



PORTABLE
LONG SERVICE
LEAVE



15/16 annual report

Building and Construction Industry
(Portable Long Service Leave) Authority

www.qleave.qld.gov.au

- **OUR VISION** – to contribute to a building and construction industry whose workers are retained and rewarded.
- **OUR PURPOSE** – to be a highly successful and efficient portable long service leave scheme which assures membership benefits.
- **OUR VALUES** – to support us in achieving our strategic goals, QLeave has adopted the five organisational values of the Queensland Public Service.



CUSTOMERS FIRST

- Know your customer
- Deliver what matters
- Make decisions with empathy



IDEAS INTO ACTION

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries



UNLEASH POTENTIAL

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback



BE COURAGEOUS

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency



EMPOWER PEOPLE

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

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

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

LETTER OF COMPLIANCE

12 September 2016

The Honourable Grace Grace MP
Minister for Employment and Industrial Relations,
Minister for Racing and Minister for Multicultural Affairs
GPO Box 611
Brisbane Qld 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2015-16 and financial statements for the Building and Construction Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

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

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

Yours sincerely



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



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ABOUT THE AUTHORITY

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 a levy imposed on the cost of building and construction work performed in Queensland.

Based on actuarial recommendations, the levy rate has remained at 0.25% since July 2014. Where the total cost of work is over \$1,044,000,000 billion a reducing, tiered levy rate applies. A cap of \$1,960 per week on wage rates for all long service leave payments was applied for the 2015-16 financial year.

At 30 June 2016, the Scheme had 290,306 workers and 19,957 employers registered. Since 1992, long service leave payments totalling over \$627 million have been paid to industry workers and employers. The 2015-16 financial year represents yet another record value of long service leave claims paid by QLeave, to the sum of \$98 million.

QLeave's goal of 100% of services available online by 2017 drives continuous business improvement and the enhancement of facilities and communications. Online claims account for 80% of all long service leave claims received by QLeave in 2015-16.

From 1 July 2015 until 7 December 2015, the Board reported to the Honourable Curtis Pitt MP, Treasurer, Minister for Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships via Queensland Treasury. From 8 December 2015 until 30 June 2016, the Board reported to the Honourable Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs.

We would like to express our appreciation to our Ministers and the Government for ensuring the legislative provisions support portable long service leave benefits for the building and construction industry in the future.

John Crittall, Gary Deane, Amanda Richards, Debra Johnson and Bradley O'Carroll all completed their terms as Directors. Their continued commitment to the corporate governance frameworks has been greatly valued.

We are also appreciative of the ongoing efforts and contributions of staff, management and board members. The Board and management remain focused on ongoing administrative efficiency of the Scheme with complete commitment to digital service provision.



Jacqueline D'Alton
CHAIRPERSON



Julie Dahl
GENERAL MANAGER



STRATEGIC OBJECTIVES, INDICATORS AND MEASUREMENT

GOAL	STRATEGY	INDICATORS	ACHIEVED
Optimise digital client services	<ul style="list-style-type: none"> → Empower stakeholders through education → Provide convenient access to information → Continued technology improvements to maintain currency of systems → Renewed strategies that provide incentive to stakeholders 	<ul style="list-style-type: none"> → Stakeholders interact and manage their data online → 100% online by 2017 	✓
Strengthen engagement from levy payers, employers and workers	<ul style="list-style-type: none"> → Provide effective and usable systems 	<ul style="list-style-type: none"> → Increased engagement by stakeholders 	✓
Maintain prudent investment strategies to support levy stability	<ul style="list-style-type: none"> → Manage investment portfolio appropriately → Investment strategy reviewed → Achieve financial targets 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index is at/above 120% 	X
Sound Corporate Governance, compliance and risk management frameworks	<ul style="list-style-type: none"> → Maintain sound governance arrangements for accountability, managing risk and compliance with relevant legislation and policies 	<ul style="list-style-type: none"> → Compliance with all statutory obligations → Annual Board governance and frameworks review → Quality Certification maintained to ISO 9001:2008 	✓
People	<ul style="list-style-type: none"> → Appropriately skilled staff engaged in an authentic culture to meet current and future service delivery needs 	<ul style="list-style-type: none"> → Human Resources plans and strategies implemented to achieve objectives → Workforce planning strategies to address business needs 	✓

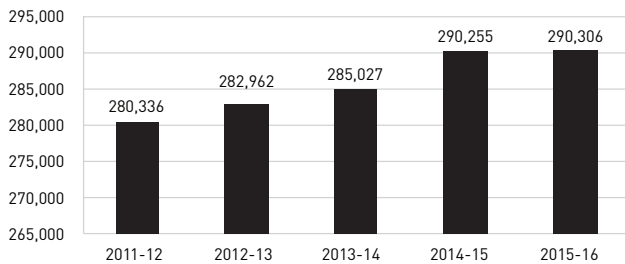
CLIENTS / STAKEHOLDERS

- Objectives:**
- Optimise digital client services
 - Strengthen engagement from levy payers, employers and workers

WORKERS AND EMPLOYERS – ACHIEVEMENTS AND PERFORMANCE MEASURES

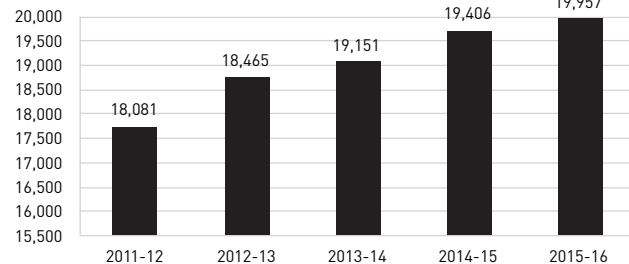
Client Service

Worker Registrations 2011-2016



The majority of new registrations (79%) were received online in 2015-16, compared to 73% in 2014-15.

Employer Registrations 2011-2016



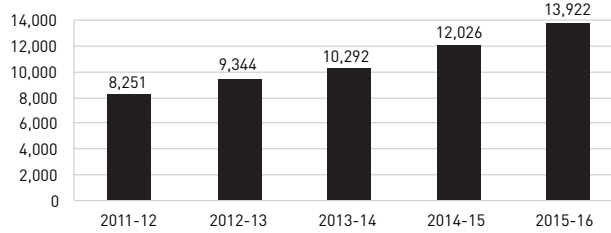
Employer registrations increased by 2.8% from 19,406 to 19,957. The majority of new registrations (87%) were received online in 2015-16, compared to 83% in 2014-15.

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. 86% of employers submitted their workers' service returns online, compared to 79% in 2014-15.

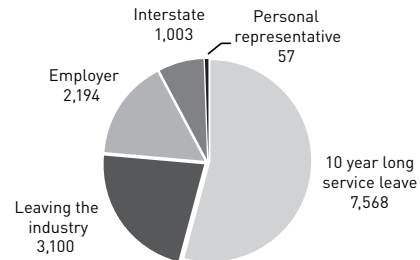
- Employers who completed their worker service return online were prompted to complete a satisfaction survey regarding their experience with the lodgement process. 23.6% of employers who lodged their return online completed the survey. A satisfaction rating of over 93% was achieved for each component surveyed including ease of use, time taken to complete the return and quality of the instructions provided for the online lodgement process. Additionally, a satisfaction rating of over 96% was achieved for the areas of customer service, claims and Compliance and Liaison staff assistance.
- The annual long service leave statement was distributed to 280,004 workers with a postal address in October 2015. This statement shows a worker's service record for the previous financial year and their current long service leave benefit, based upon information supplied by their employers. A newsletter accompanied the statement and supplementary information was provided to those workers with a long service leave entitlement. Workers are able to access their current long service leave details online at any time.
- 1,522 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service leave records in the register. Encouraging workers to check the accuracy of their long service leave statements to ensure long service leave benefits are maximised, remains an ongoing focus for QLeave.
- Under the Four Year Rule, 25,210 workers, who had not recorded service in the last four consecutive years, had their registrations cancelled during 2015-16.



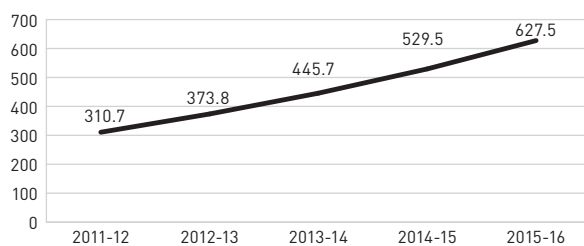
Number of claims paid per year 2011-2016



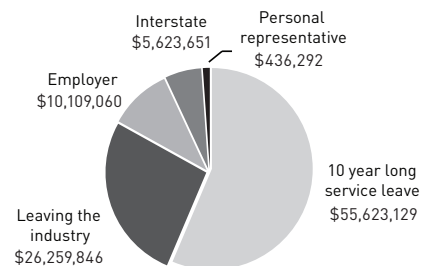
Number of claims paid 1 July 2015 to 30 June 2016



Value of claims paid to date (\$million)



Value of claims paid 1 July 2015 to 30 June 2016



In 2015-16, 13,922 long service leave payments were made to the value of \$98,051,980. The number of claims paid increased by 15.7% from 2014-15. Additionally, the value of claim payments made in 2015-16 increased by 16.8% from the previous year.

- Long service leave payments were made to:
 - registered workers, under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*
 - registered employers who received reimbursement of long service leave benefits paid directly to their employees under the *Industrial Relations Act 1999*.
 - long service leave schemes in other states and territories in reimbursement of claims paid to workers for work performed in Queensland.
- Online claims have been available for both employers and workers since 2013. 80.7% of employers sought reimbursement online in 2015-16, compared with 70.2% in 2014-15. Whilst 79.3% of workers claimed online, compared with 55.5% in 2014-15.
- After review, the capped weekly rate of pay for all long service leave payments was increased by 1% to \$1,960 for the year.

