



annual report
2012-2013

Contract Cleaning Industry
(Portable Long Service Leave) Authority

 **OUR MISSION**

To be an effective, flexible and equitable provider of portable long service leave benefits for the contract cleaning industry.

 **OUR VALUES**

We are:

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

Respectful by being open, fair and consistent in our actions

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

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

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

© Contract Cleaning Industry (Portable Long Service Leave) Authority 2013

The Contract Cleaning Industry (Portable Long Service Leave) Authority was established to administer a paid long service leave scheme for eligible workers in the contract cleaning industry regardless of the number of employers they work for. QLeave administers the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* on behalf of the Authority. For specific details of the statutory reporting requirements please access the QLeave - Building and Construction Industry (Portable Long Service Leave) Authority Annual Report 2012-2013 at www.qleave.qld.gov.au

Letter of Compliance

6 September 2013

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

Dear Minister

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

I certify that this Annual Report complies with:

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

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

Yours sincerely



Judith Bertram
CHAIRPERSON
Contract Cleaning Industry (Portable Long Service Leave) Authority

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About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

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

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

An actuarial review found the Scheme was in a very sound financial position and recommended that a levy decrease would be possible. The levy was subsequently reduced from 2% to 1.7% in January 2013. This reduction is evidence of the Government and the Board's objective to continue to reduce industry costs.

At 30 June 2013, 46,671 workers and 748 employers in the contract cleaning industry were registered with the Scheme. Since inception of the Scheme in 2005, 939 long service leave payments have been made to registered workers and employers, totalling over \$2.4 million. The significant increase in payments during 2012-13 is representative of the Scheme's maturity, with more workers becoming eligible to claim benefits.

Improvements to the Authority's customer feedback system have allowed greater interaction and consultation with our primary stakeholders. Online surveys, field visits and regular communication with industry associations has provided more constructive feedback from our customer groups and subsequently improved the Authority's ability to respond to customer needs.

We would like to express our appreciation to our Minister, the Honourable Jarrod Bleijie MP and the Government for ensuring legislative provisions facilitate efficient scheme operations, and support portable long service leave benefits for the contract cleaning industry in the future.

Looking ahead, industry awareness of the Scheme and its benefits, particularly in emerging regions, and employer compliance will remain focuses for the Authority and the Board.

The Board will continue to monitor the impact of the reduced levy rate on the Authority's financial position. Through significant cost control and maximising scheme investment returns, the Board will continue its commitment to maintaining levy rates at the lowest possible level into the future.



Judith Bertram
CHAIRPERSON



Graeme Wilson
GENERAL MANAGER

Strategic Objectives, Indicators and Measurement

Critical areas and goals	Objectives	Indicators	Achieved
Clients/Stakeholders → Workers → Employers → Levy Payers → Alliance Partners → Government	Deliver quality client service and communications	→ Activities undertaken in consultation with partners and stakeholders → Strategies implemented for regional growth and workforce composition → 100% customer service standards met → 85% client and stakeholder satisfaction → Marketing services delivered → Increased awareness and acceptance of the Scheme → Increased usage of online services	✓
Financial Management	Maintain financial accountability and sustainability of the Portable Long Service Leave Scheme	→ Achieve a net investment return which exceeds Average Weekly Ordinary Time earnings (AWOTE) by at least 3% p.a. when measured over rolling five year periods* → Achieve returns that are within +/- 10% of the performance objective on an annual basis* → Approved actuarial recommendations actioned	✗
		→ Financial targets achieved → Reporting targets met	✓
Corporate Governance and Risk Management	Sound corporate governance, compliance and risk management frameworks	→ Compliance with all statutory obligations → Annual Board governance and framework review → Quality Certification maintained to ISO 9001:2008 → Business continuity and disaster recovery processes reviewed and tested annually → Planned compliance activities delivered	✓
Business systems and processes	Continue to develop and improve business systems and processes	→ Identified improvements implemented → Consistency of data used in decision making/planning	✓

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

Clients / Stakeholders

Objectives: Deliver quality client service and communications to build and strengthen relationships with key stakeholders, particularly in regional and growth areas, including:

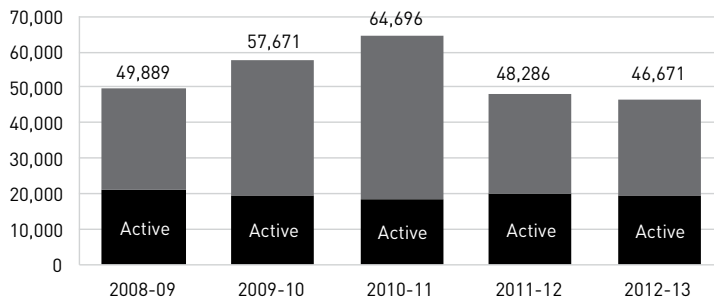
- workers whose service records are maintained and entitlements paid out when a long service leave claim is made
- employers who, by legislation, are required to provide information about their workers' service and pay the portable long service leave levy.

