



annual report 2011-2012

Contract Cleaning Industry
(Portable Long Service Leave) Authority



OUR MISSION

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



OUR VALUES

We are:

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

Respectful by being open, fair and consistent in our actions

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

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

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

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The Contract Cleaning Industry (Portable Long Service Leave) Authority was established to administer a paid long service leave scheme for eligible workers in the contract cleaning industry regardless of the number of employers they work for. QLeave administers the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* on behalf of the Authority. For specific details of the statutory reporting requirements please access the QLeave - Building and Construction Industry (Portable Long Service Leave) Authority Annual Report 2011-2012 at www.qleave.qld.gov.au

Letter of Compliance

31 August 2012

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

Dear Minister

I am pleased to present the Annual Report 2011-2012 and financial statements for the Contract Cleaning Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

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

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

Yours sincerely



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

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About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

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

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

At 30 June 2012, 48,286 workers and 763 employers in the contract cleaning industry were registered with the Scheme. Since inception of the Scheme in 2005, 707 long service leave payments have been made to registered workers and employers, totalling over \$1.6 million. Payments will increase significantly as the Scheme matures and more workers become eligible to claim benefits.

On 1 July 2011, a portable long service leave scheme for the contract cleaning industry commenced in New South Wales. The Queensland/Australian Capital Territory Reciprocal Agreement was extended to cover the New South Wales scheme and means that workers will have their service recognised across these three jurisdictions.

We would like to express our appreciation to both the outgoing Minister, the Hon Cameron Dick MP and our new Minister, the Hon Jarrod Bleijie MP and both Governments for ensuring legislative provisions facilitate efficient scheme operations, and support portable long service leave benefits for the contract cleaning industry in the future.

We are also appreciative of the ongoing efforts and contributions of the staff, management and board members.

Looking ahead, industry awareness of the Scheme, particularly in regional areas, and employer compliance will remain focuses for the Authority and Board. The Board will also investigate ways to minimise costs that impact on employers in the contract cleaning industry.

We look forward to continuing to review and enhance the administration of the Scheme in the year ahead to ensure the services we provide support the Queensland government's objectives: *Getting Queensland back on track*.

Judith Bertram
CHAIRPERSON



Graeme Wilson
GENERAL MANAGER



Strategic Objectives, Indicators and Measurement

Critical areas and goals	Objectives	Indicators	Achieved
Clients/Stakeholders → Workers → Employers → Alliance Partners → Government	Deliver quality client service and communications	→ Stronger relationships with industry stakeholders → 100% customer service standards met → 85% client and stakeholder satisfaction → Marketing services delivered → Increased usage and access to information online	✓
Financial Management	Maintain financial accountability and sustainability of the Contract Cleaning Industry (Portable Long Service Leave) Scheme	→ Achieve overall Scheme objective of a net investment return which exceeds Average Weekly Ordinary Time earnings (AWOTE) by at least 2% p.a. when measured over rolling five year periods → Achieve returns that are within +/- 10% of the performance objective on an annual basis* → Approved actuarial recommendations actioned → Financial targets achieved → Reporting targets met	✗
		→ Compliance with all statutory obligations → Annual Board governance and framework review → Quality Certification maintained to ISO 9001:2008 → Business continuity and disaster recovery processes tested annually → Planned compliance activities delivered and outcomes reported	✓
Corporate Governance and Risk Management	Sound corporate governance, compliance and risk management frameworks	→ Compliance with all statutory obligations → Annual Board governance and framework review → Quality Certification maintained to ISO 9001:2008 → Business continuity and disaster recovery processes tested annually → Planned compliance activities delivered and outcomes reported	✓
Business systems and processes	Continue to develop and improve business systems and processes	→ Identified improvements implemented → Consistency of data used in decision making/planning	✓

* The investment management component of the corporate plan was not achieved this year. Further details on investment performance are available under Financial Management on page 6.