STAKEHOLDER ENGAGEMENT

- QLeave continued to support the building and construction industry through sponsorship of the Master Builders Housing and Construction awards, HIA Housing and Kitchen awards, Master Concreters Awards, Master Plumbers awards and Construction Skills Queensland Excellence awards throughout the state. In addition to the housing awards, the Authority also supported other events such as the Master Builders Industry Insights, the Master Builders Member Roadshow and the HIA Business Partner Network events. All of these events promoted the scheme and provided an opportunity for employers to receive further, and ongoing, education on their obligations.
- QLeave's Compliance and Liaison Officers regularly attended major building sites around Queensland to educate and inform workers about the Scheme and its benefits. Some of the major sites visited were the Sunshine Coast Hospital and major residential housing project sites within the Brisbane CBD and major regional centres.

- QLeave continued to build its relationships with Industry groups including representative groups and trade based associations. Relationships with Apprenticeship bodies were fostered to ensure education and awareness was available to all members of the building and construction industry.
- All major regional centres were visited by QLeave's Compliance and Liaison officers and visits included building site visits, employer visits and alliance partner visits.
- QLeave increased the amount of communication to workers surrounding cancellation of their membership. This has resulted in a reduction in the number of workers being cancelled, and a reduction in the amount of entitlements being lost by workers.
- QLeave continued to promote the Scheme's key messages by advertising in industry publications and journals.

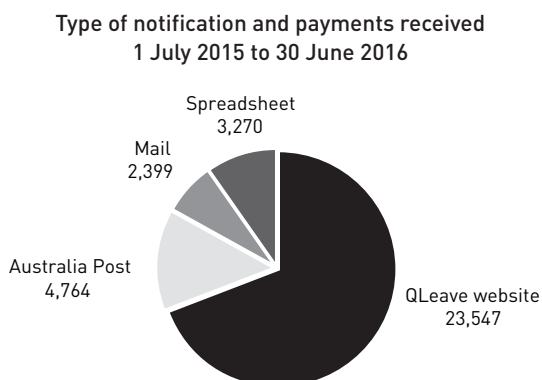
COMPLIANCE

- The compliance activities of QLeave for the year focused on outstanding Worker Service Returns and unregistered employers. This ensured that workers had their service added, the service added was accurate and the entitlement payments were accurate. There was also a major focus on missing service applications submitted by workers.
- QLeave conducted seven (7) books and records inspections for the year. The books and records inspections resulted in minor amendments to some claim payments. The books and records inspections clarified correct rates of pay for entitlement claims lodged by workers.
- QLeave contacted 512 employers about outstanding worker service returns. In addition to this contact, employers also received communication about their obligations through broadcast email. This resulted in the employers submitting service for their workers and supported recording an accurate working history for all registered workers.
- 336 employers that were identified as unregistered (that is, workers notified to QLeave who they have been working for) registered with the Scheme. This also ensures that these employers will continue to complete worker service returns for their workers in coming years.
- Legal services were required for 140 matters including requests for reconsideration, internal advice and compliance with employer obligations including the submission of worker service returns.

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

Client Service

- \$82,750,000 was received in levies income, compared with \$68,612,000 in 2014-15.
- A total of 33,980 building and construction work notifications were processed compared with 32,143 in 2014-15.



- Over 69% of notification and payment forms were lodged online, with 14% lodged at Australia Post, 10% lodged via the spreadsheet facility and 7% received via mail. This represents a shift towards online notification with an increase of over 4% from 2014-15.



STAKEHOLDER ENGAGEMENT

- QLeave utilised a range of journals published by industry associations to provide education and awareness regarding requirements for notification and payment of building and construction work in Queensland.
- Quarterly meetings were held with Work Health and Safety and Australia Post. Regular reports regarding building activity were provided to Construction Skills Queensland.

COMPLIANCE

- Compliance activities focused on auditing local government councils for operational works notifications.
- Compliance activities identified 147 building and construction notifications, with a total cost of work of \$977,952,976 and \$2,426,080 in portable long service leave levy.
- 28 random cost of work and exemption claimed audits led to \$49,492 of additional levy collected.
- 1,922 letters were sent regarding finalisation of building and construction works totalling \$2,133,343,966, resulting \$8,869,331 portable long service leave levy invoiced and \$5,761,361 refunded.
- Legal services were required for 60 matters including recovery of outstanding levy payments, compliance with payment of the levy and building and construction work finalisation.

GOALS AND STRATEGIES FOR 2016-17

Optimise digital client services:

- empower stakeholders through education
- provide convenient access to information
- continued technology improvements to maintain currency of systems.

Strengthen engagement from levy payers, employers and workers:

- renewed strategies that provide incentive to stakeholders
 - provide effective and usable systems.
-

FINANCIAL MANAGEMENT

Objective: Maintain prudent investment strategies to support levy stability.

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 \$150,000 and above.

The total combined levies payable is 0.475% of the cost of work (that is, \$4.75 collected for every \$1,000 of the cost of work), consisting of:

- 0.125% collected for Workplace Health and Safety
- 0.1% collected for Construction Skills Queensland
- 0.25% retained by QLeave to fund the portable long service leave scheme.

Where the total cost of work is less than \$1,044,000,000, the normal levy rate applies. If the total cost of work is over \$1,044,000,000 the rate is reduced as follows:

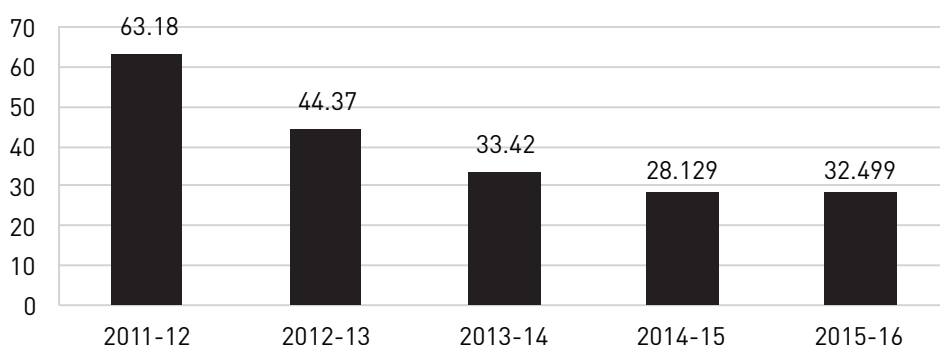
Levy	Up to \$1,044,000,000	\$1,044,000,000 to \$5,220,000,000	Over \$5,220,000,000
Portable long service leave	0.25%	0.125%	Nil
Construction Skills Queensland	0.1%	0.05%	Nil
Work Health and Safety	0.125%	0.0625%	Nil
Total levies payable	0.475%	0.2375%	Nil

BUILDING ACTIVITY

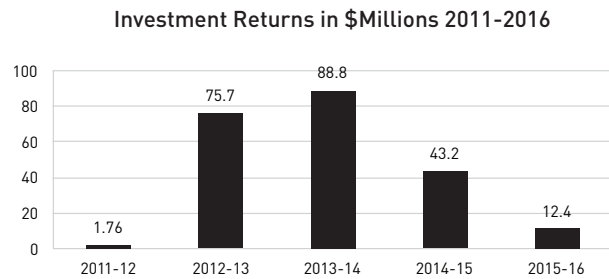
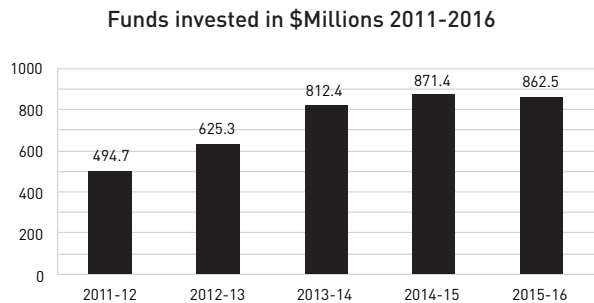
Activity in most sectors but particularly the other residential sector (increase of 64.5%) was higher than anticipated during 2015-16.

Project type	2014-15 Value (\$Billions)	2015-16 Value (\$Billions)
Housing	7.340	8.671
All other residential	3.740	5.945
Commercial	6.534	6.538
Civil	10.515	11.345
Totals	28.129	32.499

Value of project levied in \$Billions 2011-2016



INVESTMENT MARKET PERFORMANCE



BUDGET PERFORMANCE

The operational budget methodology adopted by QLeave is zero based and performance is closely monitored on a monthly basis. The 2015-16 outcome is as follows:

	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	82,750	13,402
Investment income	12,425	(49,495)
Employee expenses	4,310	(366)
Supplies and services	2,397	(620)
Fund management expenses	2,743	211
Long service leave payments	98,052	(1,948)

An overall loss of \$101.4 million was experienced in 2015-16. This can be attributed to these major factors:

1. higher than expected increase in long service leave provision advised by the actuary and
2. lower than expected investment return.

Despite the loss experienced the Authority's equity is \$68.2 million.

GOALS AND STRATEGIES FOR 2016-17

Maintain prudent investment strategies to support levy stability:

- manage investment portfolio appropriately
- investment strategy reviewed
- achieve financial targets.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

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

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

From 1 July 2015 until 7 December 2015, the Board reported to the Honourable Curtis Pitt MP, Treasurer, Minister for Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships via Queensland Treasury. From 8 December 2015 until 30 June 2016, the Board reported to the Honourable Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs.

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; and
- 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 Strategic 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. Directors receive a copy of the Board Guidelines at their initial induction, and on each occasion that the Guidelines are amended.

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.

COMPOSITION OF THE BOARD

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

The current term of the Board commenced on 1 July 2013 and expired on 30 June 2016. Directors are eligible for reappointment on completion of their terms.

The relationship between the Board and QLeave's executive management is one of direct, open communication and full disclosure of relevant information pertaining to QLeave's financial and operational performance. The individual expertise of each board member is often called upon by QLeave's executive management in making recommendations to the Board.

The Board comprises representatives of the Scheme's stakeholders from the major 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. The Board is proactive in identifying factors affecting the building and construction industry and viability or maintenance of the Scheme.