Manage compliance across levy income, long service leave payments, employer obligations, worker eligibility and debt management.

WORKERS – ACHIEVEMENTS AND PERFORMANCE MEASURES

- As at 30 June 2013, there were 46,671 workers registered with the Authority, compared with 48,286 at 30 June 2012.
- Of these, 19,298 were active workers, compared with 20,120 at 30 June 2012. Active workers are workers who have recorded service in one of the previous four quarters.
- The number of registered workers decreased from 2011-12 as a result of the four year rule process. This process identifies workers for removal who have not been credited with service for the past four years. Under the four year rule, 9,526 workers had their registrations cancelled during the year.

Worker Registrations 2008-2013

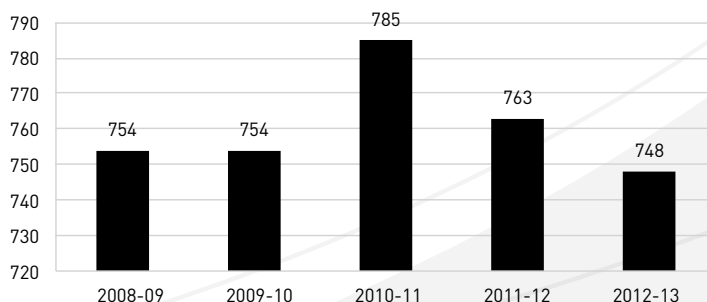


- Annual Notices of Service were made available to workers in September 2012. The statement shows a worker's record of service credits for the financial year and their recorded earnings as well as their total service credits since registration, based on the information reported by their employer in the quarterly returns.
- A newsletter was included with the Annual Notice of Service providing general information about the Scheme, contact details for the interpreter service and instructions for checking the notice online.

EMPLOYERS – ACHIEVEMENTS AND PERFORMANCE MEASURES

- At 30 June 2013, 748 employers were registered with the Authority.
- There was a consolidation of industry contracts which lead to a reduction in the number of contract cleaning employers.

Employer Registrations 2008-2013

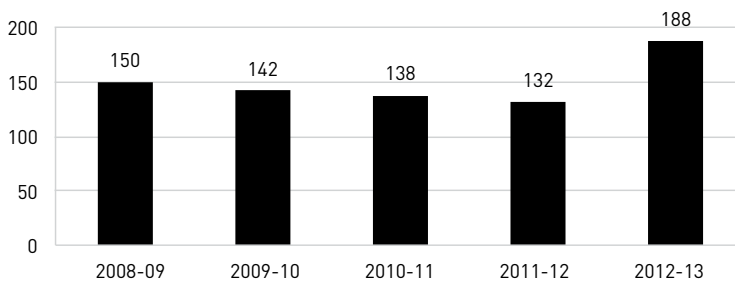


- 88% of employers with quarterly levy payments in excess of \$1,000 submitted their workers' service on a quarterly basis using electronic spreadsheet lodgement. This represents an increase of 11% from 2011-12.
- Employers were given an opportunity to complete an online satisfaction survey. More than 90% of employers who completed the survey were very satisfied, or satisfied, with the quality of customer service provided by staff, usefulness of the quarterly newsletter and the process for completing returns and claiming for reimbursement. Employers were also given the opportunity to rate the usefulness of QLeave's website content. Over 70% of employers surveyed advised they were happy with the site's navigation and content. Comments provided by employers will be used to improve the services provided by the Authority.
- Quarterly newsletters were sent to employers in September and December 2012 and March and June 2013. The content of these newsletters focussed on avoiding penalties, education on eligibility, claims and employer returns and promoting electronic payment and lodgement options.
- The employer newsletters were distributed both electronically and in printed form. The newsletters were also made available on the Authority's website.
- The Authority supported the Building Service Contractors Association of Australia (BSCAA) at their Annual Breakfast, Annual General Meeting, Excellence Awards and a regional Employer Awareness Session.

Claims

- From 1 July 2012 to 30 June 2013, long service leave payments were made to the value of \$627,589, comprising:
 - 79 claims paid to registered employers, to the value of \$202,271, compared with 60 claims totalling \$168,496 at 30 June 2012 and
 - 109 claims paid to registered workers, to the value of \$425,318 compared with 72 claims totalling \$257,657 at 30 June 2012.