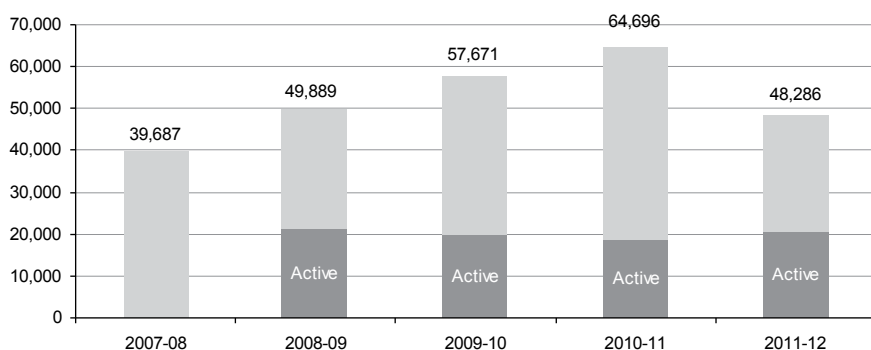
Clients / Stakeholders

- Objectives: Deliver quality client service and communications to:
- workers whose service records are maintained and entitlements paid out when a long service leave claim is made
 - employers who, by legislation, are required to provide information about their workers' service and pay the portable long service leave levy.
- Manage compliance across employer obligations, levy income, debt management and unregistered employers.

WORKERS – ACHIEVEMENTS AND PERFORMANCE MEASURES

- As at 30 June 2012, there were 48,286 workers registered with the Authority, compared with 64,696 at 30 June 2011.
- Of these, 20,120 were active workers, compared with 18,690 at 30 June 2011. Active workers are workers who have recorded service in one of the previous four quarters.
- The number of registered workers decreased from 2010-11 as a result of the four year rule process. This process identifies workers for cancellation who have not been credited with service for the past four years. Under the four year rule, 24,352 workers had their registrations cancelled during the year.

Worker Registrations 2007-2012

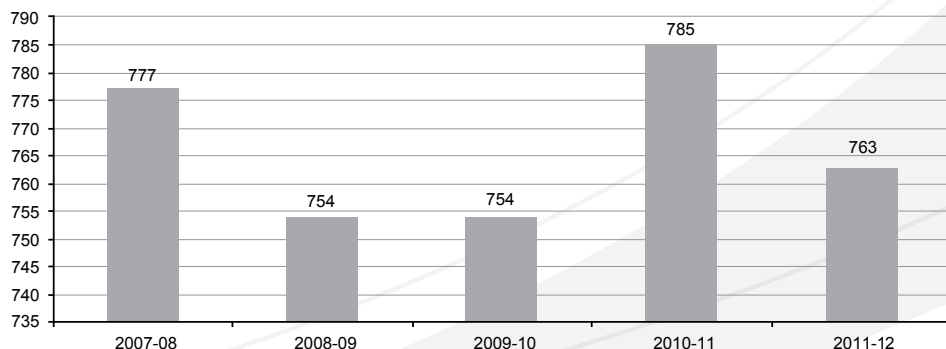


- Annual Notices of Service were made available to workers in October 2011. The statement shows a worker's record of service credits for the financial year and their recorded earnings as well as their total service credits since registration, based on the information reported by their employer in the quarterly returns.
- A newsletter was included with the Annual Notice of Service providing general information about the Scheme, contact details for the interpreter service and instructions for checking the notice online.

EMPLOYERS – ACHIEVEMENTS AND PERFORMANCE MEASURES

- At 30 June 2012, 763 employers were registered with the Authority, including 158 new employer registrations for the year.

Employer Registrations 2007-2012

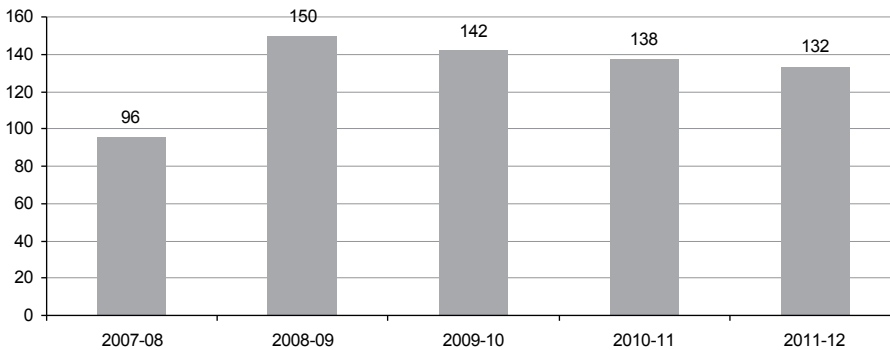


- An employer return satisfaction survey was made available online. Over 16% of employers completed the survey. A satisfaction rating of over 87% was achieved across the surveyed areas including ease of use, time taken to complete the return, instructions provided and quality of service provided by staff. Staff service achieved the highest rating of 94%. Comments provided by employers will be used to improve the employer return process.
- 77% of employers with quarterly levy payments in excess of \$1,000 submitted their workers' service on a quarterly basis using electronic spreadsheet lodgement.
- Quarterly newsletters were sent to employers in September and December 2011 and March and June 2012. The content of these newsletters focussed on avoiding penalties, education on eligibility, claims and employer returns and promoting electronic payment and lodgement options.
- The employer newsletters were distributed both electronically and in printed form. The newsletters were also made available on the Authority's website.
- The Authority supported the Building Service Contractors Association of Australia (BSCAA) at their Annual Golf Day, Members' Breakfast, Annual General Meeting, ecoClean Program launch and Excellence Awards ceremony.