Board members are selected for their expertise and specific experience in the building and construction industry (and in the case of the Deputy Chairperson, financial affairs). Each director is encouraged to undertake the Company Director's course, and/or related courses, to enhance their professional development. Directors are encouraged to advise of all professional development activities undertaken so that the Board ensures that directors maintain the standards required by best practice corporate governance frameworks.

From 1 July 2013 to 30 June 2016, the Board comprised the following directors:

Chairperson:	Jacqueline D'Alton
Deputy Chairperson:	Adam Stoker
Employer Representatives:	John Crittall (QMBA) Gary Deane (CCF) Debbie Johnson (HIA)
Worker Representatives:	Bradley O'Carroll Amanda Richards Rohan Webb (AMWU)

REMUNERATION

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

The Deputy Chairperson, Adam Stoker, receives the Chairperson's rate of remuneration when chairing the meetings of the Board.

The Chair of the Audit, Risk Management and Compliance Committee, Gary Deane, received the Chair's rate of Special Assignment fees for chairing meetings of the committee.

The Chair of the Finance Committee, Debbie Johnson, received the Chair's rate of Special Assignment fees for chairing meetings of the committee.

BOARD MEETINGS

Board meetings are held bi-monthly in February, April, June, August, October and December. The Board met on six occasions during 2015-16.

BOARD COMMITTEES

To assist it in fulfilling its functions within an environment of effective and appropriate corporate governance, the Board has established three committees relating to specific matters. Committee membership, which provides directors with the opportunity to contribute to the Board in additional areas, is allocated to directors based on their areas of proficiency and interest.

1. Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee operates under its own approved charter, which complies with both the Queensland Treasury Audit Committee Guidelines and the Institute of Internal Auditors – Australia Professional Guidance – Role of Auditing in Public Sector Governance.

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

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

- 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

Until 30 June 2016, the Audit Risk Management and Compliance Committee comprised Gary Deane (Chair), Amanda Richards, Jacqueline D'Alton and Adam Stoker. QLeave's Internal Auditor reports to the Board through the Audit, Risk Management and Compliance Committee.

The Audit, Risk Management and Compliance Committee met on three occasions during 2015-16.

Officers from the Queensland Audit Office (QAO) and its representatives Pitcher Partners, the General Manager, Assistant General Manager Finance and Client Services, Assistant General Manager Corporate Strategy, the Executive Officer and the Internal Auditor all assisted the Committee with its work throughout the year.

The Committee provided its report to the Board under section 35 of the *Financial and Performance Management Standard 2009* confirming the Committee's compliance with its reporting obligations and providing a report as to the Committee's operations throughout the year.

During the year, the Audit, Risk Management and Compliance Committee reviewed:

- the adequacy of the strategic and annual audit plans
- the quality and timeliness of internal audit reports
- quarterly risk assessment schedules
- workplace health and safety incidents
- information services security audits and risk management reports
- performance of the internal audit function against the annual audit plan
- the performance of areas that have acted on recommendations made by the Internal Auditor or the QAO
- items raised by the QAO
- technical/operational issues relating to the finalisation of annual financial statements.

2. Finance Committee

The Finance Committee's role is to assist the Board to discharge its investment and financial management responsibilities imposed under QLeave's governing Act and associated financial legislation. The Finance Committee oversees the development, implementation and monitoring of the Board's investment strategy and policies.

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

Until 30 June 2016, the Finance Committee comprised Debbie Johnson (Chair), Jacqueline D'Alton, Adam Stoker, and Rohan Webb. The Committee met on three occasions during 2015-16.

3. Worker Eligibility Committee

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

The Worker Eligibility Committee was not required to meet during 2015-16.

2015-16 BOARD PERFORMANCE ASSESSMENT

In adhering to the principles of good governance, board directors undertake a Board performance evaluation to determine the achievements made throughout the financial year, and opportunities for improvement for the Board in the coming year. The Board evaluation is a structured self-assessment process, both collectively and as individual directors. Self-assessed evaluation reminds directors of their duties and responsibilities as members of a government board, identifies the strengths and weaknesses of board operations, reviews and measures QLeave's progress towards its goals and mission, and opens channels of communication.



Giving board members the opportunity to examine and 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.

Board evaluation 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 collective board can improve.

During 2015-16, the Board continued its focus on a more specific, targeted approach to strategic thinking and planning, together with a focus on professional development for directors to ensure that they are aware of issues, opportunities and threats associated with working in the digital age.

The evaluation of the Board's performance was undertaken by an *in camera* discussion led by the Chairperson.

DIRECTOR ATTENDANCE AT MEETINGS 2015-16

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee	Worker Eligibility Committee
Number of meetings held	6	3	3	0
Jacqueline D'Alton	6	3	3	0
Adam Stoker	6	3	3	0
John Crittall	6	Not a member	Not a member	0
Gary Deane	5	3	Not a member	0
Debbie Johnson	6	Not a member	3	0
Bradley O'Carroll	1	Not a member	Not a member	0
Amanda Richards	5	2	Not a member	0
Rohan Webb	3	Not a member	2	0

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 Strategic Plan and budget, as approved by the Minister.

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

The minutes and resolutions of each board and committee meeting are recorded and stored on and off-site. Archive copies of board meeting documentation are provided to Queensland State Archives under the provisions of the *Public Records Act 2002*.

ISSUES FOR THE BOARD 2015-16

Industry Stakeholders – developing and maintaining stakeholder engagement strategies to achieve a better understanding of shifts in workforce composition, and respond with appropriate service delivery; identify and monitor emerging industry sectors, and respond to changes; enhance relationships and communication with stakeholders through accurate understanding of stakeholders' expectations; and to expand opportunities to communicate statutory obligations to all stakeholders.

Financial Management – monitoring the Scheme’s equity position and confirming through actuarial assessment that the Scheme remains viable in the long term; monitoring industry activity levels across all sectors; number and value of claims; and prudent management of funds received through levy revenue and investment returns.

Corporate Governance – maintaining effective planning, reporting, risk management and statutory compliance frameworks to ensure that all statutory obligations are met within required timeframes; that the Board’s governance framework is reviewed to ensure appropriate effectiveness, and that Quality Certification is maintained.

Business Systems – continuing implementation of improvements to QLeave’s IT systems for effective electronic service delivery to stakeholders and increased usage of online services.

INTERNAL AUDIT

Internal Audit plays a key role in assisting the board to discharge its governance responsibilities for ensuring the effectiveness of QLeave’s internal control framework. Under its guidance, contemporary risk assessment practices have been implemented, strengthening the governance framework. Internal audit provides an unbiased, objective assessment, evaluating and improving the risk management, control and governance processes to ensure that resources are responsibly and effectively managed to achieve intended results.

Internal auditing is carried out in accordance with the annual Internal Audit Plan and annual Risk Assessment Schedule following endorsement from the Board. The systematic analysis of business processes and associated controls across financial, information and communication technology resources and QLeave’s operational activities included:

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

Audit and assurance activities resulted in the identification of areas where there was an opportunity for improvement and/or enhancement of existing processes and controls. Following discussion and agreement with management, internal audit reports were submitted to key stakeholders and reported to the Board via the Audit, Risk Management and Compliance Committee. The status of significant and important risk issues outstanding are monitored by the Audit, Risk Management and Compliance Committee. In addition to the business risk assessment, internal audits undertaken in 2015-16 involved review of compliance framework and specific compliance issues, assessments of internal controls and associated risks with QLeave policies, procedures and government guidelines.

Risk management is an essential component of an effective governance system and works in conjunction with the internal audit function. Risk management is the responsibility of all members of the organisation, embedded in the culture, organisational structure, policies, procedures and work instructions. Our risk management policy is developed in accordance with *AS/NZS ISO 31000:2009, Risk Management—Principles and Guidelines*, and has been designed to integrate risk management into standard business processes.



INFORMATION SYSTEMS AND RECORDKEEPING

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

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

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

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

QLeave's corporate goal is to be totally digital by 2017.

In 2015-16 the following initiatives and activities were:

- Project commenced on converting hard copy corporate files to digital
- Project undertaken to ensure all public records contained within mailboxes of staff who had left organisation were captured
- Built staff awareness about good record keeping practices with training programs and information sessions
- Preparation of permanent records for transfer to Queensland State Archives
- Reviewed and updated policies, procedures and guidelines that underpin how information is captured, managed, recorded and used within business systems and in QLeave's records management system
- Full overview was undertaken on the contracts register

GOALS AND STRATEGIES 2016-17

Sound corporate governance, compliance and risk management frameworks:

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

THE BOARD

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

Jackie, who holds a Bachelor of Commerce, a Master of Applied Finance, is a Fellow of the Australian Institute of Company Directors and is a Senior Fellow of Financial Services Institute of Australasia, had been Deputy Chair of the QLeave Board since 1998 and was appointed as Chair commencing 1 July 2013.

She has more than 30 years experience in financial markets, including broader based responsibilities in Bank Treasury functions to more specialised roles, including her role in Programme Debt and Capital with Suncorp Group Treasury. She now concentrates on her Board roles.

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

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

→ **ADAM STOKER. DEPUTY CHAIR**

Adam was appointed to the position of Deputy Chair of the QLeave board on 1 July 2013.

He holds a Master of Taxation, Honours in Law and a Bachelor of Medical Science. Currently practising as a solicitor in the mining and resources industry, Adam has extensive experience in corporate governance, project construction and delivery, workplace relations and workplace safety and environmental law.

Prior to entering the mining and resources industry, Adam was employed in a private practice firm providing corporations law and taxation advice in capital markets, merger and acquisition and general commercial advisory. Adam is also a director of the Queensland Board of Professional Engineers.

→ **GARY DEANE, FAICD, EMPLOYER REPRESENTATIVE**

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

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

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

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

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

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

He has over 25 years' experience associated with the building and construction industry. He currently sits on the Queensland Government Workplace Health and Safety Board and is a Director of the WorkCover Board, BIGA training Board and the Construction Income Protection Queensland Board.