Number of claims paid per year 2008-2013



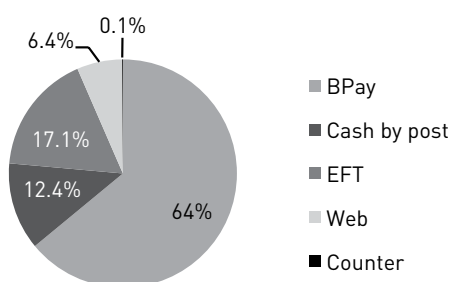
Value of claims paid per year 2008-2013



Levy collection

- The employer levy is actuarially assessed and had remained at 2% of registered workers' ordinary earnings, since commencement of the Scheme.
- In response to actuarial advice indicating that the Scheme was in a very sound position, the levy rate was reduced to 1.7%, effective 1 January 2013.
- Levy payments totalled \$5,791,000 for the financial year, compared with \$6,275,000 for the previous year.
- Levy collections by BPay have increased to 64% in 2012-13 from 61% in 2011-12. Over 87% of employers now pay the levy using electronic methods including BPay, via the website or electronic funds transfer.
- The Authority continues to promote electronic lodgement and payment options which assist employers by providing speed and security when meeting their obligations.

Type of levy payments received
1 July 2012 to 30 June 2013



Compliance

- During 2012-13, the majority of registered employers complied with legislative requirements.
- Less than 10% of employers incurred penalties for late lodgement or late levy payment. A total of \$26,600 was incurred by employers, made up of \$14,690 in penalties and \$11,910 for interest on unpaid levies.
- Compliance staff visited 63 registered employers. These educational visits assisted employers with their understanding of the Scheme and with completion of their quarterly returns.
- The audit compliance program comprised 29 audits of employers with large numbers of workers and found:
 - 52% of employers audited had no discrepancies in wages declared
 - 38% of employers audited had under-declared wages and were required to pay additional levy
 - 10% of employers audited had over-declared wages (and subsequently received a refund for ineligible workers).
- Legal services were required for 40 matters including complaint and summons matters, debt recoveries, reconsiderations, internal advice requests and statutory advice work.

STRATEGIES FOR 2013-14

Deliver quality client service and communications to build and strengthen relationships with key stakeholders, particularly in emerging sectors and regions, including:

- workers whose service records are maintained and entitlements paid out when a long service leave claim is made
- employers who, by legislation, are required to provide information about their workers' service and pay the portable long service leave levy.

Manage compliance across levy income, long service leave payments, employer obligations, worker eligibility and debt management.

Financial Management

Objective: Maintain financial accountability and sustainability of the Scheme.

Investment performance

Investment returns play a significant part in ensuring the sustainability of the Scheme. This is necessary to cater for the increase in the long service leave liability and to maintain levy rates at the lowest possible level. As at 30 June 2013, the Scheme had \$37.5 million under fund management with the Queensland Investment Corporation. This represents an increase of \$7.1 million over the 30 June 2012 figure.

The Cash Enhanced Fund returned 4.27% net for the year (30 June 2013 balance was \$10 million) and the Growth Fund returned 14.9% net for the year (30 June 2013 balance was \$27.4 million).

	30 June balance \$
Cash at Bank	27,225
Queensland Investment Corporation	37,468,397
Totals	37,495,622

Budget performance

The operational budget methodology adopted is zero based and is closely monitored on a monthly basis. The administration costs include \$795,000 paid to QLeave to administer the Contract Cleaning Industry Portable Long Service Leave Scheme on behalf of the Authority.

Income was 15.6% over budget due to higher than expected investment returns (62.3%) and less than expected levy income (2.6%). Supplies, services and employee expenditure was greater than the budget estimate by 5.7% due to bad debts resulting from employers going into liquidation.

	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	5,791	(154)
Investment income	3,758	1,443
Supplies, services and employee expenses	1,110	59
Long service leave payments	628	28

The total provision for the Scheme's accrued long service leave entitlements at 30 June 2013, as determined by the actuary, was \$14 million which is an increase of \$2.8 million (25%) from the previous year.

The 2012-13 financial year saw the Authority make an operating surplus of \$5,011,823.

Actuarial Assessment

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

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

A full actuarial assessment was undertaken in 2011-12 based upon 30 June 2011 scheme data. The actuary found the Scheme was in a very sound financial position and recommended that a levy decrease would be possible. The levy was subsequently reduced from 2% to 1.7%, effective from 1 January 2013.

STRATEGIES FOR 2013-14

Maintain financial accountability and sustainability of the Scheme through:

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

Corporate Governance and Risk Management

Objective: Sound corporate governance, compliance and risk management frameworks.

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

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

The core role of the Board is responsibility for the Authority's commercial policy management.

The Board's other functions include:

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

The Board determines the strategic directions of the Authority, oversees the development of the Corporate Plan which outlines the Authority's objectives, and monitors the Authority's financial and operational performance.

The Board operates under the provisions of the Act and other governing legislation, and within the parameters of the Board Guidelines forming part of the Board's governance policy. The Board Guidelines contain protocols governing:

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

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

Composition of the Board

The Board consists of not more than eight directors who are appointed by the Governor-in-Council for terms of three years. It is comprised of the following directors:

- (a) the chairperson
- (b) the deputy chairperson, who must have knowledge of, and experience in, commerce, economics, finance or management
- (c) two or three directors representing employers in the contract cleaning industry
- (d) two or three directors representing workers who perform contract cleaning work.

