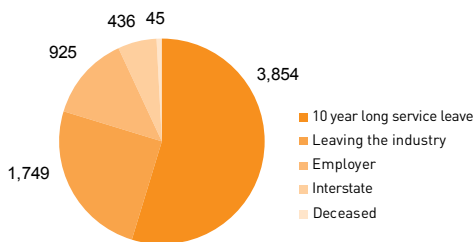
Number of claims paid per year 2005-2010



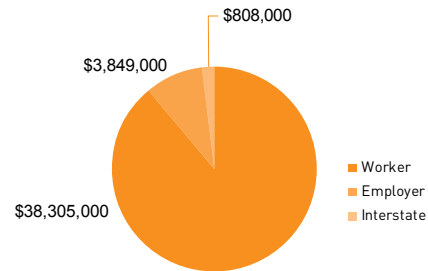
Total value of claims to date \$Million



Type of claims paid 1 July 2009 to 30 June 2010



Claims paid by recipient 1 July 2009 to 30 June 2010



7,009 long service leave payments were made to the value of \$42,962,000, an increase of 1,392 claims from 2008-2009.

- These claims represent long service leave payments made directly to registered workers, under the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and to registered employers who received reimbursement of long service leave benefits paid directly to their employees under the *Industrial Relations Act 1999*.
- After review the capped weekly rate of pay, introduced in January 2009, was kept at \$1,400 for the year.
- A significant review of the claims process was undertaken to improve the level of service provided with long service leave payments. Changes to the claim form and explanatory information, books and records inspections, management of under and over payments and online services have now occurred.
- Newsletters were distributed to employers and workers during the worker service return and notice of service processes. These newsletters focussed on online services availability and access.
- An electronic newsletter was e-mailed to 26,311 registered employers and workers in March 2010. It provided short pieces of information with links to QLeave's website for detailed content. Importantly, it also provided an opportunity to update the employer database in preparation for online lodgement of worker service returns.

Stakeholder Engagement

- A number of industry events were supported by QLeave including awards nights, trade shows, roadshows and information sessions. Relationships with unions and employer associations were strengthened by the QLeave staff who attended these events.
- QLeave utilised a range of industry journals published by unions and employer associations to promote online services and key operational processes, including worker service return lodgement and annual notice of service distribution.
- Site visits to major building sites occurred and provided educational and promotional opportunities to contact industry workers.
- To enhance liaison with key stakeholders, industry engagement and consultation will be a primary focus during 2010-2011.

Compliance

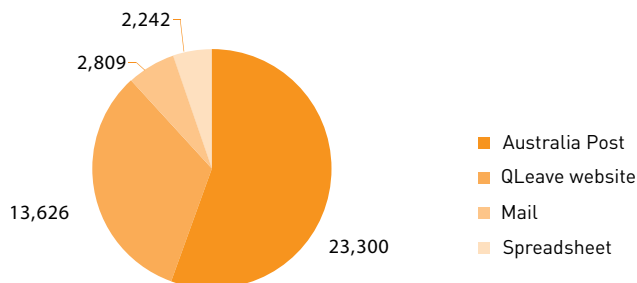
- Compliance activity during 2009-2010 included:
 - 145 books and records inspections
 - 1,287 contacts to unregistered employers
 - 319 contacts to employers with outstanding worker service returns
- Minor rate of pay amendments were identified during audits which led to increased accuracy of long service leave payments.
- A new system of recording compliance activity will enable improved reporting of outcomes in the future. A client contact form was introduced in late 2009 which is completed by QLeave staff and recorded in the employer database for reference. It will enhance the efficiency and effectiveness of audits and inspections by improving the flow and accuracy of information collected.

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 on all building and construction work performed in Queensland, where the total cost of work is \$80,000 or more.
- A new levy rate of 0.3% was introduced on 1 January 2010 as a result of a decrease in fund assets caused by the global financial crisis. The increase was communicated to levy payers through journal advertising, a direct mail campaign and online announcements.
- A new notification and payment form was developed to accommodate the levy increase. This form was distributed to Australia Post offices with supporting communication material explaining the revised administrative procedures.
- \$80,882,000 was received in levies income, compared with \$56,510,000 in 2008-2009. This income was significantly higher than the budgeted figure as a result of the levy rate increase.
- A total of 41,977 notification and payment forms were processed, compared with 34,275 in 2008-2009.
- In response to customer feedback a spreadsheet notification facility was launched in September 2009. A letter was sent to high volume project notifiers advising of the new facility. The spreadsheet and an explanatory user guide were also made accessible on the website.
- Spreadsheet forms have also been introduced for private certifiers to notify sighting fee claims. This automated facility was made available in January 2010 and has improved the efficiency and accuracy of these notifications. The spreadsheet and explanatory information were made accessible on the website. A letter was sent to all private certifiers advising of the new facility.

Type of notification and payments received 1 July 2009 to 30 June 2010



56% of notification and payment forms were lodged with Australia Post, with 32% completed online at QLeave's website, 7% received via mail and a further 5% utilised the spreadsheet facility.

Stakeholder engagement

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

Compliance

- Building and construction work undertaken for all commercial and civil projects and residential dwellings in Queensland was diligently monitored during 2009-2010. Increased compliance activity also focussed on the mining industry, with visits to a number of mine sites throughout Queensland.
- These compliance activities secured additional levy of \$17,770,554 for 1,095 projects, with a total cost of work of \$6,760,431,425, including:
 - additional levy of \$12,816,318 for 425 previously non-notified projects, with a total cost of work of \$4,909,716,219
 - follow-up regarding the final cost of work for 670 projects secured \$4,954,236 of additional portable long service leave levy, with a total cost of work of \$1,850,715,206. (On completion of notified building and construction projects, QLeave contacted all levy payers to determine if the final cost of work had altered by more or less than \$20,000. If an amendment to the final cost of work was necessary, QLeave issued an invoice for the additional levy required or a refund for the overpaid amount.)
- Investigation revealed a significant number of levy payers were excluding the GST from the total cost of work notified. This initiated a number of compliance visits to educate and assist levy payers with improved accuracy of project notification and levy payments.

STRATEGIES FOR 2010-2011

DELIVER QUALITY CLIENT SERVICE AND COMMUNICATIONS THROUGH:

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

MANAGE COMPLIANCE ACTIVITIES TO:

- maximise levy income
 - ensure accuracy of long service leave payments
 - ensure employers meet their obligations
 - ensure worker eligibility
-

Business Systems

OBJECTIVE: CONTINUE TO DEVELOP AND IMPROVE BUSINESS SYSTEMS AND PROCESSES

ACHIEVEMENTS AND PERFORMANCE MEASURES

Information Services

- QLeave's information services projects have been focused on:
 - service delivery options (specifically additional online services)
 - risk management and data protection to ensure the accuracy and privacy of data
 - business process improvement to add value and efficiency to operational activities
 - the use of electronic data records management.
- A number of key projects have enhanced QLeave's customer service delivery through improved online access and options, including:
 - the introduction of BPay facilities for account payments
 - the provision of electronic options for project notification and sighting fee claims
 - the implementation of an online complaints management interactive form.
- IBM Business Partners were engaged to review the IBM Lotus Domino infrastructure and subsequently upgrade the system. The upgraded platform has, amongst other improvements, reduced disk storage requirements and enabled mobile device access.
- In March 2010, a comprehensive security audit of QLeave's information services was undertaken. None of the risks identified were of a critical nature. An action plan has been developed to resolve and implement recommendations throughout 2010-2011.
- As part of QLeave's risk management and business continuity strategy, an Offsite Disaster Recovery Plan was implemented and tested at a new offsite facility. This plan will now be tested and reviewed annually.
- In February 2010, an Intrusion Prevention/Intrusion Detection device module was installed and configured. This has provided QLeave with a best-practice standard of network protection and monitoring.
- 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, through a scheduled and automated process. This is specifically meaningful when determining average rates of pay and ensuring the accuracy of long service leave payments.

Legal Services

- The Legal Services unit processed 204 new matters including debt recoveries, reconsiderations, internal advice requests and statutory advice work.

Quality

- QLeave continues to embrace the Australian Business Excellence framework which enables the concepts of Total Quality Management to be used to improve work practices and daily operational performances.
- Throughout the year, 14 internal audits were conducted on core business processes with no major findings. These audits resulted in a number of improvements to internal documentation.
- 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.