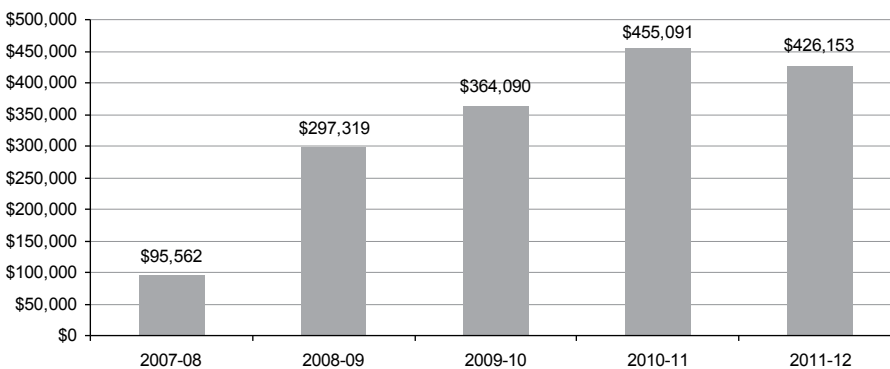
Claims

- From 1 July 2011 to 30 June 2012, long service leave payments were made to the value of \$426,153, comprising:
 - 60 claims paid to registered employers, to the value of \$168,496, compared with 71 claims totalling \$166,169 at 30 June 2011 and
 - 72 claims paid to registered workers, to the value of \$257,657, compared with 67 claims totalling \$288,922 at 30 June 2011.

Number of claims paid per year 2007-2012



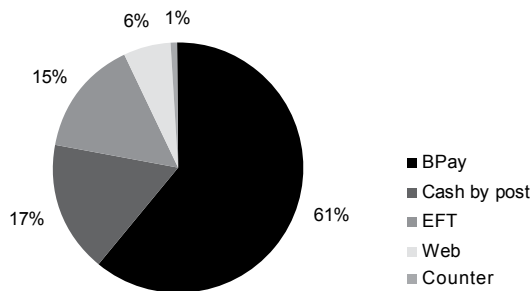
Value of claims paid per year 2007-2012



Levy collection

- The employer levy is actuarially assessed and has remained at 2% of registered workers' ordinary earnings, since commencement of the Scheme.
- Levy payments totalled \$6,275,000 for the financial year, compared with \$5,182,000 at 30 June 2011.
- Levy collections by BPay increased to 61% in 2011-12 from 49% in 2010-11 with the majority of employers now preferring to use this method of payment.
- The Authority continues to promote electronic lodgement and payment options which assist employers by providing speed and security when meeting their obligations.

Type of levy payments received 1 July 2011 to 30 June 2012



Compliance

- During 2011-12, the majority of registered employers complied with legislative requirements.
- Less than 5% of employers incurred a penalty for late lodgement or levy payment. A total of \$29,700 was incurred by employers, made up of \$20,700 in penalties and \$9,000 in interest on unpaid levies. The number of employers who incurred a penalty was consistent with 2010-11. Educating employers on their obligations, including quarterly return lodgement and levy payment timeframes, remains a focus for the Authority.
- Compliance staff visited 32 registered employers. These educational visits assisted employers with their understanding of the Scheme and with completion of their quarterly returns.
- The audit compliance program comprised 28 audits of employers with large numbers of workers and found:
 - 9 employers had no discrepancies in wages declared
 - 18 employers had under-declared wages (due to omitting eligible subcontractors, penalty rates and termination payments on their return) resulting in additional levy of \$36,564
 - 1 employer had over-declared wages and subsequently received a refund.
- Legal services were required for 48 matters including complaint and summons matters, debt recoveries, reconsiderations, internal advice requests and statutory advice work. The number of matters received was similar to 2010-11.

STRATEGIES FOR 2012-13

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

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

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

Financial Management

Objective: Maintain financial accountability and sustainability of the Scheme.

Investment performance

Investment returns play a significant part in ensuring the sustainability of the Scheme. This is necessary to cater for the increase in the long service leave liability and to maintain levy rates at the lowest possible level. As at 30 June 2012, the Scheme had \$30.3 million under fund management with the Queensland Investment Corporation. This represents an increase of \$6.2 million over the 30 June 2011 figure.