The current term of the Board commenced on 1 July 2011 and expires on 30 June 2014. Directors are eligible for reappointment on completion of their terms.

The Board currently comprises the following directors:

Chairperson:	Judith Bertram
Deputy Chairperson:	Paul Byrne
Employer Representatives:	Peter Nipper (BSCAA), Kim Puxty (BSCAA)
Worker Representatives:	Jane Cartwright (United Voice), Damien Davie (United Voice)

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*.

Board meetings

The board met on five occasions during 2012-13, in August and November 2012, February, May and June 2013.

Directors' attendance at meetings 2012-13

Director	Meetings attended
Number of meetings held	5
Judith Bertram	5
Paul Byrne	5
Peter Nipper	4
Kim Puxty	5
Jane Cartwright	2
Damien Davie	5

The Board and QLeave's Management

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

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

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

Issues for the Board

The Board identified the following issues as being of a primary focus for the year:

- changing employment environment and growth areas, including marketing in those areas
- consolidation of large employer companies throughout the industry
- review and subsequent decrease of the levy rate.

2012-13 Board Performance Assessment

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

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

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

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

The Board has undertaken its self evaluation for 2012-13 and has identified areas upon which to focus in 2013-14, including continuing professional development for directors, financial and risk management and corporate governance.

Internal Audit

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

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

The Board of Directors is responsible for ensuring:

- QLeave 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.

Internal auditing is carried out in accordance with the annual Internal Audit Plan. Audits are undertaken on the financial resources, information and communication technology resources and the Authority's operational activities.

Information systems and recordkeeping

QLeave administers the Contract Cleaning Industry Portable Long Service Leave Scheme on behalf of the Authority under a cost sharing agreement. Under this agreement, the Authority utilises QLeave's information and recordkeeping systems, including TRIM for electronic document and records management.

The Authority relies on QLeave for its commitment to quality recordkeeping practices in order to achieve compliance with the *Public Records Act 2002*, *Information Standard 40: Recordkeeping* and *Information Standard 31: Retention and Disposal of Public Records*.

For information on recordkeeping and information system activities undertaken by QLeave in 2012-13, refer to the Annual Report 2012-2013 for the Building and Construction Industry (Portable Long Service Leave) Authority available at www.qleave.qld.gov.au – Building and Construction Industry link.

STRATEGIES FOR 2013-14

Sound corporate governance and risk management frameworks through:

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

The Board

→ JUDITH BERTRAM, CHAIR

Judy has been Chair of the Board since July 2011.

She is presently the Director, Community Engagement at the Queensland Resources Council. Prior to this she spent many years in senior positions in the Queensland Government, most recently as the Deputy Director-General in the Department of Child Safety (2008-09). For five years, from early 2003, Judy held the position of General Manager, Workplace Health and Safety Queensland.

Judy has extensive experience in the vocational education and training system where she spent over 20 years in various policy and planning roles with involvement at both national and state level.

Judy is a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Science and a Diploma in Education.

→ PAUL BYRNE, DEPUTY CHAIR

Paul has been Deputy Chair of the Board since July 2011.

He has more than 40 years experience in the financial field covering areas such as banking, investments, administration and superannuation.

Paul was a client relations manager with Queensland Investment Corporation (QIC) for seven years looking after some of QIC's major Queensland clients. Prior to that, he was CEO of BUSSQ, an industry superannuation fund covering the building and construction industry. He also worked for several years at Suncorp managing the administration of its corporate superannuation business.

Paul is now semi-retired and provides consulting services on a part-time basis to the salary packaging industry.

Paul is a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics.

→ PETER NIPPER, EMPLOYER REPRESENTATIVE

Peter is an employer representative on the Board.

He is the current Vice President of the Building Service Contractors Association of Australia (BSCAA) Queensland Division and is a member of the BSCAA National Board.

Peter has over 25 years experience in the contract cleaning industry. He has been the Managing Director at his family owned contract cleaning business Sharman Property Services since 2002. For the past ten years he has been an Executive Councillor for the Queensland Division of BSCAA as well as holding the position of BSCAA State President for two years.

His academic qualifications include a Master of Business Administration.

→ **KIM PUXTY, EMPLOYER REPRESENTATIVE**

Kim is an employer representative on the Board.

She has over 17 years experience in the contract cleaning industry within administration and operations.

Kim is the Manager of Caldcare Pty Ltd, a contract cleaning industry company employing 150 people.

Kim is an Executive member of the Building Service Contractors Association of Australia (BSCAA) and is the Chairperson of BSCAA Events/Membership/Marketing Sub-Committee. Kim is also actively involved in the Sub-Committee for BSCAA ecoClean program.