→ **DEBBIE JOHNSON, MAICD, EMPLOYER REPRESENTATIVE**

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

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

Currently she works as a development consultant across all Australian states, and also works as a mediator and adjudicator in building, development and other related disputes.

Debbie has become increasingly involved as an industry representative working to achieve improved industry outcomes with local and state government bodies. She is the immediate past Queensland President for the Housing Industry Association's Regional Executive Committee, the National Chair of the HIA Planning Committee, a Referee on the Building and Development Dispute Resolution Committees and a Director of Sunshine Coast Community Financial Services (Bendigo Community Bank).

→ **ROHAN WEBB, WORKER REPRESENTATIVE**

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

He is a Fitter and Turner by trade and has extensive experience in the construction and manufacturing industry.

Rohan also represents his union and members as an Employee Representative on the Australian Super Queensland Advisory Committee, Queensland Industry and Manufacturing Advisory Group and CoverForce Income Protection. Rohan is also the Honorary President of the Queensland Council of Unions.

Rohan is currently the Branch Secretary of the Australian Manufacturing Workers' Union (AMWU) Queensland and Northern Territory. He has been representing workers for over 28 years in a number of industries. Rohan is a member of the AMWU National and State Executive and the Queensland Council of Unions Executive. He believes strongly in advocating the interests of Australian workers.

→ **BRADLEY O'CARROLL, WORKER REPRESENTATIVE**

Brad has been reappointed as a Director of the QLeave Board since 1 July 2013, following his previous appointment from 2007-2010.

He is a licensed plumber by trade and has been a member of the Plumbers Union for 30 years.

During his time with the Union he has held the positions of Organiser, Training Officer and State Secretary and has extensive knowledge and experience in the plumbing and construction industries.

Brad is a current Director of the Workplace Health and Safety Queensland, and MATES in Construction Boards, and a former Director of the BERT, CIPQ, and Construction Training Centre Boards. Brad was also the driving force behind an industry first – the creation of Services Trades Queensland (STQ) – a joint initiative between employer organisations in the services trades and the Union. The Union also has 50% ownership of a registered training organisation – The Services Trades College (TSTC) and Brad is a former Chair of both STQ and TSTC.

→ **AMANDA RICHARDS, MAICD, WORKER REPRESENTATIVE**

Amanda has been a member of the QLeave Board since 2013. She has expertise in the areas of management, human resources, superannuation and governance. Amanda is a member of the Workplace Health and Safety Queensland Board, and BERT Training Fund Board.

Amanda has been a strong advocate on behalf of workers for over 30 years having come from the union movement.

Amanda has previously been a member of the Workers' Compensation Regulatory Board (Q Comp), a Trustee/Director for QSuper and Director of Safe Work College.

Amanda holds an Enrolled Nurse Certificate, Associate Diploma in Labour Studies and Diploma in Work Health and Safety.

Amanda is currently the Chief Executive Officer of the Asbestos Related Disease Support Society Qld Inc.

EXECUTIVE MANAGEMENT

The executive management team comprises QLeave General Manager, Assistant General Manager Corporate Strategy and Assistant General Manager Finance and Client Services.

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

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

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

The Assistant General Manager Corporate Strategy is responsible for:

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

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

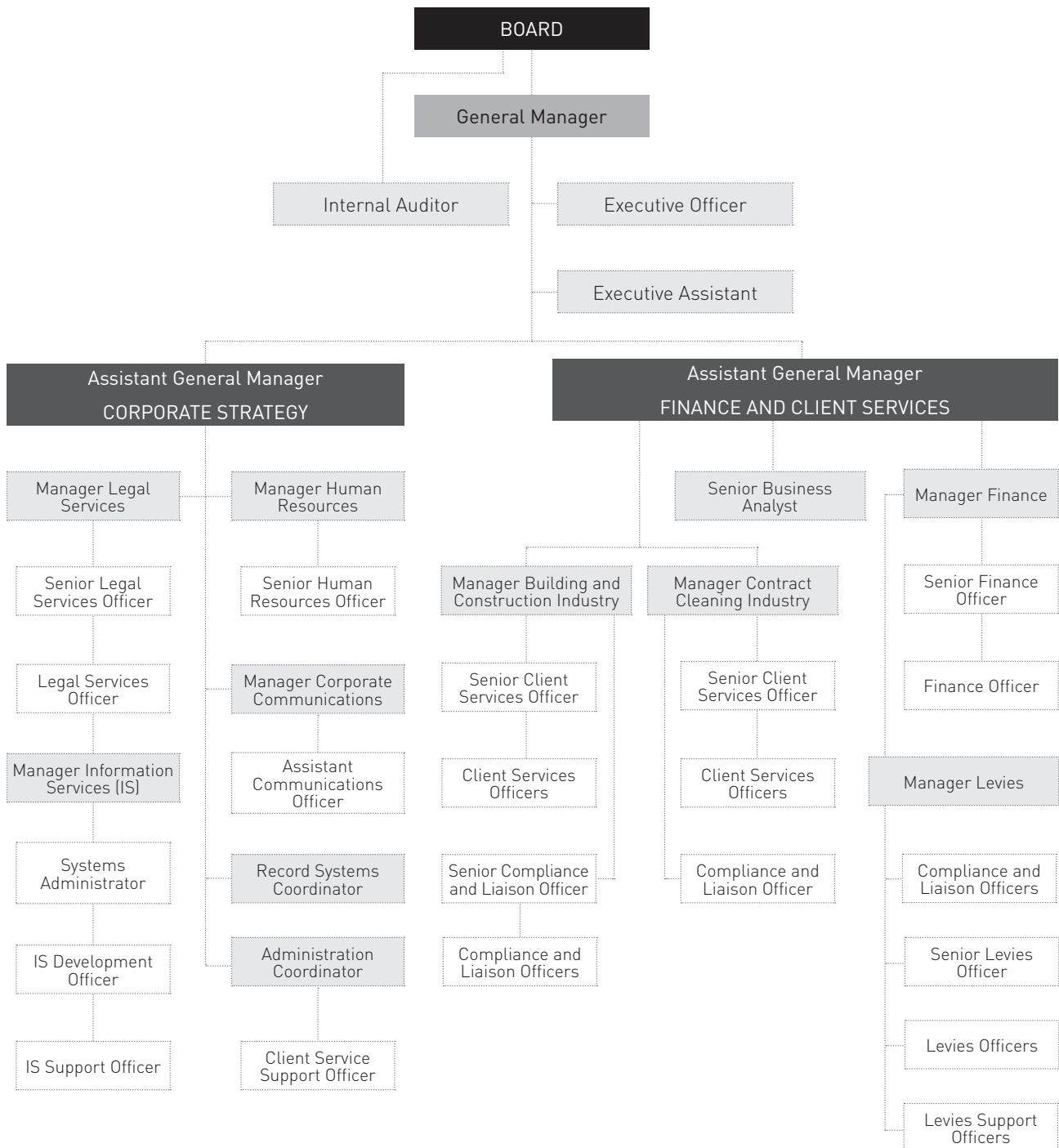
- financial management
- funds management
- levy collection
- legislative compliance
- worker, employer and levy payer register maintenance
- long service leave processing
- client liaison and site visits.



PEOPLE

Objective: Develop appropriately skilled staff engaged in an authentic culture to meet current and future service delivery needs.

ORGANISATIONAL CHART



WORKFORCE PROFILE

As at 30 June 2016, QLeave had 51 employees (47 full-time equivalents). The establishment has not changed significantly from the same period last year due to a continued focus on efficiencies in service delivery.

The permanent retention rate during 2015-16 was 90%.

STRATEGIC WORKPLACE PLANNING

QLeave's people goal is to develop appropriately skilled staff engaged in an authentic culture to meet current and future service delivery needs. To support this goal, four key people long-term strategies and supporting activities have been identified. They are:

1. Develop our leaders and enhance leadership capability.

We will achieve this by embedding a vibrant evidence based and measurable program to develop leadership, both those appointed as such and developing leadership capability at all levels in our organisation.

2. Better understand and communicate with each other and with our customers.

We will achieve this by enhancing our understanding and ability to communicate with each other and with our customers, increasing our awareness about the industries that we service and support our commitment to enhancing the customer experience.

3. Skill and develop our people in using systems and tools more efficiently to meet customer needs.

We will achieve this by developing and applying our knowledge and skills in existing and future technologies, processes and practices and strengthening our capability in managing projects so that we can respond flexibly to changing business needs.

4. Develop a workforce culture that is authentic, engaging and constructive.

We will achieve this by fostering regular performance conversations, embedding our values and professionalism, and implementing initiatives that enhance our workplace culture and employee wellbeing.

Each year people related strategies and activities are developed and included in our operational plan. These activities include the delivery of a full-suite of human resource services and organisational development initiatives to support our strategic objectives and address our four strategies.

These activities are further supported by learning and development activities aligned to business needs.

Strategic and operational workforce plans are reviewed annually and tailored to meet changing business needs.



PERFORMANCE MANAGEMENT FRAMEWORK

QLeave is committed to managing employee performance and conduct, and to developing our employees. Performance and development planning is based on a 12 month cycle that involves a series of formal and informal conversations about performance, conduct and the workplace. We acknowledge that regular conversations about these topics are vital to our success as employees and as an organisation. Learning and development activities are identified and scheduled to achieve our goals.

Our Corporate Induction Program provides new employees with an introduction to employment here at QLeave, information about what we do, how we operate and outlines the way employees can add value to our organisation.

Our Employee Recognition Program recognises the value that our employees contribute to the organisation, on a quarterly basis. An annual award is provided to the staff member whose contribution has created the most value.

FLEXIBLE WORKING ARRANGEMENTS AND EMPLOYEE WELLBEING

QLeave provides employees with access to leave and flexible working arrangements that reflect broader Queensland Government people initiatives.

40% of employees currently participate in flexible working arrangements including part-time, compressed hours and job share arrangements.