Records

During 2009-2010 the area of records management:

- submitted a new QLeave-specific Retention and Disposal schedule for approval by the State Archivist (key component of compliance to IS31 and the *Public Records Act 2002*)
- provided feedback to Queensland State Archives on a number of topics including Digitisation Disposal Policy, review of the General Retention and Disposal Schedule for Administrative records, Recordkeeping Baseline Survey and Digital Archiving Discussion Paper
- continued digitisation of business records
- provided internal awareness training in Records Management
- reviewed and updated the Business Classification Scheme
- completed a full review of the Disaster Recovery Plan with respect to vital records
- created a Vital Records Inventory.

STRATEGIES FOR 2010-2011

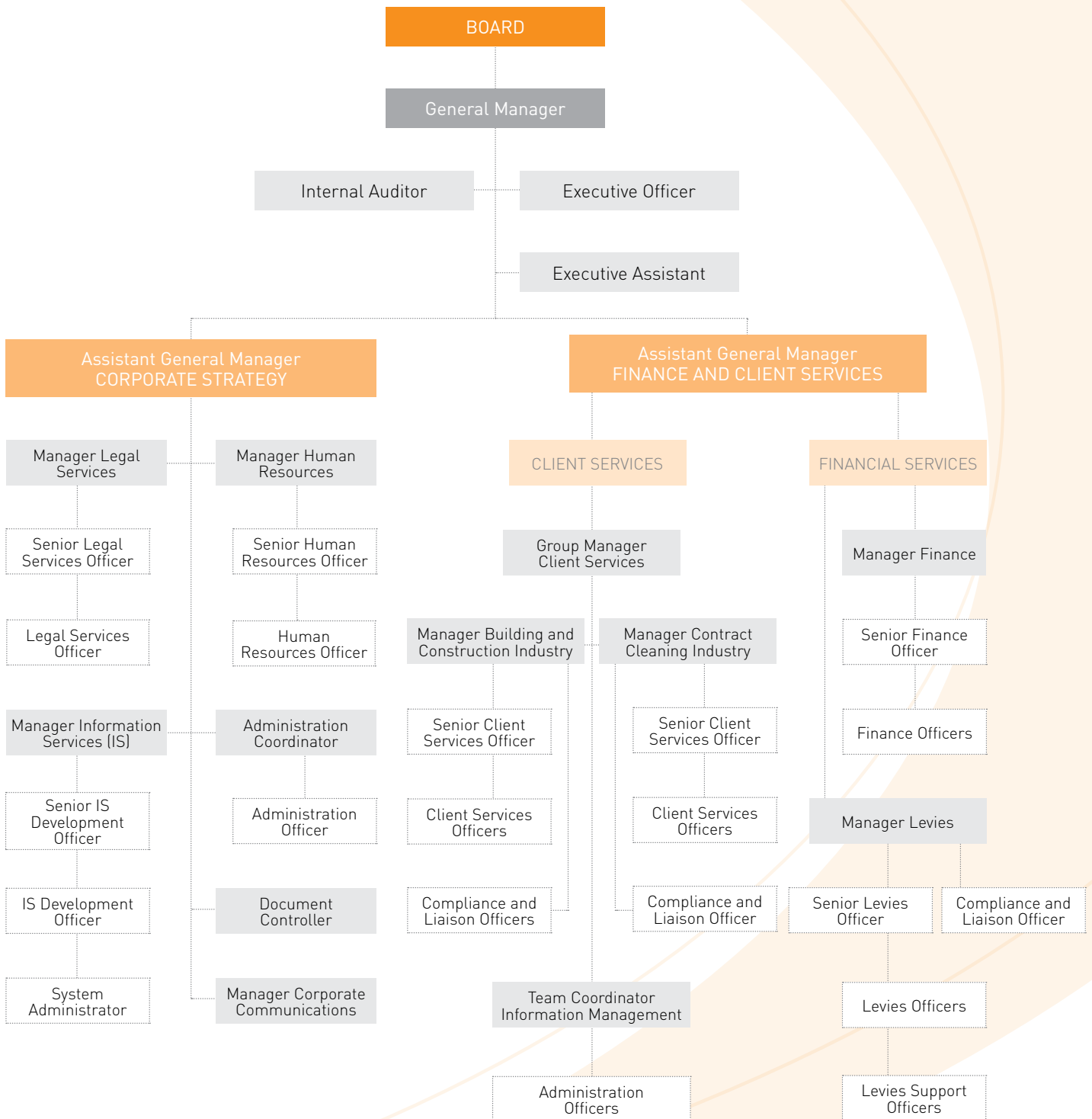
CONTINUE TO DEVELOP AND IMPROVE BUSINESS SYSTEMS AND PROCESSES THROUGH:

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

People

OBJECTIVE: DEVELOP A SKILLED WORKFORCE FOR THE FUTURE THAT IS ADAPTABLE, VALUED AND ENGAGED

ORGANISATIONAL CHART



ACHIEVEMENTS AND PERFORMANCE MEASURES

Workforce Profile

- The approved establishment at 30 June 2010 was 58 full-time equivalents.
- There were 54.40 actual full-time equivalents paid as at 30 June 2010. The difference between the approved establishment and the actual full-time equivalents was due to vacant positions.

Measurement

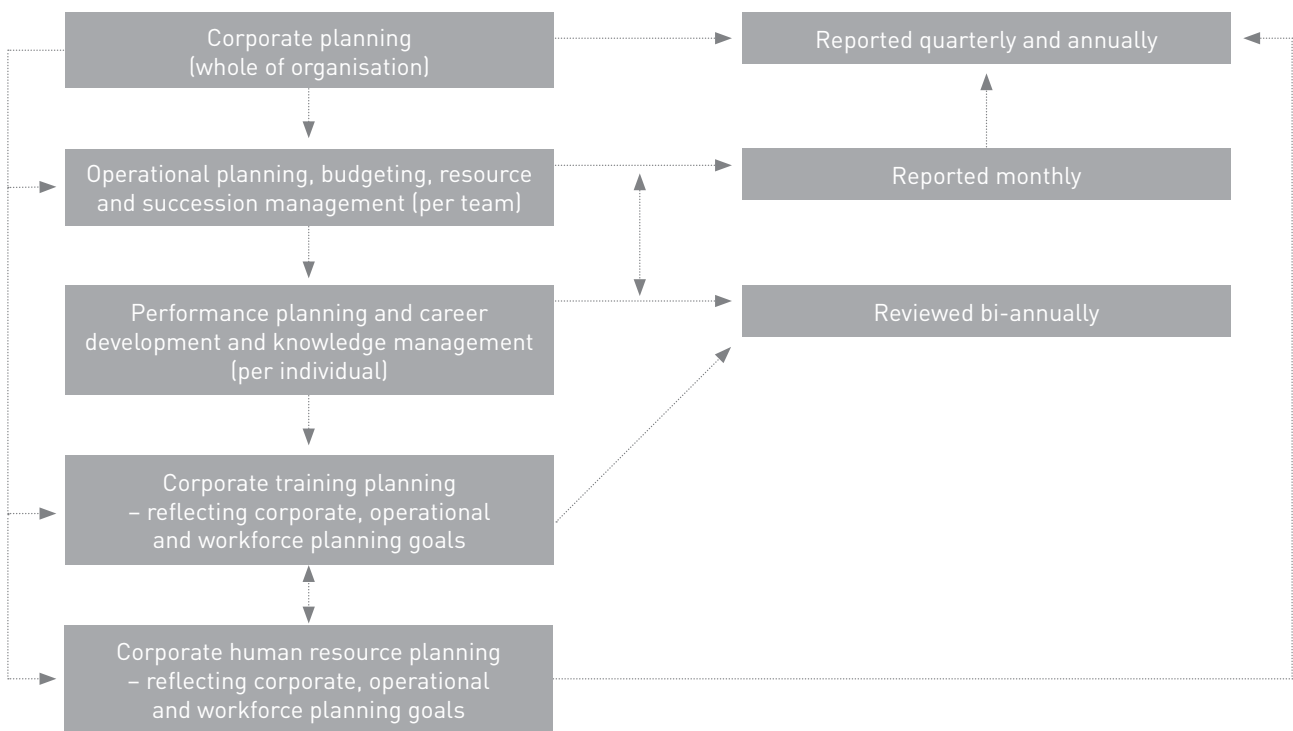
QLeave's success with regard to human resource management is evident in the results of the annual Workforce Attitude Survey. The 2009-2010 results indicated that employee satisfaction at QLeave remains high with results equal to, or above, the norm in 11 out of 12 categories surveyed.

Permanent Retention and Permanent Separation Rates

- The permanent retention rate during 2009-2010 was 81%.
- The permanent separation rate during 2009-2010 was 23%.