→ **JANE CARTWRIGHT, WORKER REPRESENTATIVE**

Jane is a worker representative on the Board.

For the past ten years, she has been an employee of United Voice (previously Liquor, Hospitality and Miscellaneous Union – LHMU), as a Lead Organiser representing the contract cleaning industry workers in Queensland and several other sectors such as catering, security, prisons and childcare.

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

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

→ **DAMIEN DAVIE, WORKER REPRESENTATIVE**

Damien is a worker representative on the Board.

For four years he was an Organiser for United Voice (previously Liquor, Hospitality and Miscellaneous Union – LHMU). In 2008 he became Coordinator of the Union's Property Services Division covering contract cleaning, security and catering.

Damien is a member of United Voice's national Strategic Steering Group who are responsible for developing policies for wages and conditions for contract cleaners.

Financial Statements 2012-2013

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Income from Continuing Operations			
Portable long service leave levies		5,791	6,275
Other Revenue		1	
Income from investments	2	2,612	896
Interest		3	7
Net gain/(loss) on financial assets at fair value	3	1,142	(328)
Total Income from Continuing Operations		9,549	6,850
Expenses from Continuing Operations			
Employee expenses		4	5
Supplies and services	5	1,106	1,016
Portable long service leave scheme benefits	11	3,428	1,426
Total Expenses from Continuing Operations		4,538	2,447
Operating Result from Continuing Operations		5,011	4,403
Other Comprehensive Income		-	-
Total Comprehensive Income		5,011	4,403

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Current Assets			
Cash and cash equivalents	6	27	51
Receivables	7	2,382	1,675
Financial assets at fair value through profit or loss	8	37,468	30,346
Other	9	-	6
Total Current Assets		39,877	32,078
Total Assets		39,877	32,078
Current Liabilities			
Payables	10	236	248
Provision for scheme benefits:			
Expected to be settled within 12 months	11	800	600
Expected to be settled after 12 months	11	5,500	4,000
Total Current Liabilities		6,536	4,848
Non Current Liabilities			
Provision for scheme benefits	11	7,700	6,600
Total Non Current Liabilities		7,700	6,600
Total Liabilities		14,236	11,448
Net Assets		25,641	20,630
Equity			
Accumulated surplus	14	25,641	20,630
Total Equity		25,641	20,630

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Accumulated Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2011	16,227	16,227
Operating Result from Continuing Operations	4,403	4,403
Other Comprehensive Income	-	-
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2012	20,630	20,630
Balance as at 1 July 2012	20,630	20,630
Operating Result from Continuing Operations	5,011	5,011
Other Comprehensive Income	-	-
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2013	25,641	25,641

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest		3	7
Portable long service leave levies		5,910	6,124
GST refunded from ATO		75	113
<i>Outflows:</i>			
Employee expenses		(5)	(5)
Supplies and services		(1,014)	(944)
Portable long service leave paid		(626)	(430)
Payments for investments		(4,300)	(5,123)
GST paid to suppliers		(67)	(96)
Net cash provided by (used in) operating activities	12	(24)	(36)
Net increase (decrease) in cash and cash equivalents		(24)	(36)
Cash and cash equivalents at beginning of financial year		51	87
Cash and cash equivalents at end of financial year	6	27	51

The accompanying notes form part of these statements.

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

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Contract Cleaning Industry (Portable Long Service Leave) Authority

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

Objectives and Principle Activities of the Authority

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

The Authority is funded by a levy imposed on worker wages and the income earned on the investment of these funds. The levy decreased from 2% to 1.7% as at 1 January 2013.

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

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

These financial statements are a general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and complies with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013.

The financial statements are for the Authority as a single entity. With respect to compliance with Australian Accounting Standards and Interpretations the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit statutory body which commenced operations 1 July 2005. Except where stated, the historical cost convention is used.

(b) Cash and Cash Equivalents

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

(c) Receivables

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

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written off as at 30 June 2013. An increase in the allowance for impairment was based on loss events in conjunction with current debtor monitoring and analysis. Refer Note 16.

Other debtors generally arise from transactions outside the usual operating activities and are recognised at their assessed values. Terms are generally 7 days from invoice date, no interest is charged and no security is obtained.

(d) Revenue Recognition

Revenue is recognised, where it can be reliably measured, in the period to which it relates. Levy revenue applicable to the last quarter, April to June 2013, has been estimated and accrued, based on levies received for the third quarter return period, January to March 2013, which reflected the reduction in the levy rate.

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

(e) Payables

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

Contract Cleaning Industry (Portable Long Service Leave) Authority

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

(f) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Authority are included in Note 16.