QLeave's wellness strategy provides avenues for employees to seek advice about mental, physical and financial health wellbeing. QLeave promotes the use of our Employee Assistance Program and offers a range of events and activities throughout the year to support staff wellbeing.

GOALS AND STRATEGIES 2016-17

.....
Appropriately skilled staff engaged in an authentic culture
to meet current and future service delivery needs.
.....

Building and Construction Industry (Portable Long Service Leave) Authority

For the Year Ended 30 June 2016

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Building and Construction Industry (Portable Long Service Leave) Authority

For the Year Ended 30 June 2016

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Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Comprehensive Income

for the year ended 30 June 2016

OPERATING RESULT	Notes	2016 \$'000	2015 \$'000
Income from Continuing Operations			
Portable long service leave levies	B1-1	82,750	68,612
Income from investments	B1-2	11,108	18,420
Interest		61	89
Net gain/(loss) on financial assets at fair value	B1-3	1,256	24,730
Other revenue			
Fee for service		2,101	2,164
Other		164	3
Unused Transitional Rebate	B2-4	-	10,384
Total Income from Continuing Operations		97,440	124,402
Expenses from Continuing Operations			
Employee expenses	B2-1	4,310	4,637
Supplies and services	B2-2	2,397	2,836
Fund management charges		2,743	2,527
Depreciation and amortisation	B2-3	246	65
Portable long service leave scheme benefits	C8	188,052	191,894
Transitional rebate	B2-4	1,092	-
Total Expenses from Continuing Operations		198,840	201,959
Operating Result from Continuing Operations		<u>(101,400)</u>	<u>(77,557)</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>(101,400)</u>	<u>(77,557)</u>

The accompanying notes form part of these statements.

QAO
certified statements

Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents	C1	13,156	13,957
Receivables	C2	25,658	28,706
Financial assets at fair value through profit or loss	C3	851,473	861,392
Other	C4	550	561
Total Current Assets		890,837	904,616
Non-Current Assets			
Receivables	C2	3,484	900
Plant and equipment	C5-1	1,161	1,350
Intangibles	C6-1	271	121
Total Non-Current Assets		4,916	2,371
Total Assets		895,753	906,987
Current Liabilities			
Payables	C7	2,442	2,083
Provision for employee benefits		1,091	1,171
Provision for scheme benefits	C8	445,000	356,000
Lease Incentive	D4	113	113
Total Current Liabilities		448,646	359,367
Non-Current Liabilities			
Provision for scheme benefits	C8	378,000	377,000
Lease Incentive		908	1,021
Total Non-Current Liabilities		378,908	378,021
Total Liabilities		827,554	737,388
Net Assets		68,199	169,599
Equity			
Accumulated Surplus	C9	68,199	169,599
Total Equity		68,199	169,599

The accompanying notes form part of these statements.

QAO
certified statements

Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Changes in Equity

for the year ended 30 June 2016

	Accumulated Surplus/Deficit \$'000	TOTAL \$'000
Balance as at 1 July 2014	247,156	247,156
Operating Result		
Operating result from continuing operations	(77,557)	(77,557)
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	(77,557)	(77,557)
Balance at 30 June 2015	169,599	169,599
Operating Result		
Operating result from continuing operations	(101,400)	(101,400)
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	(101,400)	(101,400)
Balance at 30 June 2016	68,199	68,199

The accompanying notes form part of these statements.

Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Cash Flows

for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Interest		362	407
Portable long service leave levies		80,033	93,661
Other revenue		2,495	12,796
GST collected from customers		250	375
GST input tax credits from ATO		258	266
Net redemptions from investments		22,000	-
<i>Outflows:</i>			
Employee expenses		(4,390)	(4,761)
Supplies and services		(2,245)	(4,107)
Portable long service leave		(97,939)	(84,138)
Net payments for investments		-	(13,000)
Transitional Rebate		(1,092)	-
GST paid to suppliers		(299)	(463)
GST remitted to ATO		(27)	(22)
Net cash provided by/(used in) operating activities	CF-1	<u>(594)</u>	<u>1,014</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Lease incentive received for plant and equipment		-	1,134
<i>Outflows:</i>			
Payments for plant and equipment		(13)	(1,311)
Payments for systems software		(194)	-
Net cash used in investing activities		<u>(207)</u>	<u>(177)</u>
Net increase/(decrease) in cash and cash equivalents		(801)	837
Cash and cash equivalents at beginning of financial year		<u>13,957</u>	<u>13,120</u>
Cash and cash equivalents at end of financial year	C1	<u><u>13,156</u></u>	<u><u>13,957</u></u>

(1) Cash and cash equivalents comprise of cash at bank and deposits at call as disclosed in Note C1.

The accompanying notes form part of these statements.

QAO
certified statements

Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Cash Flows

for the year ended 30 June 2016

NOTES TO THE STATEMENT OF CASH FLOW

CF-1 Reconciliation of Operating Result to Net Cash Provided by/(used in) Operating Activities

	2016	2015
	\$'000	\$'000
Operating surplus/(loss)	(101,400)	(77,557)
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	246	65
Net losses on disposal of plant and equipment	-	9
<i>Changes in Assets and Liabilities</i>		
(Increase) decrease in Financial Assets	9,919	(58,981)
(Increase) decrease in Receivables	464	31,087
(Increase) decrease in Prepayments	11	(92)
Increase (decrease) in Payables	359	(1,400)
Increase (decrease) in PLSL Scheme Benefits Provision	90,000	108,000
Increase (decrease) in Employee Entitlements Provision	(80)	(117)
Increase (decrease) in Lease Fitout Incentive Provision	(113)	-
Net Cash Provided by/(used in) Operating Activities	(594)	1,014

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

SECTION 1

ABOUT THE AUTHORITY AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Building and Construction Industry (Portable Long Service Leave) Authority (Authority) is established under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*.

The principle place of business of the Authority is Level 4, Lutwyche City Shopping Centre, 543 Lutwyche Road, LUTWYCHE QLD 4030.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

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

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and complies with the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2016.

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

A1-3 PRESENTATION

Currency and Rounding

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.

Comparatives

Comparative information reflects the audited 2014-15 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting period.

Current/Non Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date.

Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Authority does not have conditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for provisions expected to be settled 12 or more months after the reporting date which are measured at their present value and financial assets with QIC which are measured at fair value.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT (continued)

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology.
- The *income approach* converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

A1-6 THE REPORTING ENTITY

The reporting entity comprises the Authority with there being no other related entities.

A2 OBJECTIVES OF THE AUTHORITY

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

The Authority is funded by a levy of 0.25% imposed on building and construction activities over \$150,000 and the income earned from investment of these funds.

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

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

For the 2015-16 financial year, the Authority reported to the Treasurer, Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships (Hon Curtis Pitt MP) from 1 July 2015 until 8 December 2015. From 8 December 2015 to 30 June 2016, the Authority reported to the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs (Hon Grace Grace MP).

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

SECTION 2

NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 INCOME FROM LEVIES

Accounting Policy - Income from Levies

	2016 \$'000	2015 \$'000
Portable long service leave levies	82,750	68,612
Total	82,750	68,612

Revenue is recognised where it can be reliably measured and the entity has an unconditional right to receive it in the period to which it relates. Levy revenue is recognised at the date of notification.

In a future date should a notification be withdrawn or cancelled then a negative impact on levy revenue will occur.

QLeave recognises revenue on formal cost of work notifications (notwithstanding the fact QLeave collects levies on longer term works over their term). The quantum of revenue is estimated based on three elements (i) the applicable levy rate (actual) multiplied by (ii) the leviable cost of work (estimate), discounted (iii) by the time cost of money (if material).

Legislative changes effective 1 July 2014 allowed a tiered rate where the cost of work is more than \$5.406 billion,

B1-2 INCOME FROM INVESTMENTS

Accounting Policy - Income from Investments

	2016 \$'000	2015 \$'000
<i>Queensland Treasury Corporation</i>		
Interest	299	318
<i>QIC Growth Fund</i>		
Distribution	6,374	17,401
<i>QIC Diversified Australian Equities Fund</i>		
Distribution	2,542	-
<i>QIC International Equities Fund</i>		
Distribution	-	-
<i>QIC GFI Inflation Plus Fund</i>		
Distribution	324	701
<i>QIC Bond Plus Fund</i>		
Distribution	1,072	-
<i>QIC Cash Enhanced Fund</i>		
Distribution	498	-
Total	11,108	18,420

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

B1-3 NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE

	2016 \$'000	2015 \$'000
<i>QIC Growth Fund</i>		
Earnings	5,417	40,905
Less Distributions	(6,374)	(17,400)
Fair Value Movement	(957)	23,505
<i>QIC Diversified Australian Equities Fund</i>		
Earnings	2,415	-
Less Distributions	(2,542)	-
Fair Value Movement	(128)	-
<i>QIC International Equities Fund</i>		
Earnings	3,035	-
Less Distributions	-	-
Fair Value Movement	3,035	-

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Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

B1 REVENUE (continued)

B1-3 NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE (continued)

<i>QIC GFI Inflation Plus Fund</i>		
Earnings	-	1,926
Less Distributions	(324)	(701)
Fair Value Movement	(324)	1,225
<i>QIC Bond Plus Fund</i>		
Earnings	740	-
Less Distributions	(1,072)	-
Fair Value Movement	(332)	-
<i>QIC Cash Enhanced Fund</i>		
Earnings	459	-
Less Distributions	(498)	-
Fair Value Movement	(39)	-
Total Fair Value Movement	1,256	24,730

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2016	2015
	\$'000	\$'000
Employee Benefits		
Salaries and Wages	3,221	3,494
Annual Leave expense	322	345
Employer superannuation contributions	440	445
Long service leave expense	120	126
Employee Related Expenses		
Workers' compensation premium	17	10
Payroll tax	186	206
Fringe benefits tax	5	11
Total	4,310	4,637
Full-Time Equivalent Employees	47	47

Accounting Policy - Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the Authority expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting Policy - Sick Leave

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.