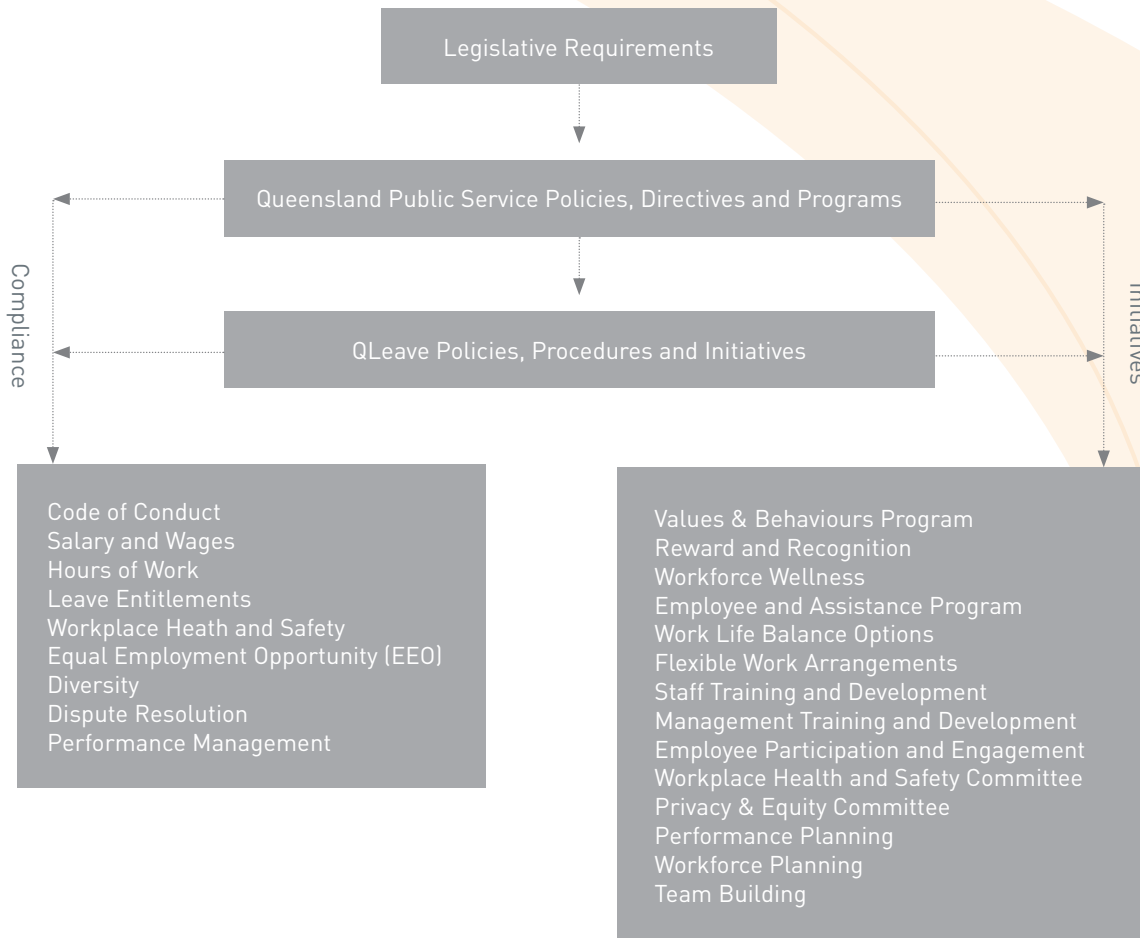
Workforce Planning

- QLeave has a workforce planning and performance management system that links with the corporate and operational goals of the organisation. This system is made up of the following components:



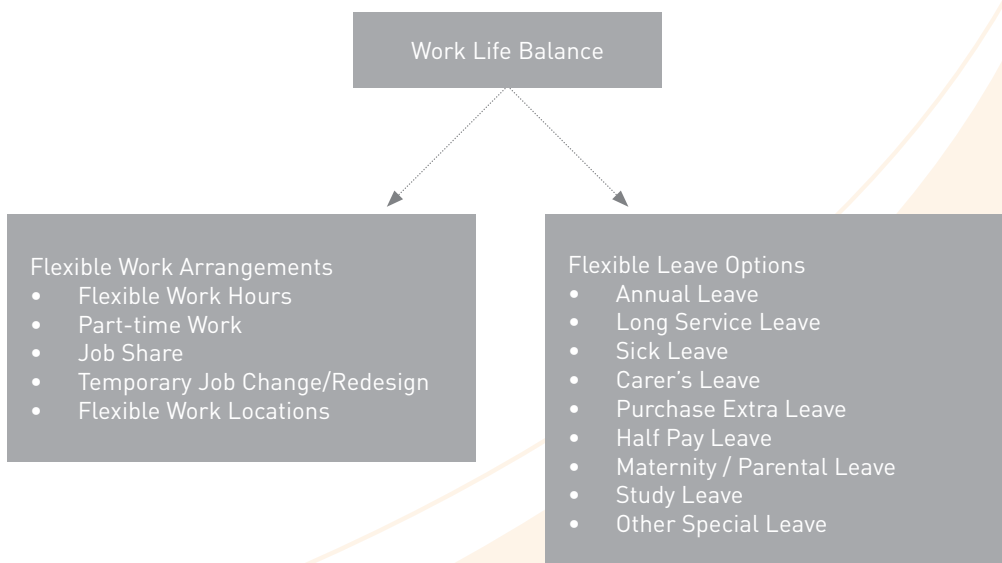
Key workforce policies

→ QLeave’s human resource management framework reflects that of the broader Queensland Public Service. This framework is made up of the following components:



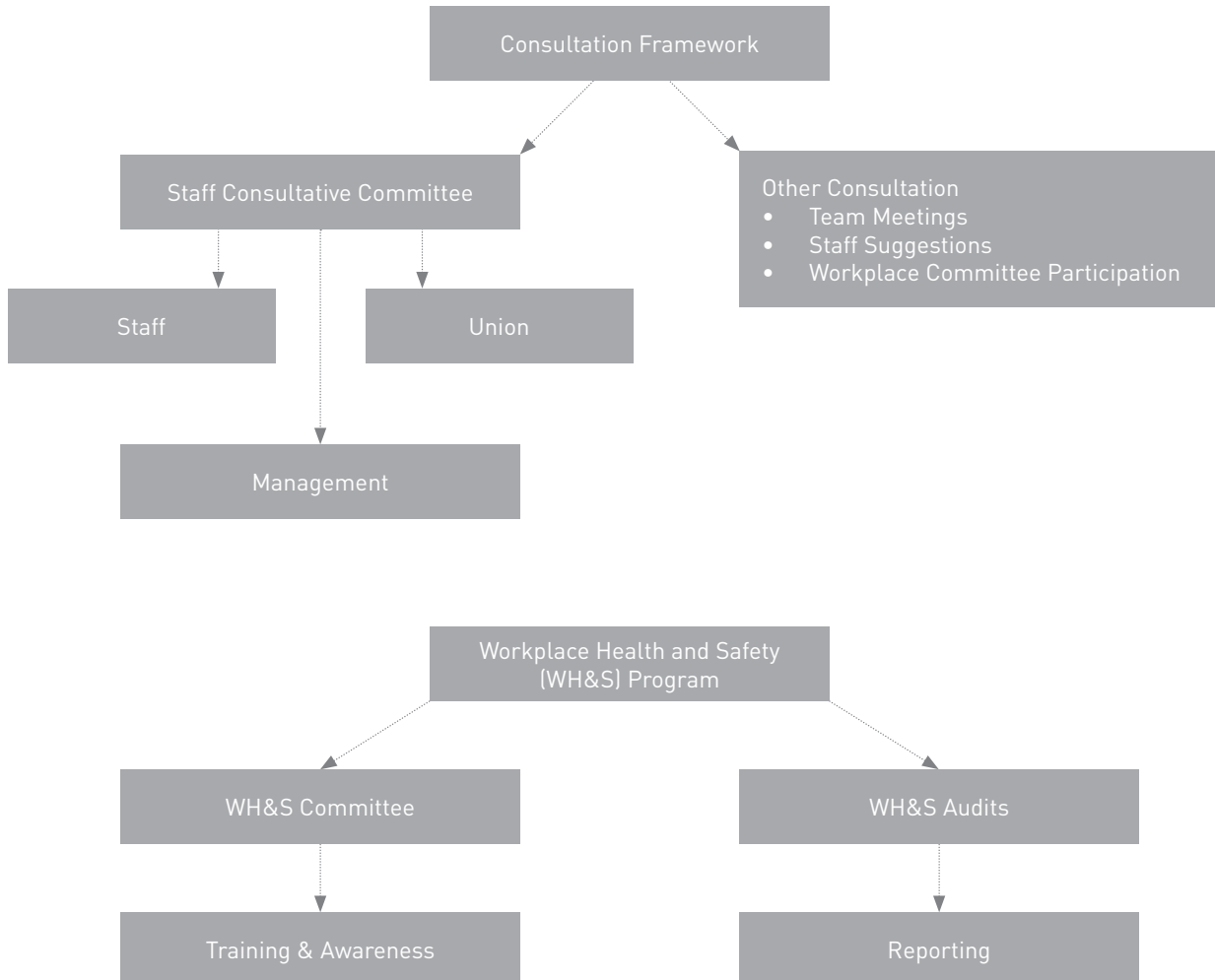
Work life balance policies

→ 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:



Industrial relations and workplace health and safety

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



Internal staff committees

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

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

STRATEGIES FOR 2010-2011

DEVELOP A SKILLED WORKFORCE FOR THE FUTURE THAT IS ADAPTABLE, VALUED AND ENGAGED THROUGH:

- strategic human resource planning that supports the corporate goals
- targeted skills development
- developing a flexible, healthy and safe workplace

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 recommendation of all in-house committees; with a subsequent report provided to the Management Team.

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

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

The Assistant General Manager - Corporate Strategy is responsible for:

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

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

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

The Board



PETER HENNEKEN AM, 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 and Trustee and Director of QSuper.



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

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

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

Jackie was a board member of the Brisbane Cricket Ground Trust from 1999 until her appointment in 2001 to the Major Sports Facility Authority (MSFA) which is responsible for major sporting and entertainment venues throughout Queensland. She was a Board member of the MSFA until 2008.



GARY DEANE, 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 and is Past President of the Queensland Branch of the Civil Contractors Federation and Past Vice-President of the National Civil Contractors Federation.

He is currently Chair of Beaconsfield Press Pty Ltd, publishers of The Earthmover and other construction industry publications. He is also a Director of Gary Deane Investments Pty Ltd and a Director of Grandview Properties Pty Ltd.



GRAHAM CUTHBERT, EMPLOYER REPRESENTATIVE

Graham served as a Director of the QLeave Board between 1992 and 1998, and was reappointed in 2003.

He is Executive Director of the Queensland Master Builders Association which represents the interests of more than 11,000 members of the building and construction industry in Queensland, who are collectively responsible for 90% of the building and construction work undertaken in Queensland.

Recognised for his in-depth knowledge across a broad range of industry issues, Graham has also represented the industry by serving on the Q-Comp Board. He is a Director of the BUSS(Q) Building Super Board, CIPQ Board and Construction Skills Queensland Board.



JAMES KNOWLMAN, EMPLOYER REPRESENTATIVE B Com, CA, ACIS, FAICD

Jamie has been a Director of the QLeave Board since 1996.

He began his career working for Ernst & Young (Chartered Accountants) in Brisbane, then later in the UK. He successfully obtained a builder's licence in 1986 and, with his wife, established his own building company. In 1989 this company merged with two others to create Knowlman McDonald McMillan (Architects & Builders).

Jamie is a former President of the Housing Industry Association and is still an invited member of the HIA Executive Committee. With his experience in the housing industry, he has served on many related committees including insurance, training, industrial relations and worker's compensation.



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 SunSuper Board.

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



MICHAEL RAVBAR, WORKER REPRESENTATIVE

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

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

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



BRADLEY O'CARROLL, WORKER REPRESENTATIVE

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

He is a qualified Plumber, Drainer and Gasfitter with 22 years experience in the construction industry.

Brad is currently the State Secretary of the Communications, Electrical and Plumbing Union (CEPU) - Plumbing Division and Divisional Assistant Secretary of the CEPU Plumbing Division Federal Office. Prior to this he was Training and Safety Officer and State Organiser for the CEPU Plumbing Division.

Brad is Director of Construction Training Queensland, Queensland Construction Training Fund, Construction Skills Queensland, BERT and Construction Income Protection Qld Boards. He is also Chairman of Joint Industry Skills Training and the Services Trades Industry Fund.

Corporate Governance and Risk Management

OBJECTIVE: ENSURE SOUND CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORKS

In accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* ('the Act'), QLeave is governed by a board of directors ('the Board'). The Board reports to the Attorney-General and Minister for Industrial Relations at specified quarterly intervals concerning QLeave's operational and financial performance.

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

- ensuring as far as possible, that QLeave achieves, and acts in accordance with, its corporate goals and carries out its corporate objectives outlined in its Corporate Plan
- providing advice and recommendations to the Minister on issues affecting the provision of long service leave in the industry and the operation of the Act
- ensuring that QLeave performs its functions in an appropriate, effective and efficient way.

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

The Board operates under the provisions of the Act and other governing legislation, and within the parameters of the Board Guidelines. These Guidelines contain protocols governing the:

- conduct of board meetings
- management of QLeave'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 governance principles. Board members are provided with a copy of the Board Guidelines at their initial induction, and on each occasion that the Guidelines are amended.

COMPOSITION OF THE BOARD

The Board consists of eight directors who are appointed by the Governor-in-Council for terms of three years. It is comprised of the following directors:

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

The current term of the Board commenced on 1 July 2007 and expired on 30 June 2010. 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 all relevant information pertaining to QLeave's financial and operational performance. The individual expertise of each board member is often called upon by QLeave's executive management in making recommendations to the Board.

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

Board members are selected for their expertise and specific experience in the building and construction industry (and in the case of the Deputy Chairperson, the financial services industry). Each board member is

encouraged to undertake the Company Director's course or related courses to enhance their professional development. QLeave meets the cost for all directors who wish to undertake professional development. The Board is proactive in identifying factors affecting the viability or maintenance of the Scheme, or the building and construction industry. An Environmental Scan of the industry is undertaken each January and the resulting report is submitted to the Board. This Scan identifies current and future issues requiring attention and management by the Board. The Board is considerate of the broader Queensland community as an interested stakeholder in the operation of the Scheme.

REMUNERATION

Directors receive remuneration within Category 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 Guidelines*.

The Chairperson, Peter Henneken did not receive remuneration as, being the Director-General of the Department 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. The Deputy Chairperson, Jacqueline D'Alton, receives the Chairperson's rate of remuneration when chairing meetings of the Board, the Audit, Risk Management and Compliance Committee and the Finance Committee. She also receives the Chairperson's rate of remuneration for Special Assignment fees in her role as Chairperson of the Audit, Risk Management and Compliance Committee and the Finance Committee.

BOARD MEETINGS

The Board met in a formal capacity on a bi-monthly basis throughout the financial year in August, October, December 2009 and February, April and June 2010. The Board passed 102 resolutions in relation to risk and financial management, governance, operations and provided strategic direction and input into the 2010-2014 Corporate Plan.

BOARD COMMITTEES

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

Following the Board's appointment on 1 July 2007, 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 investments and financial management responsibilities imposed under QLeave's governing Act and the associated financial legislation. The Finance Committee oversees the development, implementation and monitoring of the Board's investment strategy and policies.

The Committee was comprised of:

- Jacqueline D'Alton (Chair)
- Peter Henneken (joined April 2010)
- James Knowlman, Employer Representative
- Bradley O'Carroll, Worker Representative
- Graeme Wilson, General Manager

The Assistant General Manager – Finance and Client Services attends meetings of the Committee in an advisory capacity.

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

The Finance Committee met three times during 2009-2010.

2. Worker Eligibility Committee

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

The Committee was comprised of:

- Graeme Wilson (Chair)
- James Knowlman, Employer Representative
- Bradley O'Carroll, Worker Representative

The Assistant General Manager – Finance and Client Services attends meetings of the Committee in an advisory capacity.

Legislative reviews have ensured that the legislation concerning the eligibility of workers, for membership of the Scheme, has become more clear and relevant, for the requirements of the building and construction industry in Queensland.

It was not necessary for the Worker Eligibility Committee to meet during 2009-2010.

3. Audit, Risk Management and Compliance Committee

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

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

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

The Committee was comprised of:

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

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

The Audit, Risk Management and Compliance Committee met three times during 2009-2010.

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
- performance of the internal audit function against the annual audit plan
- items raised by the QAO
- the performance of areas that have acted on recommendations made by the internal auditor or the QAO
- technical/operational issues relating to the finalisation of annual financial statements.