(g) Employee Benefits

The Authority does not employ staff. The General Manager of the Contract Cleaning Industry Authority is the person appointed as the General Manager of the Building and Construction Authority and manages the business of the Contract Cleaning Industry Authority. The staff of the Building and Construction Authority provide the Contract Cleaning Industry (Portable Long Service Leave) Authority with the administrative support services that it requires to carry out its functions. Costs incurred on the Statement of Comprehensive Income under employee expenses represent committee attendance fees for board members.

(h) Portable Long Service Leave Scheme Benefits

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. The liability has been recorded both as a current liability and as a non-current liability and in accordance with AASB 101 *Presentation of Financial Statements* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* whereby the current liability represents any amount of scheme benefits liability for which the Authority does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using a discount rate equal to the projected long-term rate of return on the scheme's assets of 7%. Refer Note 11.

(i) Insurance

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

(j) Taxation

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

(k) 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.

(l) Accounting Estimates and Judgements

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

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

An independent actuarial assessment was completed in February 2013 utilising 30 June 2012 worker data. Actuarial assumptions used in the assessment of the total liability for accrued normal and retrospective service credits included earning rates on investments, discount rate, rates of leaving industry and in service claim rates, rates of death and retirement, future accrual of certificate credits and wage rates. All of the above impact on the resulting provision required for scheme benefits.



Contract Cleaning Industry (Portable Long Service Leave) Authority

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

(l) Accounting Estimates and Judgements (cont'd)

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 11.

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

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

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

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

(m) Rounding and Comparatives

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

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

(n) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2012-13. Australian accounting standard changes applicable for the first time for 2012-13 have had minimal effect on the Authority's financial statements, as explained below.

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

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

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencements dates are as set out below.

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

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. As the Authority does not employ staff this revision has no impact.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "Tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "Tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Contract Cleaning Industry (Portable Long Service Leave) Authority

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

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

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

Pursuant to AASB 1053, public sector entities like the Authority may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the Authority, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-government financial statements. QLeave is a statutory body not captured within the whole-of-government financial statements as it is totally self funded and may elect to adopt Tier 2 reporting requirements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. QLeave will not be electing to adopt Tier 2 reporting requirements.

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

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

AASB 9 Financial Instruments (December 2010) and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods on or after 1 January 2013. The main impacts of these standards on the Authority are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding.

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

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

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

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

	2013 \$'000	2012 \$'000
2. Income from Investments		
Queensland Investment Corporation Cash Enhanced Fund Distribution	405	541
Queensland Investment Corporation Growth Fund Distribution	2,207	355
Total	2,612	896
3. Net Gain/Loss on Financial Assets at Fair Value		
<i>Queensland Investment Corporation Cash Enhanced Fund</i>		
Earnings	423	505
Less Distributions	(405)	(541)
Fair Value Movement	18	(36)
<i>Queensland Investment Corporation Growth Fund</i>		
Earnings	3,331	63
Less Distributions	(2,207)	(355)
Fair Value Movement	1,124	(292)
Total Fair Value Movement	1,142	(328)
Movement in Financial Assets		
<i>Queensland Investment Corporation Cash Enhanced Fund</i>		
Opening Balance 1 July	10,041	10,094
Plus		
Earnings	423	505
Less		
Distributions	(405)	(541)
Redemptions	(16)	(17)
Closing Balance 30 June	10,043	10,041
<i>Queensland Investment Corporation Growth Fund</i>		
Opening Balance 1 July	20,305	14,084
Plus		
Earnings	3,331	63
Contributions	4,300	4,955
Distributions reinvested	1,786	1,770
Less		
Distributions	(2,207)	(355)
Redemptions	(90)	(212)
Closing Balance 30 June	27,425	20,305
Total Closing Balance 30 June	37,468	30,346

4. Key Management Personnel and Remuneration

(a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2012-13 including board members. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract Classification and appointment authority	Date appointed to position (Date resigned from position)
Board Members	Commercial policy and management	Board Director Minister	1 July 2011

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

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

(a) Key Management Personnel (cont'd)

The following persons held the position of Director during the year ended 30 June 2013.

Ms Judy Bertram	Chair
Mr Paul Byrne	Deputy Chair
Mr Peter Nipper	Employer Representative (BSCAA)
Ms Kim Puxty	Employer Representative (BSCAA)
Ms Jane Cartwright	Worker Representative (UVU)
Mr Damien Davie	Worker Representative (UVU)

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

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

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

From time to time, particular Directors of the Authority may be required to comply with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* in respect of payment of levies for their own business undertakings in cleaning work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.