Accounting Policy - Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

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

Accounting Policy - Long Service Leave

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

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Accounting Policy - Workers' Compensation Premiums

The Authority pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

B2-2 SUPPLIES AND SERVICES

Accounting Policy - Procurement

	2016 \$'000	2015 \$'000
Advertising and promotions	95	105
Computer costs	347	316
Personnel development	100	80
QAO - external audit fees ⁽¹⁾	31	30
Contractor charges	694	786
Consultancy charges	71	79
Legal expenses	-	77
Motor vehicle costs	5	9
Motor vehicle leases	19	25
Travel costs	22	42
Telecommunication costs	99	78
Printing and photocopying	51	85
Reference materials	64	56
General administration	484	481
Insurance premiums - QGIF ⁽²⁾	6	6
Special payments ⁽³⁾		
Ex-gratia payments - payment to former Core Agreement employees (1)	1	-
Leases - rental	195	529
Building services	51	82
Maintenance building, plant & equipment	8	10
Expensed assets	13	24
Portable and attractive assets	18	6
Impairment losses	23	(79)
Loss on sale of assets	-	9
Total	2,397	2,836

A transaction is classified as supplies and services when the value of goods and services received by the Authority are approximately equal value to the value of consideration exchanged for those goods or services.

Audit Fees

(1) The total audit fees quoted by the Queensland Audit Office relating to the 2015-16 financial statements are estimated to be \$31,000 (2015: \$29,600). There are no non-audit services included in this amount.

Insurance Premiums - QGIF

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

Special Payments

(3) Special payments represent ex gratia expenditure and other expenditure that the Authority is not contractually or legally obligated to make to other parties. Special payments during 2015-16 below \$5,000 include the following:

- As part of the settlement offer to finalise negotiations for the *State Government Entities Certified Agreement 2015*, an undertaking was made that a Section 831 one-off payment of \$1,300 (or pro-rata) would be extended to those employees who resigned, retired or otherwise moved to other employment arrangements after 1 April 2016, but before the agreement was certified on 1 June 2016. These payments attracted applicable salary on-costs. The impact was the recording of one special payment totalling \$1,400.

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Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

B2 EXPENSES (continued)

B2-3 DEPRECIATION AND AMORTISATION

Disclosure - Depreciation and Amortisation

	2016	2015
	\$'000	\$'000
Depreciation and amortisation were incurred in respect of:		
Plant and Equipment	202	21
Software	44	44
Total	246	65

Depreciation expense increased by \$181,000 in 2016 resulting from tenancy fitout completed July 2015 and depreciated over the full 12 months (2015: decreased by \$1,000).

B2-4 TRANSITIONAL REBATE

	2016	2015
	\$'000	\$'000
Unused transitional rebate	-	10,384
Transitional rebate	1,092	-

Legislative changes effective 1 July 2014 allowed for transitional arrangements to apply to building and construction work where the cost of work was more than \$5 billion, where the levy had not been paid in full as at 30 June 2014 and where the building and construction work notified has not been completed as at 30 June 2014.

The financial impact of transitional arrangements was estimated to be \$18.2 million and actual cost was \$7.82 million. The unused amount of \$10.38 million was shown as income in the 2014-15 financial statements.

Additional expenditure in 2015-16 was due to a revised transitional calculation resulting in a further rebate paid to one eligible levy payer for \$1.09 million.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2016	2015
	\$'000	\$'000
Cash at Bank	2,156	3,957
Queensland Treasury Corporation (QTC) Deposits at call	11,000	10,000
Total	13,156	13,957

Accounting Policy - Cash and Cash Equivalents

For the purposes 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.

Disclosure - Cash and Cash Equivalents

Interest on cash held with the Commonwealth bank earned 2.25% in 2016 (2015: 2.5%). Deposits with QTC earned interest at 2.85% in 2016 (2015: 2.83%).

C2 RECEIVABLES

	2016	2015
	\$'000	\$'000
Trade Debtors	15,418	15,266
Less: Allowance for impairment loss	(70)	(50)
	15,348	15,216
Accrued Revenue *	10,006	12,956
GST payable	(4)	7
	10,002	12,963
Other	319	538
Less: Allowance for impairment loss	(11)	(11)
	308	527
Total	25,658	28,706
Non-Current		
Trade Debtors**	3,484	900
Total	3,484	900

Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of project notification. An instalment arrangement may be approved to applicants in accordance with Section 82 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. Trade debtors are presented as current assets unless collection is not expected for more than 12 months after reporting date.

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 2016. The allowance for impairment is based on loss events in conjunction with current debtor monitoring and analysis.

Other debtors generally arise from the Authority acting on a fee for service basis for levy collection. Income for providing these services is in accordance with agency agreements. The income received from acting as an agent for the collection of levy is disclosed in Note B1-4. Terms are a maximum of one month, no interest is charged and no security is obtained.

* Includes Queensland Investment Corporation 4th quarter distribution for the Growth Fund \$6.37 million, Diversified Australian Equities Fund \$2.54 million, Cash Enhanced Fund \$339,000 and Bond Plus Fund \$722,000.

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

Disclosure - Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by the Authority. Receivables fall into one of the following categories when assessing collectability:

- within terms and expected to be fully collectable;
- within terms but impaired;
- past due but not impaired; or
- past due and impaired.

Note C2-1 details the accounting policies for impairment of receivables, including the loss events giving rise to impairment and the movements in the allowance for impairment.

All receivables within terms and expected to be fully collectable are considered of good credit quality based on recent history. Credit risk management strategies are detailed in Note D2.

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Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting Policy - Impairment of Receivables

The allowance for impairment reflects the occurrence of loss of events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the Authority, according to the due date (normally terms of 7 days). Economic changes impacting the Authority's debtors, and relevant industry data, also form part of the Authority's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the Authority determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written off directly against Receivables.

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 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 \$3,000. This was a decrease of \$18,000 from 2015.

The provision amount was increased from \$61,000 to \$81,000. This level is considered appropriate given the current assessment of debtors.

Disclosure - Individually Impaired Receivables Position (Aged)

	2016			2015		
	Gross Receivables \$'000	Allowance for Impairment \$'000	Carrying Amount \$'000	Gross Receivables \$'000	Allowance for Impairment \$'000	Carrying Amount \$'000
Overdue						
Less than 30 days	16	(16)	-	-	-	-
30 to 60 days	-	-	-	-	-	-
60 to 90 days	-	-	-	-	-	-
Greater than 90 days	65	(65)	-	61	(61)	-
Total Overdue	81	(81)	-	61	(61)	-

Disclosure - Movement in Allowance for Impairment for Impaired Receivables

	2016 \$'000	2015 \$'000
Movement in the allowance for impairment		
Balance at 1 July	61	161
Increase/(decrease) in allowance recognised in the operating result	23	(79)
Amounts written off during the year	(3)	(21)
Total Overdue	81	61

Disclosure - Ageing of Past Due but Not Impaired Receivables

	2016 \$'000	2015 \$'000
Overdue		
Less than 30 days	680	567
30 to 60 days	3	69
60 to 90 days	36	62
Greater than 90 days	5,567	377
Total Overdue	6,286	1,075

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES (continued)

Disclosure - Ageing of Past Due but Not Impaired Receivables (continued)

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

Application of this provision is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest charges of \$15,000 in 2015-16 (\$126,000 in 2014-15) were imposed mainly relating to late notification of building and construction works.

C3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015	
	\$'000	\$'000	
QIC Growth Fund (at market value)	511,409	736,401	Accounting Policy - Financial Assets at Fair Value through Profit or Loss The Authority's holdings in financial assets at fair value through profit or loss is limited to unlisted unit trusts managed by QIC Limited. The fair value of these holdings was based on unit price of the relevant trust at reporting date. The unit price is derived based on observable market data for underlying investments held by the trust.
QIC Diversified Australian Equities Fund+ (at market value)	107,606	-	
QIC International Equities Fund (at market value)	110,730	-	
QIC GFI Inflation Plus Fund (at market value)	36,255	124,991	
QIC Bond Plus Fund (at market value)	42,227	-	
QIC Cash Enhanced Fund (at market value)	43,246	-	
Total	<u>851,473</u>	<u>861,392</u>	

C4 OTHER ASSETS

	2016	2015
	\$'000	\$'000
Prepayments	550	561
Total	<u>550</u>	<u>561</u>

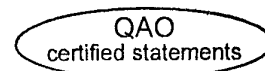
C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2016	2015
	\$'000	\$'000
Plant and equipment		
Gross	2,113	2,100
Less: Accumulated depreciation	(952)	(750)
Carrying amount at 30 June 2016	<u>1,161</u>	<u>1,350</u>

Represented by movements in carrying amount:

Carrying amount at 1 July 2016	1,350	69
Acquisitions	13	1,311
Loss on Disposal	-	(9)
Depreciation expense	(202)	(21)
Carrying amount at 30 June 2016	<u>1,161</u>	<u>1,350</u>



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C5-2 RECOGNITION AND ACQUISITION

Accounting Policy - Recognition Thresholds

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

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

Accounting Policy - Cost of Acquisition

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.

C5-3 DEPRECIATION EXPENSE

Plant and Equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset progressively over its estimated useful life to the Authority.

Key Judgement: Straight line depreciation is used reflecting the progressive, and even consumption of future economic benefits over their useful life to the Authority.

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

Depreciation Rates

Key Estimate: For each class of depreciable asset the following depreciation rates are used:

Class	Rate %
Plant and Equipment:	
Computer Equipment	20
Office Equipment	20
Tenancy Fitout	14

C5-4 IMPAIRMENT

Accounting Policy

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

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

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

C6 INTANGIBLES AND AMORTISATION EXPENSE

C6-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2016 \$'000	2015 \$'000
Software		
Gross	3,069	2,874
Less: Accumulated depreciation	(2,797)	(2,753)
Carrying amount at 30 June 2016	<u>271</u>	<u>121</u>

Represented by movements in carrying amount:

Carrying amount at 1 July 2016	121	165
Acquisitions - purchased	194	-
Disposals	-	-
Amortisation	(44)	(44)
Carrying amount at 30 June 2016	<u>271</u>	<u>121</u>

C6-2 RECOGNITION AND MEASUREMENT

Accounting Policy

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed.