BOARD PERFORMANCE EVALUATION

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 4.36 out of 5, against the selected criteria. The Board has identified strategic direction, risk management, wages growth and scheme equity and eligibility as issues of focus for 2010-2011.

DIRECTORS' ATTENDANCE AT MEETINGS 2009-2010

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee
Number of meetings held	6	3	3
Peter Henneken AM	6	Not a member	1 (eligible for 1)
Jacqueline D'Alton	5	3	3
Graham Cuthbert	5	Not a member	Not a member
Gary Deane	4	2 (eligible for 3)	Not a member
James Knowlman	6	Not a member	2 (eligible for 3)
William Ludwig OAM	4	Not a member	Not a member
Bradley O'Carroll	4	Not a member	1 (eligible for 3)
Michael Ravbar	6	2 (eligible for 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 pursuant to the provisions of the *Public Records Act 2002*.

ISSUES FOR THE BOARD

Issues for the Board during 2009-2010 included:

- 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. On the advice of the actuary, the levy rate was increased to 0.3% as of 1 January 2010. The wages cap, for the maximum weekly rate at which long service leave claims are paid, was contained at \$1,400 per week.
- actuarial assessment – the actuarial investigation as at 30 June 2009 determined that the Scheme's position is financially sound in the short to medium-term, and all current liabilities remain fully funded. However, there remains a deficit between the Scheme's assets and its long-term liabilities which is expected to be eliminated over two to three years.
- stakeholder relationships – the Board is committed to maintaining and strengthening its relationships with industry stakeholders and alliance partners. QLeave's increased presence at industry events and activities throughout the year provided opportunities for meaningful liaison with workers and employers to discuss current issues and concerns.

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 Audit, Risk Management and Compliance Committee on a quarterly basis.

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*.

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, 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

OBJECTIVES: MAINTAIN FINANCIAL ACCOUNTABILITY AND SUSTAINABILITY OF THE SCHEME

FINANCIAL MANAGEMENT

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

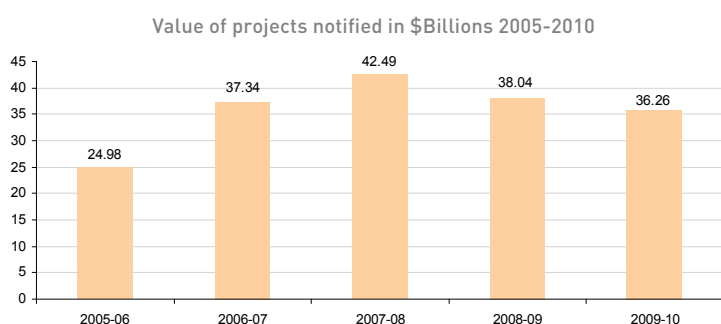
In January 2010, the Building and Construction Industry Portable Long Service Leave Levy was increased from 0.2% to 0.3%. This change brought the total combined levies and fee payable to 0.525% of the cost of work (that is, \$5.25 collected for every \$1,000 of the cost of work), consisting of:

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

Building Activity

Housing, other residential and commercial sectors experienced lower than anticipated activity during 2009-2010, despite the value of work increasing on 2008-2009 levels. The civil sector remained weak but had greater than budgeted activity due to the impact of the federal government stimulus package, and significant infrastructure work undertaken in south east Queensland.

Project type	2008-2009 Value \$Billions	2009-2010 Value \$Billions
Housing	6.487	7.930
All other residential	1.749	2.000
Commercial	9.003	11.194
Civil	20.796	15.140
Totals	38.035	36.264

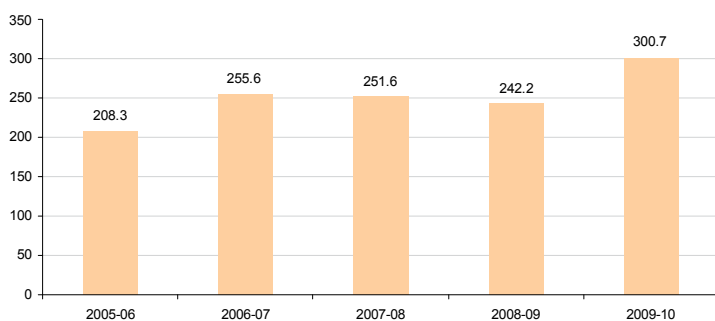


Investment Market Performance

Financial markets rebounded from the impact of the global financial crisis resulting in an investment return of 13.06% for the year.

	Investment Performance \$Millions				
	2005-06	2006-07	2007-08	2008-09	2009-10
Total Funds Held Year End	208.3	255.6	251.6	242.2	300.7
Investment Income Received	30.3	35.7	(17.3)	(21.4)	31.4

Funds invested in \$Millions 2005-2010



Budget Performance

The operational budget methodology adopted by QLeave is zero based and performance is closely monitored on a monthly basis. The 2009-2010 outcome is as follows:

	Actual (\$000s)	Variance to Budget (\$000s)
Levies Income	80,882	13,510
Net Investment Income (Loss)	31,417	13,237
Employee Expenses	4,356	(52)
Supplies and Services	3,062	104
Capital Expenses	8	(220)
Long Service Leave Payments	42,962	(5,438)

An overall profit of \$46.6 million was experienced in 2009-2010, predominantly due to an increase in the levy rate, effective from 1 January 2010, and higher than expected investment returns. Total expenses were contained within budget with long service leave payments being 11.2% below budget. These factors have resulted in the balance of the operating deficit being reduced to \$66.7 million.

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

Workplace Health and Safety Collections

QLeave acts as an agent for Workplace Health and Safety Queensland (WHSQ) in the collection of workplace health and safety fees on building and construction projects. Fees totalling \$41.4 million were collected and remitted to WHSQ in 2009-2010.

Building and Construction Industry Training Fund Collections

QLeave acts as a collection agent for industry training levies on behalf of Construction Skills Queensland, which administers the Building and Construction Industry Training Fund (BCITF). Funds totalling \$35.7 million were collected and remitted to Construction Skills Queensland in 2009-2010.

ACTUARIAL ASSESSMENT

To ensure QLeave can meet its short and long-term commitments in funding the Scheme, annual actuarial assessments are conducted to ascertain QLeave's current and non-current liabilities.

Every two years, a full actuarial assessment is performed to verify the Scheme's financial viability and to predict, as accurately as possible, whether investment strategies will continue to maintain sufficient monetary reserves to meet future commitments for long service leave payments.

Some of the factors taken into consideration are:

- investment income
- growth in the total number of workers in the Scheme
- wage growth
- rate of the levy charged on the cost of building and construction work.

In March 2010, the actuary presented an actuarial assessment as at 30 June 2009. The actuary recommended that the levy rate be maintained at 0.30% of leviable construction values until the next full actuarial investigation of the Scheme – which is due at 30 June 2011 – has been completed and considered by the Board.

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
 - active monitoring of compliance to maximise levy income and ensure accuracy of long service leave payments
-

Financial Statements 2009 - 2010

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Building and Construction Industry (Portable Long Service Leave) Authority trading as QLeave

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Notes	2010	2009
		\$'000	\$'000
Income from Continuing Operations			
Revenue			
Portable long service leave levies		80,882	56,510
Other revenue	2	1,939	1,839
Income from investments	3	23,542	3,364
Interest		33	59
Total Income from Continuing Operations		106,396	61,772
Expenses from Continuing Operations			
Expenses			
Employee expenses	5	4,356	4,466
Supplies and services	8	3,096	2,584
Depreciation and amortisation	9	721	371
Portable long service leave scheme benefits	18	59,462	86,023
Losses			
Loss on sales of property, plant and equipment		-	3
Total Expenses from Continuing Operations		67,636	93,447
Operating Result from Continuing Operations		38,760	(31,675)
Other Comprehensive Income			
Net gain/(loss) on available-for-sale financial assets	4	7,842	(24,760)
Total Other Comprehensive Income/(Loss)		7,842	(24,760)
Total Comprehensive Income/(Loss)		46,602	(56,435)

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Notes	2010	2009
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	10	8,185	8,407
Receivables	11	17,208	14,300
Available for sale financial assets	12	295,646	237,203
Other	13	265	111
Total Current Assets		321,305	260,021
Non Current Assets			
Receivables	11	6,222	7,266
Plant and equipment	14	122	179
Intangibles	15	552	1,207
Total Non Current Assets		6,895	8,651
Total Assets		328,200	268,672
Current Liabilities			
Unearned revenue		5,617	7,010
Payables	16	2,822	3,062
Employee benefits	17	873	1,046
Provision for scheme benefits:			
Expected to be settled within 12 months	18	47,800	48,400
Expected to be settled after 12 months	18	152,600	119,000
Total Current Liabilities		209,712	178,518
Non Current Liabilities			
Unearned revenue		6,248	7,998
Employee benefits	17	84	102
Provision for scheme benefits	18	178,900	195,400
Total Non Current Liabilities		185,232	203,500
Total Liabilities		394,944	382,018
Net Assets		(66,744)	(113,346)
Equity			
Accumulated surplus	25	(66,744)	(113,346)
Total Equity		(66,744)	(113,346)

The accompanying notes form part of these statements.