(b) Remuneration

1 July 2012 - 30 June 2013

	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$	Non-Monetary Benefits \$				
Ms Judy Bertram	835	-	-	-	-	835
Mr Paul Byrne	705	-	-	-	-	705
Mr Peter Nipper	564	-	-	-	-	564
Ms Kim Puxty	705	-	-	-	-	705
Ms Jane Cartwright	282	-	-	-	-	282
Mr Damien Davie	705	-	-	-	-	705
Total Remuneration	3,796	-	-	-	-	3,796

1 July 2011 - 30 June 2012

	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$	Non-Monetary Benefits \$				
Ms Judy Bertram	796	-	-	-	-	796
Mr Paul Byrne	718	-	-	-	-	718
Mr Peter Nipper	577	-	-	-	-	577
Ms Kim Puxty	718	-	-	-	-	718
Ms Jane Cartwright	564	-	-	-	-	564
Mr Damien Davie	564	-	-	-	-	564
Ms Rachel Hunter	139	-	-	-	-	139
Total Remuneration	4,076	-	-	-	-	4,076

All directors excluding Ms J Cartwright and Mr D Davie were paid for committee attendance. Committee attendance fees for Ms J Cartwright and Mr D Davie were made to the United Voice Union.

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

	2013 \$'000	2012 \$'000
5. Supplies and Services		
Advertising/Promotions	9	11
Agency fees - QLeave	795	765
Auditor's remuneration	11	11
Consultancy charges (including Actuarial fees)	4	32
Contractor charges	18	38
Funds manager and trustee charges	99	75
General administration	9	8
Travel costs	4	6
Printing & photocopying	14	17
Postage & freight	19	19
Professional Development	6	12
Bad and doubtful debts	118	22
Total	1,106	1,016

* Total audit fees paid to the Queensland Audit Office contracted auditors relating to the 2012-13 financial statements are estimated to be \$10,600 (2012: \$10,600). There are no non-audit services included in this amount.

6. Cash and Cash Equivalents

Cash at bank	27	51
Total	27	51

Interest earned on cash held with the Commonwealth Bank was 2.85% in 2013 (2012: 3.78%).

7. Receivables

Levy Debtors	136	80
Less: Allowance for impairment loss	(90)	(35)
	46	45
Accrued Revenue *	2,313	1,607
GST Receivable	23	23
Total	2,382	1,675

* Comprises Queensland Investment Corporation 4th quarter distribution of \$1 million and levy revenue for the 4th quarter of \$1.31 million.

Refer to Note 16 (c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

8. Financial Assets at Fair Value through Profit or Loss

Queensland Investment Corporation - Cash Enhanced Fund (at market value)	10,043	10,041
Queensland Investment Corporation - Growth Fund (at market value)	27,425	20,305
Total	37,468	30,346

9. Other Current Assets

Prepayments	-	6
Total	-	6

10. Payables

Trade Creditors	6	225
Accrued Charges	230	23
Total	236	248

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

	2013 \$'000	2012 \$'000
11. Provision for Scheme Benefits		
Current		
Provision for long service leave - expected to be settled within 12 months (measured at present value)	800	600
Provision for long service leave - expected to be settled after 12 months (measured at present value)	5,500	4,000
Total	6,300	4,600
Non-Current		
Provision for long service leave (measured at present value)	7,700	6,600
Total	7,700	6,600
Movements in Provisions		
Balance as at 1 July	11,200	10,200
Additional provision recognised	3,428	1,426
Reductions in provisions as a result of payments	(628)	(426)
Balance as at 30 June	14,000	11,200

Scheme eligible members as at 30 June were: 46,671 48,286

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

The major actuarial assumptions used were:

- long term investment return of 7% per annum (2012: 7% per annum);
- a rate of wage increase of 4% per annum (2012: 4% per annum);
- 12,000 workers will receive credits each year in the future;
- a specified award wage rate of \$697.13 per week as at 30 June 2013 (2012: \$670.32 per week)
- discount factor 7% per annum

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

Operating surplus	5,011	4,403
Changes in Assets and Liabilities:		
Increase (decrease) in PLSL Scheme Benefits Provision	2,800	1,000
(Increase) decrease in Financial Assets	(7,122)	(6,168)
(Increase) decrease in Receivables	(707)	741
(Increase) decrease in Prepayments	6	(5)
Increase (decrease) in Payables	(12)	(7)
Net cash from operating activities	(24)	(36)

13. Contingencies

As at 30 June 2013, there were no contingent assets or contingent liabilities.

14. Equity

Accumulated Surplus		
Opening balance	20,630	16,227
Net surplus	5,011	4,403
Closing balance	25,641	20,630

15. Events Occurring after Balance Date

There have been no events occurring after balance date.



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

16. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2013 \$'000	2012 \$'000
Financial Assets			
Cash and cash equivalents	6	27	51
Receivables	7	2,382	1,675
Financial assets at fair value through profit or loss:	8		
QIC - Cash Enhanced		10,043	10,041
QIC - Growth Fund		27,425	20,305
Total		39,877	32,072
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	10	236	248
Total		236	248

(b) Financial Risk Management

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

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

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

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

(c) Credit Risk Exposure

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

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

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

The Authority manages credit risk through the use of a credit management strategy. This strategy ensures all funds owed are monitored on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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

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

Amounts written off for the current year regarding the Authority's receivables is \$63,079. This was an increase of \$51,000 from 2012 and is largely represented by five employers going into liquidation with no prospect of recovering the outstanding levy.