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

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

The purchase cost of software has been capitalised and is being amortised under the amortisation policy below.

C6-3 AMORTISATION EXPENSE

Accounting Policy and Useful life

All intangible assets have finite useful lives and are amortised on a straight line basis over the period of the expected benefit to the Authority, namely five years. The residual value is zero for all software.

Key Estimate: For each class of intangible asset the following depreciation rate is used:

Class	Rate %
Intangible Asset: Software	20

C6-4 IMPAIRMENT

Accounting Policy

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Authority, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

C7 PAYABLES

Accounting Policy - Payables

	2016	2015
	\$'000	\$'000
Trade Creditors	491	574
Accrued Charges	1,951	1,509
Total	2,442	2,083

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 generally settled on 30 day terms.

C8 PROVISION FOR SCHEME BENEFITS

Accounting Policy - Provisions

	2016	2015
	\$'000	\$'000
Current		
Provision for long service leave expected to be settled within 12 months (measured at present value)	110,000	100,000
Provision for long service leave expected to be settled after 12 months (measured at present value)	335,000	256,000
Total *	445,000	356,000

Provisions are recorded when the Authority has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. 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.

Non-Current		
Provision for long service leave (measured at present value)	378,000	377,000
Total	378,000	377,000

Movements in Provisions

Balance as at 1 July	733,000	625,000
Additional provision recognised	188,052	191,894
Reductions in provisions from payments	(98,052)	(83,894)
Balance as at 30 June	823,000	733,000

Payments for long service leave claims are assessed and calculated in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and regulations.

Scheme eligible members as at 30 June were 290,306 (2015: 290,255).

* The total current provision of \$445 million (2015: \$356 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority only expects to pay \$110 million over the next 12 months.

The liability has been recorded as both a current liability and a non-current liability in accordance with AASB101 *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 12 months after the reporting date.

Key Estimates and Judgements: Provision

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* 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. The Authority ensures an independent actuarial assessment is undertaken in accordance with legislation.

The latest actuarial assessment of the scheme's liabilities by DeeDeeRa dated 3 March 2016 was prepared utilising 30 June 2015 worker data based on a number of assumptions.

The major actuarial assumptions are categorised into two main components being demographic and economic.

Demographic Assumptions

- 10% of "Inactive" workers were assumed to return to "Active" status and to continue to accrue service credits at the rate of 165 days per annum. The remaining 90% of "Inactive" workers were valued at their Leaving Industry entitlements. "Active" workers are those members who received a service credit during the year.
- The average delay between a worker becoming entitled to claim long service leave entitlements from the Scheme and making that claim will be 1.5 years.

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Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

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C8 PROVISION FOR SCHEME BENEFITS (continued)

Key Estimates and Judgements: Provision (continued)

Economic Assumptions

- The long-term investment return of 7.0% per annum net of management costs (2015: 7.0% per annum).
- The rate of wage increase of 5.0% per annum (2015: 5.0% per annum).
- The discount rate applied to the projected payments of Scheme liabilities was 7.0% per annum.
- The wage rate of \$1,405.01 per week as at 30 June 2015.
- Total leviabile construction values of \$28.852 billion 2015-16, \$30.190 billion 2016-17, \$31.900 billion 2017-18, \$32.356 billion 2018-19 and after 2018-19 increasing 4% per annum thereafter.
- 10% of the total work commencing in a year will relate to "major" projects (i.e. projects with a value in excess of \$10 million where the Authority will accept applications for the levy to be paid in instalments).
- Expenses of administering the Scheme at 0.02% of leviabile construction values in 2014-15 increasing 4% per annum thereafter.

Employers are required to submit annual returns for eligible workers at the end of each financial year. Collation and processing of employer information is provided to the actuary in October/November each year.

C9 EQUITY

Accounting Policy - Equity

The accumulated balance of each class of other comprehensive income and retained earnings are the components of equity.

	2016	2015
	\$'000	\$'000
Accumulated Surplus		
Opening balance	169,599	247,156
Net surplus	(101,400)	(77,557)
Closing balance	68,199	169,599

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

SECTION 4

NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

What is Fair Value?

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Authority include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Authority's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs), assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Fair Value Measurement Hierarchy

All assets and liabilities of the Authority for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- | | |
|---------|--|
| Level 1 | represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities; |
| Level 2 | represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and |
| Level 3 | represents fair value measurements that are substantially derived from unobservable inputs |

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

The Authority's holdings in financial assets at fair value through profit and loss is limited to unlisted unit trusts managed by QIC Limited. The fair value of these holdings was based on the unit price of the relevant trust at reporting date. The unit price is derived based on observable market data for underlying investments held by the trust. Accordingly, the Authority classifies these financial assets as level 2.

D1-3 CATEGORISATION OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	Level 1		Level 2		Level 3		Total Carrying Amount	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assets								
Cash and cash equivalents	13,156	13,957	-	-	-	-	13,156	13,957
Investments								
QIC Growth Fund	-	-	511,409	736,401	-	-	511,409	736,401
QIC Diversified Australian Equities Fund	-	-	107,606	-	-	-	107,606	-
QIC International Equities Fund	-	-	110,730	-	-	-	110,730	-
QIC GFI Inflation Plus Fund	-	-	36,255	124,991	-	-	36,255	124,991
QIC Bond Plus Fund	-	-	42,227	-	-	-	42,227	-
QIC Cash Enhanced Fund	-	-	43,246	-	-	-	43,246	-
Total	13,156	13,957	851,473	861,392	-	-	864,629	875,349

Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2016

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION

	2016	2015
	\$'000	\$'000
<i>QIC Growth Fund</i>		
Carrying amount at 1 July	736,401	692,270
Plus		
Earnings	5,417	40,905
Contributions	-	-
Distributions reinvested	12,924	22,963
Less		
Distributions	(6,374)	(17,400)
Redemptions	(234,783)	-
Redemptions - Fees	(2,177)	(2,337)
Carrying amount at 30 June	511,409	736,401
 <i>QIC Diversified Australian Equities Fund</i>		
Carrying amount at 1 July	-	-
Plus		
Earnings	2,415	-
Contributions	107,891	-
Distributions reinvested	-	-
Less		
Distributions	(2,542)	-
Redemptions	-	-
Redemptions - Fees	(158)	-
Carrying amount at 30 June	107,606	-
 <i>QIC International Equities Fund</i>		
Carrying amount at 1 July	-	-
Plus		
Earnings	3,035	-
Contributions	107,891	-
Distributions reinvested	-	-
Less		
Distributions	-	-
Redemptions	-	-
Redemptions - Fees	(197)	-
Carrying amount at 30 June	110,730	-
 <i>QIC GFI Inflation Plus Fund</i>		
Carrying amount at 1 July	124,991	110,141
Plus		
Earnings	-	1,926
Contributions	7	29,000
Distributions reinvested	324	959
Less		
Distributions	(324)	(701)
Redemptions	(88,469)	(16,000)
Redemptions - Fees	(274)	(334)
Carrying amount at 30 June	36,255	124,991

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION (continued)

	2016	2015
	\$'000	\$'000
<i>QIC Bond Plus Fund</i>		
Carrying amount at 1 July	-	-
Plus		
Earnings	740	-
Contributions	42,310	-
Distributions reinvested	350	-
Less		
Distributions	(1,072)	-
Redemptions	-	-
Redemptions - Fees	(101)	-
Carrying amount at 30 June	42,227	-
<i>QIC Cash Enhanced Fund</i>		
Carrying amount at 1 July	-	-
Plus		
Earnings	459	-
Contributions	43,159	-
Distributions reinvested	160	-
Less		
Distributions	(498)	-
Redemptions	-	-
Redemptions - Fees	(34)	-
Carrying amount at 30 June	43,246	-
Total carrying amount at 30 June	851,473	861,392

D2 FINANCIAL RISK DISCLOSURES

D2-1 FINANCIAL INSTRUMENT CATEGORIES

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

Category	Note	2016 \$'000	2015 \$'000
Financial Assets			
Financial assets measured at amortised cost:			
Cash and cash equivalents	C1	13,156	13,957
Receivables	C2	29,142	29,606
Financial assets at fair value through profit or loss:			
QIC Growth Fund	C3	511,409	736,401
QIC Diversified Australian Equities Fund	C3	107,606	-
QIC International Equities Fund	C3	110,730	-
QIC GFI Inflation Plus Fund	C3	36,255	124,991
QIC Bond Plus Fund	C3	42,227	-
QIC Cash Enhanced Fund	C3	43,246	-
Total		893,771	904,955
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	C7	2,442	2,083
Total		2,442	2,083

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

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Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-2 FINANCIAL RISK MANAGEMENT

(a) Risk Exposure

Financial risk management is implemented pursuant to the Authority's Investment Policy Statement. This policy focuses on the unpredictability 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	Definition	Exposure
Credit Risk	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 Authority is exposed to credit risk in respect of its receivables (Note C2).
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 payments for long service leave claims).
Market Risk	<p>The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p><i>Price Risk</i> is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors to the specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.</p> <p><i>Interest rate risk</i> is the risk that the fair value or future cash flows of financial instrument will fluctuate because changes in market interest rates.</p>	<p>The Authority is exposed to price risk through investments with QIC. The Authority is exposed to adverse movements in the level of volatility of the financial markets in respect to these investments.</p> <p>The Authority is exposed to interest rate risk through cash and cash equivalents subject to variable interest rates.</p>

(b) Risk Measurement and Management Strategies

Risk Exposure	Measurement Method	Risk Management Strategies
Credit Risk	Ageing analysis	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.
Liquidity Risk	Sensitivity analysis	<p>The Authority manages liquidity risk 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.</p> <p>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.</p>
Market Risk	<p>Price sensitivity analysis</p> <p>Interest rate sensitivity analysis</p>	<p>To manage the risk of a decline in portfolio value due to adverse movements in market price the QIC investment structure diversified in 2015-16 to include an additional 2 capital funds and 2 liquidity funds.</p> <p>The Authority does not undertake any hedging in relation to interest risk. The Authority's Investment Policy Statement is reviewed annually to ensure that an appropriate asset allocation exists to give expected returns for given levels of risk over time.</p>

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-3 CREDIT RISK - CONTRACTUAL MAXIMUM EXPOSURE

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

Category	Note	2016 \$'000	2015 \$'000
Financial Assets			
Cash and cash equivalents	C1	13,156	13,957
Receivables	C2	29,142	29,606
Total		42,298	43,563

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority. Refer to Note C2-1.