The Cash Enhanced Fund returned 4.96% net for the year (30 June 2012 balance was \$10 million) and the Growth Fund returned -0.04% net for the year (30 June 2012 balance was \$20.3 million). These returns combined did not achieve the Scheme's overall investment objective for 2011-12.

	30 June balance \$
Cash at Bank	51,030
Queensland Investment Corporation	30,345,738
Totals	30,396,768

Budget performance

The operational budget methodology adopted is zero based and is closely monitored on a monthly basis. The administration costs include \$765,000 paid to QLeave to administer the Contract Cleaning Industry Portable Long Service Leave Scheme on behalf of the Authority.

Income was 4.6% under budget due to lower than expected investment returns. However, levy income exceeded budget by 17.95%. Supplies, services and employee expenditure was greater than the budget estimate by 1.4% due to bad debts resulting from employers going into liquidation.

	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	6,275	955
Investment income	575	(1,288)
Supplies, services and employee expenses	1,021	14
Long service leave payments	426	(174)

The total provision for the Scheme's accrued long service leave entitlements at 30 June 2012, as determined by the actuary, was \$11.2 million which is an increase of \$1 million (9.8%) from the previous year.

The 2011-12 financial year saw the Authority make an operating surplus of \$4,402,547.

Actuarial assessment

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

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

A full actuarial assessment was undertaken in 2011-12 based upon 30 June 2011 scheme data. The actuary found the Scheme was in a very sound financial position. The actuary's report has been assessed by the Authority's investment consultant in reviewing the Authority's investment objectives and strategy and implications for long-term funding requirements.

STRATEGIES FOR 2012-13

Maintain financial accountability and sustainability of the Scheme through:

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

Corporate Governance and Risk Management

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

Under the provisions of the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* ('the Act'), the Contract Cleaning Industry (Portable Long Service Leave) Authority is governed by a board of directors ('the Board'). The Board reports to the relevant Minister at specified quarterly intervals concerning the Authority's operational and financial performance. From 1 July 2011 to 24 March 2012, the Board reported to the Minister for Education and Industrial Relations, the Hon Cameron Dick MP. From 3 April 2012 to 30 June 2012, the Board reported to the Attorney-General and Minister for Justice, the Hon Jarrod Bleijie MP.

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

The Board's role includes:

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

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

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

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

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

Composition of the Board

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

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

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

The Board currently comprises the following directors:

Chairperson:	Judith Bertram
Deputy Chairperson:	Paul Byrne
Employer Representatives:	Peter Nipper, Kim Puxty
Worker Representatives:	Jane Cartwright, Damien Davie

Remuneration

Directors receive remuneration within Category E1 (business activities relating to single operations) of the *Queensland Government's Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*.

Board meetings

The board met on five occasions during 2011-12, in August 2011, November 2011, February 2012, April 2012 and June 2012.

Directors' attendance at meetings 2011-12

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

The Board and QLeave's Management

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

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

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

Issues for the Board

The Board identified the following focus areas for the year:

- wages growth and changing employment conditions within the contract cleaning industry
- marketing, in particular in growth and regional areas, and better information about the nature of the Scheme
- consolidation of employers and contracts within the contract cleaning industry.

2011-12 Board Performance Assessment

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

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

The self evaluation process reinforces to directors their accountability to the Authority and the contract cleaning industry.

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

The Board has undertaken its self evaluation for 2011-12 and has identified areas upon which to focus in 2012-13 concerning risk management and corporate governance.

Internal Audit

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

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

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

STRATEGIES FOR 2012-13

Sound corporate governance and risk management frameworks through:

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

The Board

→ JUDITH BERTRAM, CHAIR

Judy has been Chair of the Board since July 2011.

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

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

→ PAUL BYRNE, DEPUTY CHAIR

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

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

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

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

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

→ PETER NIPPER, EMPLOYER REPRESENTATIVE

Peter is an employer representative on the Board.

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

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

His academic qualifications include a Master of Business Administration.

→ **KIM PUXTY, EMPLOYER REPRESENTATIVE**

Kim is an employer representative on the Board.

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

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

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

→ **JANE CARTWRIGHT, WORKER REPRESENTATIVE**

Jane is a worker representative on the Board.

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

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

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

→ **DAMIEN DAVIE, WORKER REPRESENTATIVE**

Damien is a worker representative on the Board.