There was an increase of \$55,000 in the allowance for impairment. The revised amount of \$90,000 is considered appropriate given past impairments and current assessment of debtors.

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

Application of the charging of interest is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest and penalty charges totalled \$26,600 in 2013 (2012: \$29,708). Penalties waived totalled \$700 in 2013 (2012: \$7,900).



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

16. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

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

2013 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables	34	5	6	5	50
Total	34	5	6	5	50

2012 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables	7	1	-	-	8
Total	7	1	-	-	8

2013 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables (gross)	-	63	-	8	71
Allowance for impairment	-	(63)	-	(27)	(90)
Total	-	-	-	(19)	(19)

2012 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables (gross)	1	1	1	32	35
Allowance for impairment	(1)	(1)	(1)	(32)	(35)
Total	-	-	-	-	-

	2013 \$'000	2012 \$'000
Movement in the allowance for impairment		
Balance at the beginning of the year	35	25
Amounts written off during the year	(63)	(12)
Increase in allowance recognised in the operating result	118	22
Balance at the end of the year	90	35

(d) Liquidity Risk

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

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

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



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

16. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

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

	Note	2013 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	10	236	-	-	235
Total		236	-	-	235

	Note	2012 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	10	248	-	-	248
Total		248	-	-	248

(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 2013 (2012: +/- 5%). These fluctuations are considered appropriate given the current world economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$1,124,000 (2012: \$1,517,000). This is attributable to the Authority's exposure to investment returns held with QIC's Cash Enhanced and Growth Funds.

Financial Instruments	Carrying Amount \$'000	2013 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	10,043	(301)	(301)	301	301
QIC - Growth Fund	27,425	(823)	(823)	823	823
Potential Impact		(1,124)	(1,124)	1,124	1,124

Financial Instruments	Carrying Amount \$'000	2012 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	10,041	(502)	(502)	502	502
QIC - Growth Fund	20,305	(1,015)	(1,015)	1,015	1,015
Potential Impact		(1,517)	(1,517)	1,517	1,517

Contract Cleaning Industry (Portable Long Service Leave) Authority
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16. Financial Instruments (cont'd)

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis reflects the outcome to profit and loss if interest rates would change by +/- 1% from year end rates applicable to the Authority's cash assets. These fluctuations in interest rates are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have no change in its surplus/(deficit) and equity increase/(decrease) (\$1,000 in 2012).

Financial Instruments	Carrying Amount \$'000	2013 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	27	-	-	-	-
Potential Impact		-	-	-	-

Financial Instruments	Carrying Amount \$'000	2012 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	51	(1)	(1)	1	1
Potential Impact		(1)	(1)	1	1

(g) Fair Value

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

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

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

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

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

2013 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2013 Total Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Cash and cash equivalents	27	-	-	27
Investments QIC Cash Enhanced	10,043	-	-	10,043
Investments QIC Growth Fund	27,425	-	-	27,425
Total	37,495	-	-	37,495

2012 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2012 Total Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Cash and cash equivalents	51	-	-	51
Investments QIC Cash Enhanced	10,041	-	-	10,041
Investments QIC Growth Fund	20,305	-	-	20,305
Total	30,397	-	-	30,397

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



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

17. General Information

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

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

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

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



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

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2013 and of the financial position of the Authority at the end of that year.



G Wilson
General Manager
27 August 2013



J Bertram
Chair
27 August 2013

Independent Auditor's Report

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

Report on the Financial Report

I have audited the accompanying financial report of the Contract Cleaning Industry (Portable Long Service Leave) Authority, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chair and General Manager.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

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

- (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane

PUBLIC AVAILABILITY

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

For further information contact the Manager
Corporate Communications on:

Phone 07 3212 6811

Fax 07 3212 6844

Email yoursay@qleave.qld.gov.au

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ADDITIONAL INFORMATION

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



INTERPRETER SERVICE STATEMENT

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

INTERSTATE SCHEMES

Australian Capital Territory

ACT Long Service Leave Authority

71 Constitution Avenue

Campbell ACT 2612

Telephone: (02) 6247 3900

Facsimile: (02) 6257 5058

Email: cleaning@actslsb.act.gov.au

www.actslsb.act.gov.au

New South Wales

Long Service Corporation

Level 1, 19-21 Watt Street

Gosford NSW 2250

Telephone: 13 14 41

Facsimile: (02) 9287 5685

Email: cleaners@longservice.nsw.gov.au

www.longservice.nsw.gov.au

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HELP LINE

Workers and Employers

1800 675 819

Contract Cleaning Industry
(Portable Long Service Leave) Authority