D2-4 LIQUIDITY RISK - CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

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

Financial Liabilities	2016				2015			
	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
Payables	2,442	2,442	-	-	2,083	2,083	-	-
Total	2,442	2,442	-	-	2,083	2,083	-	-

D2-5 MARKET RISK

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 2016 (2015: +/- 3%). These fluctuations are considered appropriate given the economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity current world increase/(decrease) of \$25,544,000 (\$25,842,000 in 2015). This is attributable to the Authority's exposure to investments returns held with QIC's Growth Fund, Diversified Australian Equities Fund, International Equities Fund, GFI Inflation Plus Fund, Bond Plus Fund and Cash Enhanced Fund.

Financial Instruments	Carrying Amount \$'000	2016 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	511,409	(15,342)	(15,342)	15,342	15,342
QIC - Diversified Australian Equities Fund	107,606	(3,228)	(3,228)	3,228	3,228
QIC - International Equities Fund	110,730	(3,322)	(3,322)	3,322	3,322
QIC - GFI Inflation Plus Fund	36,255	(1,088)	(1,088)	1,088	1,088
QIC - Bond Plus Fund	42,227	(1,267)	(1,267)	1,267	1,267
QIC - Cash Enhanced Fund	43,246	(1,297)	(1,297)	1,297	1,297
Potential Impact		(25,544)	(25,544)	25,544	25,544

Financial Instruments	Carrying Amount \$'000	2015 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	736,401	(22,092)	(22,092)	22,092	22,092
QIC - Diversified Australian Equities Fund	-	-	-	-	-
QIC - International Equities Fund	-	-	-	-	-
QIC - GFI Inflation Plus Fund	124,991	(3,750)	(3,750)	3,750	3,750
QIC - Bond Plus Fund	-	-	-	-	-
QIC - Cash Enhanced Fund	-	-	-	-	-
Potential Impact		(25,842)	(25,842)	25,842	25,842

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Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2016

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-5 MARKET RISK (continued)

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 \$132,000 (\$140,000 in 2015).

Financial Instruments	Carrying Amount \$'000	2016 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	13,156	(132)	(132)	132	132
Potential Impact		(132)	(132)	132	132

Financial Instruments	Carrying Amount \$'000	2015 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	13,957	(140)	(140)	140	140
Potential Impact		(140)	(140)	140	140

D3 CONTINGENCIES

As at 30 June 2016, there were no contingent assets or liabilities.

D4 COMMITMENTS

Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2016 \$'000	2015 \$'000
Not later than 1 year	412	367
Later than 1 year but not later than 5 years	1,746	2,158
Later than 5 years	1,882	1,882
	<u>4,040</u>	<u>4,407</u>

Accounting Policy - 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. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line basis unless another systematic basis is more reflective of the time pattern of the lessee's benefit.

Operating leases are entered into as a means of acquiring office accommodation and printing services. The office accommodation lease had an effective date of 1 July 2015 for a 10 year term and the printing services for a five year term to 30 June 2020.

Other Expenditure Commitments

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

	2016 \$'000	2015 \$'000
Payable:		
Not later than 1 year	-	292
	<u>-</u>	<u>292</u>

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2016

D5 EVENTS AFTER THE BALANCE DATE

There have been no events occurring after balance date.

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impact of new and amended Australian Accounting Standards issued but with future commencement dates are set out below:

AASB 2016-2 Amendments to Australian Accounting Standards Disclosure Initiative: Amendments to AASB 107

From reporting periods on or after 1 July 2017, this standard amends AASB 107 *Statement of Cash Flows* and requires entities preparing financial statements in accordance with Tier 1 reporting requirements to provide additional disclosure that enables uses of financial statements to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation or roll forward as part of the notes to the statement of cash flows. The measurement as assets, liabilities, income and expenditure in the financial statements will be unaffected.

AASB 124 - Related Party Disclosures

From reporting periods beginning on or after 1 July 2016, the Authority will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard required a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parties/entities. The Authority already discloses information about the remuneration expenses for key management personnel (refer Note E1) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Authority's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 15 Revenue from Contracts with Customers

This standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Authority's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Authority has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The Authority is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Authority are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Authority's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

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 2017-18 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, the carrying amount is expected to be a reasonable approximation of fair value.

Another impact of AASB 9 relates to calculating impairment losses for the Authority's receivables. Assuming no substantial change in the nature of the Authority's receivables, as they don't include a financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Authority will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Authority will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Authority enters into, the most likely ongoing disclosure impacts are expected to relate the credit risk of financial assets subject to impairment.

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.

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 16 Leases

This standard will be effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases - Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. The impact on the reported assets and liabilities would be largely in proportion to the scale of the Authority's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-to use the asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Authority will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Authority has not yet quantified the impact of the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure.

Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2016

**SECTION 5
OTHER INFORMATION**

E1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of 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 Authority during 2015-16 and 2014-15. Further information on these positions can be found in the body of the Annual report under the section relating to The Board.

Director

A Director is responsible for commercial policy and management of the Authority.			
Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Ms Jacqueline D'Alton	Board Director	05 November 1998	-
Mr Adam Stoker	Governor-in-Council	01 July 2013	-
Mr John Crittall		05 August 2010	30 June 2016
Mr Gary Deane		14 May 1997	30 June 2016
Ms Debra Johnson		05 August 2010	30 June 2016
Mr Rohan Webb		05 August 2010	-
Mr Bradley O'Carroll		01 July 2013	30 June 2016
Ms Amanda Richards		01 July 2013	30 June 2016

General Manager

The General Manager is responsible for the management of the Authority under direction of the Board.			
Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES2 Director General	18 July 2014	-

The following persons held the position of Director during the year ended 30 June 2016.

Ms Jacqueline D'Alton	Chair
Mr Adam Stoker	Deputy Chair
Mr John Crittall	Employer Representative (QMBA)
Mr Gary Deane	Employer Representative (CCF)
Ms Debra Johnson	Employer Representative (HIA)
Mr Rohan Webb	Worker Representative (AMWU)
Mr Bradley O'Carroll	Independent Worker Representative
Ms Amanda Richards	Independent Worker Representative

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

From time to time, particular Directors of the Authority may be required to comply with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* and the *Work Health and Safety Act 2011* in respect of payment of levies for their own business undertakings in building and construction work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.

Remuneration Policies

Remuneration policy for the Authority's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment for the key management personnel are specified in employment contracts.

Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2016

E1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration expenses for key management personnel comprise the following components:

Short term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a key management person;
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods of payment in lieu of termination, regardless of the reason for termination.

Key Management Personnel Remuneration Expense

2015-16

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	163	25	1	20	-	209
Ms Jacqueline D'Alton	9	-	-	-	-	9
Mr Adam Stoker	3	-	-	-	-	3
Mr John Crittall	2	-	-	-	-	2
Mr Gary Deane	2	-	-	-	-	2
Ms Debra Johnson	4	-	-	-	-	4
Mr Rohan Webb	1	-	-	-	-	1
Ms Amanda Richards	2	-	-	-	-	2
Mr Bradley O'Carroll	-	-	-	-	-	-
Total Remuneration	186	25	1	20	-	232

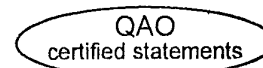
2014-15

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager (Current)	164	24	10	19	-	217
General Manager (Past)	23	22	132	-	160	337
Ms Jacqueline D'Alton	11	-	-	-	-	11
Mr Adam Stoker	2	-	-	-	-	2
Mr John Crittall	2	-	-	-	-	2
Mr Gary Deane	3	-	-	-	-	3
Ms Debra Johnson	2	-	-	-	-	2
Mr Rohan Webb	2	-	-	-	-	2
Ms Amanda Richards	3	-	-	-	-	3
Mr Bradley O'Carroll	2	-	-	-	-	2
Total Remuneration	214	46	142	19	160	581

E2 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OF CHANGE IN ACCOUNTING POLICY

Changes in Accounting Policy

The Authority did not voluntarily change any of its accounting policies during 2015-16.



Building and Construction Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2016

E2 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OF CHANGE IN ACCOUNTING POLICY (continued)

Accounting Standards Early Adopted for 2015-16

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

The amendments arising from this standard seek to improve reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosure in the notes. The Authority has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This standard amends AASB 13 *Fair Value Measurement* and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash flows. The relief applies to assets under AASB 116 *Property, Plant and Equipment* which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer to Note D1-1). The Authority does not hold any property, plant and equipment categorised at Level 3 and as a result this amendment does not have an impact.

Accounting Standards Applied for the First Time in 2015-16

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

E3 TAXATION

The activities of the Authority are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST payable to the ATO is recognised (refer to Note C2). The collection of levies is not subject to GST.

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 financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Building and Construction Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2016 and of the financial position of the Authority at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



J Dahl
General Manager

24 August 2016



J D'Alton
Chair

24 August 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLeave), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Chair of the Board and General Manager.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

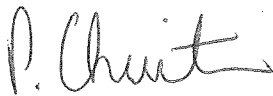
Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLeave) for the financial year 1 July 2015 to 30 June 2016 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.



P CHRISTENSEN FCPA
(as Delegate of the Auditor-General of Queensland)



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PUBLIC AVAILABILITY

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

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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.



PORTABLE
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