Building and Construction Industry (Portable Long Service Leave) Authority trading as QLeave

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	2010	2009
	\$'000	\$'000
Balance as at 1 July	(113,346)	(56,911)
Operating Result from Continuing Operations	38,760	(31,675)
<i>Total Other Comprehensive Income/(Loss)</i>		
Net gain/(loss) on available-for-sale financial assets	7,842	(24,760)
Balance as at 30 June	(66,744)	(113,346)

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2010

	Notes	2010	2009
		\$'000	\$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest received		224	362
Portable long service leave levies received		79,463	57,597
Sundry income received		1,716	1,689
GST collected on income received from customers		209	304
GST input tax credits from ATO		121	200
<i>Outflows:</i>			
Payments for Employee expenses		(4,532)	(4,493)
Payments for supplies and services		(2,466)	(1,633)
Portable long service leave payments		(43,223)	(35,855)
GST paid for supplies and services		(323)	(302)
GST remitted to ATO		(99)	(86)
Net cash provided by (used in) operating activities	19	31,090	17,784
Cash flows from investing activities			
<i>Inflows:</i>			
Investment income (loss)		27,856	(24,226)
<i>Outflows:</i>			
Increase (decrease) in investments		(58,444)	11,096
Investment expenses paid		(716)	(589)
Purchase of computer equipment		(8)	(26)
NAVISION financial system development		-	(28)
Q*Web E-Business development		-	(50)
BRACS		-	(132)
Net cash provided by (used in) investing activities		(31,312)	(13,995)
Net increase (decrease) in cash and cash equivalents		(222)	3,828
Cash and cash equivalents at beginning of financial year		8,407	4,579
Cash and cash equivalents at end of financial year	10	8,185	8,407

The accompanying notes form part of these statements.

Objectives and Principle Activities of the Authority

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

Objectives and Principle Activities of the Authority

The objective of the Building and Construction Industry (Portable Long Service Leave) Authority (Authority) is to administer a paid long service leave scheme for eligible workers within the building and construction industry in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991*.

The Authority is funded by a levy imposed on building projects over \$80,000 and the income earned on the investment of these funds.

The Authority provides services to the following on a fee for service basis:

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

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 not-for-profit statutory body established in 1992 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 *Building and Construction Industry (Portable Long Service Leave) Act 1991*. Except where stated, the historical cost convention is used.

(b) Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques 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 time of project notification and project commencement date. Settlement of these amounts are due and payable at time of notification. An instalment arrangement may be approved to applicants in accordance with Section 82 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991*.

The collectability of receivables is assessed periodically with provision being made for impairment. There are no significant bad debts for the year as at 30 June and no requirement to increase the provision for impairment. Refer Note 27.

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

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

(d) Revenue Recognition

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

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

(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) Plant and Equipment

Plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

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

(g) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value are expensed in the year of acquisition. Each intangible asset is amortised over its estimated useful life to the Authority, less any anticipated residual value. The residual value is zero for all the Authority's intangible assets.

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

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

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

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

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

Class	Rate %	Class	Rate %
Plant and Equipment		Intangible Assets	
Computer equipment	20	Navision	20
Office equipment	3 - 20	BRACS	20
Tenancy fitout	14	Q*Web	20
		Website	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 or possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. No impairment loss has been recognised in the Statement of Comprehensive Income.

(j) **Leases**

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(k) **Payables**

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

(l) **Financial Instruments**

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Available-for-sale financials assets - at fair value
- Payables - held at amortised cost
- Accrued employee benefits - 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 27.

(m) **Employee Benefits**

Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recorded in the Statement of Financial Position at the remuneration rates expected to be applied at settlement. 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. Employer superannuation contributions are regarded as an employee benefit.

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 balance date having regard to current employee remuneration rates, employment related on-costs and other factors including accumulated years of employment, future remuneration levels, and experience of employee departure per year of service. The present value of entitlements has been determined actuarially with current benefits representing 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 plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period they are paid or payable. The Authority's obligation is limited to its contribution to QSuper.

(m) Employee Benefits (cont'd)

No liability is recognised for accruing superannuation benefits in these financial statements. The liability is held on a Whole-of-Government basis and is reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive Remuneration

The executive remuneration disclosed in the key management personnel compensation note (Note 6) in the financial statements include the number of senior executives whose total remuneration, for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

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

For this purpose, remuneration includes:

- Board meeting and committee fees and conference attendance

(n) Portable Long Service Leave Scheme Benefits

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. The liability has been recorded both as a current liability and as a non current liability and in accordance with AASB 101 *Presentation of Financial Statements* whereby the current liability represents any amount of scheme benefits liability for which QLeave does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. Refer Note 18.

(o) Taxation

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

(p) 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.

(q) Judgements

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

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

An independent actuarial assessment was completed in March 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, contract values and operating expenses.

(q) Judgements (cont'd)

Employers are required to submit annual returns for eligible workers at the end of each financial year. Collation and processing of employer information is provided to the actuary in September/October each year to allow an actuarial assessment to be undertaken in accordance with Section 35 (1) of the Act.

Annually the actuary recommends an amount to be included in the Authority's financial statements for accrued long service leave entitlements as at the end of the financial year. The figures are provided as current and non current liabilities in accordance with AASB 101 *Presentation of Financial Statements*. Refer Note 18.

(r) 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.

(s) 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 this 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 new 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 total comprehensive income for the relevant components of equity.

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

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

AASB 9 *Financial Instruments* 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 may be held within a business model

(s) New and Revised Accounting Standards (cont'd)

whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding.

On initial application of AASB 9, the Authority will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Authority enters into, it is not expected that any of the Authority's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Authority's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1 (l) and 27). 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.

2. Other Revenue

Under agreement the Authority acts on a fee for service basis for the collection of fees and levies on behalf of the entities listed below:

Workplace Health and Safety Queensland (\$610,000)
 Building and Construction Industry Training Fund (QLD) (\$632,000)
 Contract Cleaning Industry (Portable Long Service Leave) Authority (\$695,000)

Fees and levies collected on behalf of these organisations are remitted daily. These agreements account for 99.91% of the total of other revenue.

Total

3. Income/Loss from Investments

Queensland Treasury Corporation
 Queensland Investment Corporation Distribution

Total

4. Net Gain/Loss on Available-for-sale Financial Assets

Queensland Investment Corporation
 Balance at 30 June
 Balance at 1 July

Total

Movement in QIC Growth Fund

Deposits
 Distributions reinvested
 less Distribution paid current year on account of previous year
 plus Distributions shown in statement yet to be paid
 Fund Management Fees

Total

	2010 \$'000	2009 \$'000
	1,939	1,839
Total	1,939	1,839
	202	276
	23,340	3,088
Total	23,542	3,364
	295,646	237,203
	237,203	248,298
Total	58,444	(11,096)
	58,444	(11,096)
	(31,350)	(13,700)
	(23,340)	(3,088)
	(2,554)	-
	5,879	2,554
	763	570
Total	7,842	(24,760)

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

	2010 \$'000	2009 \$'000
5. Employee Expenses		
Employee Benefits		
Salaries and related cost	3,470	3,360
Superannuation contributions	363	413
Fringe benefits tax	21	35
Annual leave expense	313	368
Long service leave expense	37	102
Employee Related Expenses		
Payroll tax	153	188
Total	4,356	4,466
The total early retirement/redundancy/retrenchment payments to employees	53	-
The number of employees including both full-time and part-time employees measured on a full-time equivalent basis was:		
Number of Employees	54	59
6. Key Management Personnel Compensation		
Executive Remuneration		
The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:		
\$100,000 to \$119,999	-	-
\$120,000 to \$139,999	2	-
\$140,000 to \$159,999	-	2
\$160,000 to \$179,000	-	-
\$180,000 to \$199,000	1	1
Total	3	3
Total remuneration of executives shown above		
	473	472

The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

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

	2010 \$'000	2009 \$'000
Directors' Remuneration		
Total remuneration of directors	10	10

No payment was made or was applicable to Mr P Henneken from July 2009 to October 2009 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 retired from the public service and remained as chair of the Authority. Remuneration payments to Mr Henneken commenced from November 2009 through to June 2010.