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

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

Financial Statements 2011-2012

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Income from Continuing Operations			
Portable long service leave levies	1(d)	6,275	5,182
Income from investments	2	896	2,223
Interest		7	11
Net (loss)/gain on financial assets at fair value	3	(328)	44
Total Income from Continuing Operations		6,850	7,460
Expenses from Continuing Operations			
Employee expenses		5	5
Supplies and services	5	1,016	1,038
Portable long service leave scheme benefits	11	1,426	1,255
Total Expenses from Continuing Operations		2,447	2,298
Operating Result from Continuing Operations		4,403	5,162
Other Comprehensive Income		-	-
Total Comprehensive Income		4,403	5,162

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Current Assets			
Cash and cash equivalents	6	51	87
Receivables	1(c), 7	1,675	2,416
Financial assets at fair value through profit or loss	8	30,346	24,178
Other	9	6	1
Total Current Assets		32,078	26,682
Total Assets		32,078	26,682
Current Liabilities			
Payables	1(e), 10	248	255
Provision for scheme benefits:			
Expected to be settled within 12 months	11	600	600
Expected to be settled after 12 months	11	4,000	1,800
Total Current Liabilities		4,848	2,655
Non Current Liabilities			
Provision for scheme benefits	11	6,600	7,800
Total Non Current Liabilities		6,600	7,800
Total Liabilities		11,448	10,455
Net Assets		20,630	16,227
Equity			
Accumulated surplus	14	20,630	16,227
Total Equity		20,630	16,227

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Accumulated Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2010	11,065	11,065
Operating Result from Continuing Operations	5,162	5,162
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2011	16,227	16,227
Balance as at 1 July 2011	16,227	16,227
Operating Result from Continuing Operations	4,403	4,403
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2012	20,630	20,630

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest		7	10
Portable long service leave levies		6,124	5,183
Proceeds from investments		318	278
GST refunded from ATO		113	92
<i>Outflows:</i>			
Employee expenses		(5)	(5)
Supplies and services		(944)	(933)
Portable long service leave paid		(430)	(455)
Payments for investments		(5,123)	(4,203)
Investment expenses		-	(2)
GST paid to suppliers		(96)	(95)
Net cash provided by (used in) operating activities	12	(36)	(130)
Net increase (decrease) in cash and cash equivalents		(36)	(130)
Cash and cash equivalents at beginning of financial year		87	217
Cash and cash equivalents at end of financial year	6	51	87

The accompanying notes form part of these statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

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

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

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

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

These financial statements are a general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and complies with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. Except where stated, the historical cost convention is used.

The financial statements are for the Authority as a single entity. With respect to compliance with Australian Accounting Standards and Interpretations the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit statutory body which commenced operations 1 July 2005. The Authority reported to the Minister for Education and Industrial Relations until the 24 March 2012 and to the Attorney-General and Minister for Justice from 3 April to 30 June 2012.

(b) Cash and Cash Equivalents

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

(c) Receivables

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

The collectability of receivables is assessed periodically with an allowance being made for impairment. There are no significant bad debts for the year as at 30 June and no requirement to increase the allowance for impairment. Refer Note 16.

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

(d) Revenue Recognition

Revenue is recognised, where it can be reliably measured, in the period to which it relates. Levy revenue applicable to the last quarter, April to June 2012, has been estimated and accrued, based on levies received for the previous three quarter return periods.

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

(e) Payables

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

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(f) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

(g) Employee Benefits

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

(h) Portable Long Service Leave Scheme Benefits

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

(i) Insurance

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

(j) Taxation

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

(k) Issuance of Financial Statements

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

(l) Accounting Estimates and Judgements

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

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

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

An independent actuarial assessment was completed in February 2012 utilising 30 June 2011 worker data. Actuarial assumptions used in the assessment of the total liability for accrued normal and retrospective service credits included earning rates on investments, rate of salary inflation, rates of leaving industry and in service claim rates, rates of death and retirement, future accrual of certificate credits, wage rates and operating expenses. All of the above impact on the resulting provision required for scheme benefits. The outcome of this assessment was that the scheme was in a healthy financial position.

Annually the actuary recommends an amount to be included in the Authority's financial statements for accrued long service leave entitlements as at the end of the financial year. The figures are provided as current and non-current liabilities in accordance with AASB 101 *Presentation of Financial Statements*. Refer Note 11.

The Australian government passed its Clean Energy Act in November 2011 with the start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

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

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

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

(m) Rounding and Comparatives

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

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

(n) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standard changes applicable for the first time for 2011-12 have had minimal effect on the Authority's financial statements, as explained below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and interpretation 13)* became effective from reporting periods beginning on or after 1 January 2011. Given the Authority's existing financial instruments, there was only a minor impact on the Authority's financial instruments note (Note 16), in relation to disclosures about credit risk. The note no longer needs to disclose amounts that best represent the maximum exposure to credit risk where the carrying amount of the instruments already reflects this.

As the Authority held no collateral or other credit enhancements in respect of its financial instruments during the reporting periods presented in these financial statements, there were no other changes required to the Authority's financial instruments note arising from the amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 1054 *Australian Additional Disclosures* became effective from reporting periods beginning on or after 1 July 2011. Given the Authority's previous disclosure practices, AASB 1054 had minimal impact on the Authority. Note 5 Supplies and Services, has been slightly amended to identify the Authority's auditor and clarify the nature of the work performed by the auditor.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project (AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113)* also became effective from reporting periods beginning on or after 1 July 2011. There was no implication for the Authority from this amending standard.

Contract Cleaning Industry (Portable Long Service Leave) Authority
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(n) New and Revised Accounting Standards (cont'd)

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

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* to become effective on or after 1 July 2013. This amendment proposes the removal of individual key management personnel (KMP) disclosure requirements from AASB 124. The KMP disclosures will be reduced as a result of these amendments, but there will be no impact on the amounts recognised in the financial statements.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle* to become effective on or after 1 January 2013. These amendment introduce various changes to AASBs. The Authority has not yet assessed the impact of the amendments, if any.

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

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Authority, the amount of information to be disclosed will be relatively greater.

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

As the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Authority's will reassess the measurement of its financial assets at 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 2013-14 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 receivables, the carrying amount is expected to be a reasonable approximation of fair value.

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

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

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

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

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

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

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.

	2012 \$'000	2011 \$'000
2. Income from Investments		
Queensland Investment Corporation Cash Enhanced Fund Distribution	541	532
Queensland Investment Corporation Growth Fund Distribution	355	1,691
Total	896	2,223
3. Net Loss/Gain on Financial Assets at Fair Value		
<i>Queensland Investment Corporation Cash Enhanced Fund</i>		
Earnings	505	635
Less Distributions	(541)	(532)
Fair Value Movement	(36)	103
<i>Queensland Investment Corporation Growth Fund</i>		
Earnings	63	1,632
Less Distributions	(355)	(1,691)
Fair Value Movement	(292)	(59)
Total Fair Value Movement	(329)	44
Movement in Financial Assets		
<i>Queensland Investment Corporation Cash Enhanced Fund</i>		
Opening Balance 1 July	10,094	10,008
Plus		
Earnings	505	635
Less		
Distributions	(541)	(532)
Redemptions	(17)	(17)
Closing Balance 30 June	10,041	10,094
<i>Queensland Investment Corporation Growth Fund</i>		
Opening Balance 1 July	14,084	8,677
Plus		
Earnings	63	1,632
Contributions	4,955	3,965
Distributions reinvested	1,770	1,584
Less		
Distributions	(355)	(1,691)
Redemptions	(212)	(83)
Closing Balance 30 June	20,305	14,084
Total Closing Balance 30 June	30,346	24,178

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

4. Key Executive Management Personnel and Remuneration

Directors of the Authority are appointed for a three year period. A new board was appointed on the 1 July 2011. Ms Jane Cartwright and Mr Damien Davie were reappointed to the current board.

The following details for key executive management personnel relate to board members. Further information on board activities can be found in the body of the Annual Report under the section Corporate Governance and Risk Management.

The following persons held the position of Director during the full year ended 30 June 2012.

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

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

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

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

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.

1 July 2011 - 30 June 2012

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

1 July 2010 - 30 June 2011

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$	Non-Monetary Benefits \$				
Ms Rachel Hunter	1,141	-	-	-	-	1,141
Ms Robyn Pope	704	-	-	-	-	704
Mr Richard Mackenzie	845	-	-	-	-	845
Ms Nicola Adair	704	-	-	-	-	704
Ms Jane Cartwright	704	-	-	-	-	704
Mr Damien Davie	423	-	-	-	-	423
Total Remuneration	4,521	-	-	-	-	4,521

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

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012	2011
	\$'000	\$'000
5. Supplies and Services		
Advertising/Promotions	11	18
Agency fees - QLeave	765	725
Auditor's remuneration	11	10
Consultancy charges (including Actuarial fees)	32	12
Contractor charges	38	33
Funds manager and trustee charges	75	58
General administration	8	7
Travel costs	6	8
Printing & photocopying	17	14
Postage & freight	19	12
Professional Development	12	-
Bad and doubtful debts	22	141
Total	1,016	1,038

* Total audit fees paid to the Queensland Audit Office contracted auditors relating to the 2011-12 financial statements are estimated to be \$10,600 (2011: \$10,100). There are no non-audit services included in this amount.