7. 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 Jacqueline D'Alton	Deputy Chair
Mr Gary Deane	Employer Representative	Mr Bradley O'Carroll	Worker Representative
Mr James Knowlman	Employer Representative	Mr Michael Ravbar	Worker Representative
Mr Graham Cuthbert	Employer Representative	Mr William Ludwig	Worker Representative

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

Whilst Mr Henneken was the Director-General of the Department of Employment, Economic Development and Innovation, the Authority provided collection services for Workplace Health and Safety Queensland, a division of that department.

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

From time to time, particular Directors of the Authority may be required to comply with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and the *Workplace Health and Safety Regulation 1997* in respect of payment of levies and fees for their own business undertakings in building and construction work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.

	2010 \$'000	2009 \$'000
8. Supplies and Services		
Advertising and promotions	108	109
Computer costs	227	121
Personnel development	116	75
Actuarial fees	40	20
Auditor's remuneration - Queensland Audit Office	31	29
Contractor charges	317	159

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

8. Suppliers and Services (cont'd)

	2010 \$'000	2009 \$'000
Consultancy charges	89	73
Funds manager and trustee charges	730	587
Legal expenses	34	18
Motor vehicle costs	14	11
Motor vehicle leases	35	29
Travel costs	45	39
Telecommunication costs	94	82
Printing and photocopying	104	159
Reference Materials	59	48
General administration	454	415
Leases - rental	425	418
Building services	81	84
Maintenance building, plant and equipment	19	18
Expensed assets	11	15
Portable and attractive assets	30	65
Special payment - Ex-gratia payment	-	10
Bad and doubtful debts	34	-
Total	3,096	2,584

9. Depreciation and Amortisation

Computer Equipment	31	38
Office Equipment	24	11
Tenancy Fitout	10	7
NAVISION Financial System	-	28
BRACS	496	195
Q*Web	118	79
Website	41	13
Total	721	371

During the year the Authority reviewed the useful lives of Plant and Equipment and Intangible Assets and revised the useful lives of Tenancy Fitout and Intangible Assets. The depreciation and amortised rates have been changed as a result. Refer Note 1 (g) and (h).

This has resulted in an increase in depreciation of \$ 436,000.

10 . Cash and Cash Equivalents

Cash at bank	3,085	3,407
Queensland Treasury Corporation (QTC)	5,100	5,000
Total	8,185	8,407

Interest on cash held with the Commonwealth Bank earned 2.90% in 2010 (2009: 4.74%). Deposits with QTC earned interest at 4.28% in 2010 (2009: 5.52%).

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

	2010 \$'000	2009 \$'000
11. Receivables		
Current trade debtors	11,159	11,840
Less: Provision for impairment	(365)	(365)
Accrued Revenue	5,914	2,570
GST Receivable	21	-
Other	485	262
Less: Provision for impairment	(6)	(6)
	17,208	14,300
Non current trade debtors*	6,222	7,266
Total	23,431	21,566
* The Non-current trade debtors figure represents instalments allowed under Section 82 of the <i>Building and Construction Industry (Portable Long Service Leave) Act 1991</i> .		
Movement in the allowance of provision for impairment		
Balance at the beginning of the year	371	371
Amounts written off during the year	(34)	-
Amounts recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	34	-
Balance at the end of the year	371	371
12. Available for Sale Financial Assets		
Queensland Investment Corporation (QIC) - Growth Fund (at market value)	295,646	237,203
Total	295,646	237,203
13. Other Current Assets		
Prepayments	265	111
Total	265	111
14. Plant and Equipment		
Computer equipment	355	346
Less: Accumulated depreciation	(281)	(249)
Office equipment	87	87
Less: Accumulated depreciation	(79)	(54)
Tenancy fitout	319	319
Less: Accumulated depreciation	(281)	(270)
Total	122	179

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

14. Plant and Equipment (cont'd)

2010	Opening Book Value	Acquisitions	Disposals	Depreciation	Closing Book Value
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer equipment	97	8	-	(31)	74
Office equipment	33	-	-	(25)	8
Tenancy fitout	49	-	-	(10)	39
Total	179	8	-	(66)	122

2009	Opening Book Value	Acquisitions	Disposals	Depreciation	Closing Book Value
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer equipment	109	26	-	(38)	97
Office equipment	47	-	(3)	(11)	33
Tenancy fitout	56	-	-	(7)	49
Total	211	26	(3)	(55)	179

15. Intangible Assets

NAVISION financial system
Less: Accumulated amortisation

Q*WeB
Less: Accumulated amortisation

Website
Less: Accumulated amortisation

BRACS
Less: Accumulated amortisation

Total

2010 \$'000	2009 \$'000
589	589
(589)	(589)
487	487
(487)	(369)
110	110
(110)	(69)
1,472	1,472
(920)	(424)
552	1,207

2010	Opening Book Value	Acquisitions	Disposals	Amortisation	Closing Book Value
	\$'000	\$'000	\$'000	\$'000	\$'000
NAVISION financial system	-	-	-	-	-
Q*WeB	118	-	-	(118)	-
Website	41	-	-	(41)	-
BRACS	1,048	-	-	(496)	552
Total	1,207	-	-	(655)	552

15. Intangible Assets (cont'd)

2009	Opening Book Value	Acquisitions	Disposals	Amortisation	Closing Book Value
	\$'000	\$'000	\$'000	\$'000	\$'000
NAVISION financial system	-	28	-	(28)	-
Q*WeB	148	50	-	(79)	118
Website	54	-	-	(13)	41
BRACS	1,110	132	-	(195)	1,048
Total	1,312	211	-	(316)	1,207

16. Payables

Trade creditors		
Accrued charges		
GST Payable		
Total		

2010 \$'000	2009 \$'000
678	2,262
2,144	742
-	58
2,822	3,062

17. Employee Benefits

Current

Accrued annual leave		
Provision for long service leave		
Total		

350	418
523	628
873	1,046

Non-Current

Provision for long service leave		
Total		

84	102
84	102

Movements in Long Service Leave Provision

Balance as at 1 July		
Additional provision recognised		
Reductions in provision as a result of payments		
Balance as at 30 June		

730	680
12	102
(135)	(52)
607	730

18. Provision for Scheme Benefits

Current

Provision for long service leave - expected to be settled within 12 months (measured at actual value)		
Provision for long service leave - expected to be settled after 12 months (measured at present value)		
Total		

47,800	48,400
152,600	119,000
200,400	167,400

Non-Current

Provision for long service leave (measured at present value)		
Total		

178,900	195,400
178,900	195,400

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

18. Provision for Scheme Benefits (cont'd)

Movements in Provision

	2010 \$'000	2009 \$'000
Balance as at 1 July	362,800	312,700
Additional provision recognised	59,462	86,023
Reductions in provisions as a result of payments	(42,962)	(35,923)
Balance as at 30 June	379,300	362,800

Scheme eligible members as at 30 June were:

2010	2009
267,768	259,220

The financial assumptions used in the actuarial valuation of Scheme Member Benefits were:

	%	%
Investment return	15.0	8.0
Rate of pay inflation	4.0	7.0
Real return	11.0	1.0

19. Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2010 \$'000	2009 \$'000
Operating surplus/(deficit)	46,602	(56,435)
Adjustments for non cash items:		
Depreciation and amortisation expense	721	371
Loss on sale of property, plant and equipment	-	3
Employee benefits	(191)	104
PLSL Scheme benefits	16,500	50,100
Adjustments for investment items:		
Investment loss (Income)	(27,856)	24,226
Investment expenses	716	589
Changes in assets and liabilities:		
(Increase) decrease in receivables	(1,865)	(7,529)
(Increase) decrease in prepayments	(154)	(65)
Increase (decrease) in unearned revenue	(3,143)	5,997
Increase (decrease) in payables	(240)	422
Net cash from operating activities	31,090	17,784

20. Finance/Borrowing Costs

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

21. Segment Information

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

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

	2010 \$'000	2009 \$'000
22. Commitments for Expenditure		
Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are exclusive of anticipated GST and are payable as follows:		
Not later than one year	460	450
Later than one year and not later than five years	1,908	6
Total	2,368	456

23. Contingent Assets and Liabilities

Compliance in Progress

As at 30 June 2010, there were some cases under investigation where levy/additional levy or levy refund had not been assessed due to uncertainty as to the final, accurate cost of work and/or liable party. The time when these cases will be finalised also remains uncertain. The Authority believes that it would be misleading to estimate the final amounts receivable/payable in respect of these cases.