6. Cash and Cash Equivalents

Cash at bank	51	87
Total	51	87

Interest earned on cash held with the Commonwealth Bank was 3.78% in 2012 (3.92% in 2011).

7. Receivables

Levy Debtors	80	64
Less: Allowance for impairment loss	(35)	(25)
	45	39
Accrued Revenue *	1,607	2,337
GST Receivable	23	40
Total	1,675	2,416

* Comprises Queensland Investment Corporation 4th quarter distribution of \$177,000 and levy revenue for the 4th quarter of \$1.44 million.

Movement in the allowance for impairment

Balance at the beginning of the year	25	25
Amounts written off during the year	(12)	(141)
Increase in allowance recognised in the operating result	22	141
Balance at the end of the year	35	25

8. Financial Assets at Fair Value through profit or loss

Queensland Investment Corporation - Cash Enhanced Fund (at market value)	10,041	10,094
Queensland Investment Corporation - Growth Fund (at market value)	20,305	14,084
Total	30,346	24,178

9. Other Current Assets

Prepayments	6	1
Total	6	1

10. Payables

Trade Creditors	225	213
Accrued Charges	23	42
Total	248	255

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012 \$'000	2011 \$'000
11. Provision for Scheme Benefits		
Current		
Provision for long service leave - expected to be settled within 12 months (measured at present value)	600	600
Provision for long service leave - expected to be settled after 12 months (measured at present value)	4,000	1,800
Total	4,600	2,400
Non-Current		
Provision for long service leave (measured at present value)	6,600	7,800
Total	6,600	7,800
Movements in Provisions		
Balance as at 1 July	10,200	9,400
Additional provision recognised	1,426	1,255
Reductions in provisions as a result of payments	(426)	(455)
Balance as at 30 June	11,200	10,200
Scheme eligible members as at 30 June were:	48,286	64,696

Eligible member numbers disclosed for 2011 represent the total population of scheme members. In determining the valuation of the scheme liability the actuary had adjusted for 13,976 members not considered to be eligible members of the scheme as they had not worked in the industry for a period of four years. This adjustment has been reflected in the 2012 member numbers disclosed.

The above figures are actuarially assessed. The latest actuarial assessment of the scheme's liabilities by DeeDeeRa dated 10 February 2012 was prepared based on a number of assumptions.

The major actuarial assumptions used were:

- long term investment return of 7% per annum (2011: 7% per annum);
- a rate of wage increase of 4% per annum (2011: 5% per annum);
- a leviable wage base of \$245 million per annum as at 30 June 2011;
- a specified award wage rate of \$651.32 per week (2011: \$659.55 per week - estimated)

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

Operating surplus	4,403	5,162
Changes in Assets and Liabilities:		
Increase (decrease) in PLSL Scheme Benefits Provision	1,000	800
(Increase) decrease in Financial Assets	(6,168)	(5,493)
(Increase) decrease in Receivables	741	(640)
(Increase) decrease in Prepayments	(5)	(2)
Increase (decrease) in Payables	(7)	43
Net cash from operating activities	(36)	(130)

13. Contingencies

As at 30 June 2012, there were no contingent assets or contingent liabilities.

14. Equity

Accumulated Surplus

Opening balance	16,227	11,065
Net surplus	4,403	5,162
Closing balance	20,630	16,227

15. Events Occurring after Balance Date

There has been no event occurring after balance date other than recent world events that have impacted on investment returns.

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

16. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2012 \$'000	2011 \$'000
Financial Assets			
Cash and cash equivalents	6	51	87
Receivables	7	1,675	2,416
Financial assets at fair value through profit or loss:	8		
QIC - Cash Enhanced		10,041	10,094
QIC - Growth Fund		20,305	14,084
Total		32,072	26,681
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	10	248	255
Total		248	255

(b) Financial Risk Management

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

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

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

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

(c) Credit Risk Exposure

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

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

The carrying amount of receivables represents the maximum exposure to credit risk. As such, receivables is not included as a disclosure.

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

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

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

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

Recognised impairment loss for 2012 was \$22,154 (2011 \$141,419) which includes an increase of \$10,000 in the allowance for impairment which considered appropriate based upon past impairments and current assessment of debtors.

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

Application of the charging of interest is discretionary and on this basis receivables are not considered an interest bearing financial asset. Interest and penalty charges totalled \$29,708 in 2012 (\$23,280 in 2011). Penalties waived totalled \$7,900 in 2012 (\$5,700 in 2011).

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

16. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

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

2012 Financial Assets Past Due But Not Impaired

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

2011 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
Financial Assets					
Receivables	-	4	2	-	6
Total	-	4	2	-	6

2012 Individually Impaired Financial Assets

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

2011 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
Financial Assets					
Receivables (gross)	-	1	1	31	33
Allowance for impairment	-	-	-	(25)	(25)
Total	-	1	1	6	8

(d) Liquidity Risk

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

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

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

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

16. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

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

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

	Note	2011 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	10	255	-	-	255
Total		255	-	-	255

(e) Market Risk

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

The following market sensitivity analysis reflects the outcome to profit and loss if investment returns would change by +/- 5% applied to the carrying amount as at 30 June 2012. These fluctuations are considered appropriate given the current world economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$1,517,000 (2011: \$1,209,000). This is attributable to the Authority's exposure to investment returns held with QIC's cash enhanced and growth funds.

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

Financial Instruments	Carrying Amount \$'000	2011 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	10,094	(505)	(505)	505	505
QIC - Growth Fund	14,084	(704)	(704)	704	704
Potential Impact		(1,209)	(1,209)	1,209	1,209

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis reflects the outcome to profit and loss if interest rates would change by +/- 1% from year end rates applicable to the Authority's cash assets. These fluctuations in interest rates are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have a \$1,000 surplus/(deficit) and equity increase/(decrease) (\$1,000 in 2011).

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

16. Financial Instruments (cont.)

(f) Interest Rate Sensitivity Analysis (cont'd)

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

Financial Instruments	Carrying Amount \$'000	2011 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	87	(1)	(1)	1	1
Potential Impact		(1)	(1)	1	1

(g) Fair Value

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

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

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

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

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

2012 Recognised Fair Value Assets/Liabilities

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

2011 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2011 Total Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Cash and cash equivalents	87	-	-	87
Investments QIC Cash Enhanced	10,094	-	-	10,094
Investments QIC Growth Fund	14,084	-	-	14,084
Total	24,265	-	-	24,265

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

Contract Cleaning Industry (Portable Long Service Leave) Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

17. General Information

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

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

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

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

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

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the Contract Cleaning Industry (Portable Long Service Leave) Authority's transactions for the financial year ended 30 June 2012 and of the financial position of the Authority at the end of that year.



G Wilson
General Manager
23 August 2012



J Bertram
Chair
23 August 2012

Independent Auditor's Report

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

Report on the Financial Report

I have audited the accompanying financial report of the Contract Cleaning Industry (Portable Long Service Leave) Authority, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairperson and General Manager.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

(a) I have received all the information and explanations which I have required; and

(b) in my opinion-

(i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year; and

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the year ended 30 June 2012. Where the financial report is included on the Contract Cleaning Industry (Portable Long Service Leave) Authority's website the Board is responsible for the integrity of the Contract Cleaning Industry (Portable Long Service Leave) Authority's website and I have not been engaged to report on the integrity of the Contract Cleaning Industry (Portable Long Service Leave) Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



W Face
As Delegate of the Auditor-General of Queensland
Brisbane
23 August 2012

PUBLIC AVAILABILITY

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

For further information contact the Manager
Corporate Communications on:

Phone 07 3212 6811

Fax 07 3212 6844

Email yoursay@qleave.qld.gov.au

ISSN 1837-0586

ADDITIONAL INFORMATION

Additional information on information systems and recordkeeping and consultancies can be accessed online at www.qleave.qld.gov.au > Contract Cleaning Industry link.



INTERPRETER SERVICE STATEMENT

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

INTERSTATE SCHEMES

Australian Capital Territory

ACT Long Service Leave Authority

71 Constitution Avenue

Campbell ACT 2612

Telephone: (02) 6247 3900

Facsimile: (02) 6257 5058

Email: cleaning@actslsb.act.gov.au

www.actslsb.act.gov.au

New South Wales

Long Service Corporation

Level 1, 19-21 Watt Street

Gosford NSW 2250

Telephone: 13 14 41

Facsimile: (02) 9287 5685

Email: cleaners@longservice.nsw.gov.au

www.longservice.nsw.gov.au



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(Portable Long Service Leave) Authority

Level 4, Centro Lutwyche
543 Lutwyche Road
Lutwyche Queensland 4030

PO Box 512
Lutwyche Queensland 4030

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HELP LINE

Workers and Employers
1800 675 819