	2010 \$'000	2009 \$'000
24. Consultants		
The Authority, in order to assist in the management of the scheme, expended the following on Consultants:		
Human Resource Management	12	7
Information Technology	26	12
Finance/Accounting	51	54
Total	89	73

25. Equity

Retained Surplus

Opening balance	(113,346)	(56,911)
Net surplus (deficit)	46,602	(56,435)
Closing balance	(66,744)	(113,346)

An overall profit of \$46.6M resulted in 2009-10, has reduced the deficiency in net assets from \$113.345 million in 2009 to \$66.744 million at the end of 2010.

The steps that the Authority put in place over the past two years, including the increased levy rate from 0.125% to 0.3% and the maintenance of capping on the claims payments amount at \$1,400 per week for 2009-10, together with higher than expected investment returns has contributed significantly to the reduction.

The latest actuarial assessment of the scheme's liabilities by DeeDeeRa dated 31 March 2010 was prepared based on a number of assumptions.

The major actuarial assumptions used were:

- investment return of 15% in 2009-10 and 8% per annum thereafter;
- rate of salary inflation at 4.0% per annum;
- future accrual of certificate credits at 175 days per annum for continuing workers;
- wage rate of \$1,156.28 per week as at 30 June 2009; and
- leviable construction values of \$35 billion for 2009-10 increased in nominal terms only for the next five years and then at a real rate of 3% per annum.

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

25. Equity (cont'd)

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

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

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

26. Events Occurring after Balance Date

There have been no event occurring after balance date.

27. 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	10	8,185	8,407
Receivables	11	23,431	21,566
Available-for-sale financial assets	12	295,646	237,203
Total		327,262	267,176
Financial Liabilities			
Payables	16	2,822	3,062
Accrued Annual Leave	17	350	418
Total		3,172	3,480

(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

27. Financial Instruments (cont'd)

(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	10	8,185	8,407
Receivables	11	23,431	21,566
Total		31,615	29,973

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.

The recognised impairment loss was \$34,167 and is an increase over the 2009 figure of \$153.

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.

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

Application of the provision is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest charges totalled \$466,000 in 2009-10 (\$244,000 in 2008-09).

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

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

27. Financial Instruments (cont'd)

2010 Financial Assets Past Due But Not Impaired

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

2009 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables	867	22	404	2,695	3,988
Total	867	22	404	2,695	3,988

(c) Credit Risk Exposure

The magnitude of more than 90 days of receivables is due to large levy payers having an approved instalment arrangement. Instalment arrangements are established with 5 equal payments extending over the life of the project which can extend over a two year timeframe.

2010 Individually Impaired Financial Assets

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

2009 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables				375	375
Provision for Impairment	-	-	-	(371)	(371)
Total	-	-	-	4	4

27. 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 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	2010 Payable in			Total \$'000
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	
Financial Liabilities					
Payables	16	2,822	-	-	2,822
Accrued annual leave	17	350	-	-	350
Lease liability	22	460	1,908	-	2,368
Total		3,632	1,908	-	5,540

	Note	2009 Payable in			Total \$'000
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	
Financial Liabilities					
Payables	16	3,062	-	-	3,062
Accrued annual leave	17	418	-	-	418
Lease liability	22	450	6	-	456
Total		3,930	6	-	3,936

(e) Market Risk

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

The following market sensitivity analysis reflects the outcome to profit and loss if investment returns would change by +/- 3% applied to the carrying amount as at 30 June 2010. 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 \$8,869,000 (2009: \$7,116,000). This is attributable to the Authority's exposure to investment returns held with QIC's growth fund.

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

27. Financial Instruments (cont'd)

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

		2009 Market risk			
		- Sensitivity		+ Sensitivity	
Financial Instruments	Carrying Amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
QIC	237,203	(7,116)	(7,116)	7,116	7,116
Potential Impact		(7,116)	(7,116)	7,116	7,116

(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 \$82,000 (2009: \$84,000).

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

		2009 Interest rate risk			
		- Sensitivity		+ Sensitivity	
Financial Instruments	Carrying Amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	8,407	(84)	(84)	84	84
Potential Impact		(84)	(84)	84	84

27. Financial Instruments (cont'd)

(g) Fair Value

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

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

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

Level 3 - fair values that are derive 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
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
Financial Assets				
Cash and cash equivalents	8,185			8,185
Available-for-sale financial assets	295,646			295,646
Total	303,831			303,831

2009 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2010 Total Carrying Amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
Financial Assets				
Cash and cash equivalents	8,407			8,407
Available-for-sale financial assets	237,203			237,203
Total	245,610			245,610

28. General Information

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

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

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

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

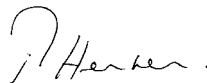
CERTIFICATE OF THE BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1) (b) of the Act we certify that in our opinion:

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



G Wilson
General Manager
26 August 2010



P Henneken
Chair
26 August 2010

Independent Auditor's Report

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Building and Construction Industry (Long Service Leave) Authority for the financial year ended 30 June 2010 included on the Building and Construction Industry (Long Service Leave) Authority's website. The Board is responsible for the integrity of the Building and Construction Industry (Long Service Leave) Authority's website. I have not been engaged to report on the integrity of the Building and Construction Industry (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 Building and Construction Industry (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 Building and Construction Industry (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 the General Manager.

The Board's Responsibility for the Financial Report

The Board 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 Board, 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.

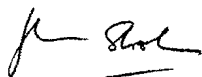
Auditor's Opinion

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

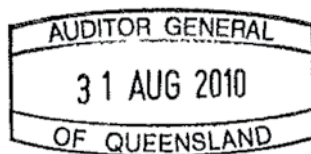
- (a) I have received all of the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Building and Construction 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.

Significant uncertainty regarding continuation as a Going Concern

Without qualification to the opinion expressed above, your attention is drawn to Note 25 in the financial report which discloses that the Authority has a deficiency of net assets of \$66.744 million (2009: \$113.346 million) with an operating surplus of \$38.760 million (2009: operating deficit of \$31.675 million). The Authority also has total scheme benefits liability of \$379.3 million (2009: \$362.8 million) reported in Note 18. The liability for the scheme benefits is a long term projection that will be settled over a number of accounting periods and, while the Authority has no control over the timing of the settlement of this liability, it is independently assessed by an actuary on an annual basis. However, significant uncertainty remains as to whether the Authority will continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal; course of business and at the amounts stated in the financial report.



G G POOLE FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane



INTERSTATE SCHEMES

VICTORIA

ColInvest

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

NEW SOUTH WALES

Building and Construction Industry Long Service Payments Corporation

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

Building and Construction Industry Long Service Leave Board

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

TASMANIA

TasBuild Ltd

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

WESTERN AUSTRALIA

Construction Industry Long Service Leave Payments Board

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

NORTHERN TERRITORY

NT Build

32-33/12 Charlton Court
Woolner NT 0820
Telephone: 1300 795 855
Facsimile: (08) 8923 9318
E-mail: info@ntbuild.com.au
www.ntbuild.com.au

PUBLIC AVAILABILITY

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

For further information contact the Manager Corporate Communications on:

Phone 07 3212 6811

Fax 07 3212 6844

Email yoursay@qleave.qld.gov.au

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INTERPRETER SERVICE STATEMENT

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



Level 4, Centro Lutwyche
543 Lutwyche Road
Lutwyche Queensland 4030

PO Box 512
Lutwyche Queensland 4030

Phone 07 3212 6811

Fax 07 3212 6844

Email yoursay@qleave.qld.gov.au

Web www.qleave.qld.gov.au

HELP LINES

Workers and Employers

1800 803 491

Levy Payers

1800 803 481

Addendum

The following is an addition to the printed copies of QLeave's *Annual Report 2009-10*.

Carers (Recognition) Act 2008

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

- ensuring agency policies provide flexible work arrangements to assist carers to meet their commitments, including part-time work arrangements, flexible hours of work and purchased leave
- ensuring agency policies and procedures enable care recipients to identify their carer to QLeave
- recognising the importance of the views and needs of carers in decision making processes by way of Authority to Act on behalf of Scheme members
- providing members with access to their portable long service leave entitlement to care for others.

Future actions

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