



annual report 2011-2012

Building and Construction Industry
(Portable Long Service Leave) Authority

→ OUR MISSION

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

→ OUR VALUES

We are:

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

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

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

Letter of Compliance

31 August 2012

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

Dear Minister

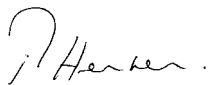
I am pleased to present the Annual Report 2011-2012 and financial statements for the Building and Construction Industry (Portable Long Service Leave) Authority.

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 found at www.qleave.qld.gov.au

Yours sincerely



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

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About the Authority

A MESSAGE FROM THE CHAIR AND GENERAL MANAGER

For the 2011-12 financial year, QLeave's focus remained in the areas of client service and financial management using a sound risk management, compliance and governance framework. We are pleased to report that, following several years of deficit, the Scheme has returned to a surplus position due largely to the significant levels of construction activity in the resources sector.

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

The Board and management are mindful of the need to contain costs and remain focused on improving the administrative efficiency of the Scheme. During the year, 95.5% of scheme expenditure was spent on either long service leave benefits to members or making provision for future benefits.

Based on actuarial recommendations, the levy rate has remained at 0.3% since January 2010. A cap of \$1,590 per week on wage rates for all long service leave payments was applied for the 2011-12 financial year.

At 30 June 2012, the Scheme had 280,336 workers and 18,081 employers registered. Since 1992, long service leave payments totalling over \$310 million have been paid to workers and employers registered with the Scheme.

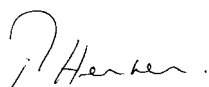
Our focus this year has been on raising awareness of the Scheme and its benefits for emerging sectors of the building and construction industry. A communication and compliance strategy was implemented to promote the Scheme, particularly in the Central Queensland and Galilee Basin regions where large resource projects are planned or are under construction.

Chairs and executives from interstate schemes continued to develop initiatives to enhance national cooperation and improve consistency between jurisdictions. During 2011-12, efforts focused on the feasibility of developing a common back office system to support each scheme.

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 the legislative provisions support portable long service leave benefits for the building and construction industry in the future.

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

From 1 July 2012, our scheme will have been operational for 20 years. This anniversary will provide us with an opportunity to reflect on our contribution to the industry and ensure the services we provide support the Queensland government's objectives: *Getting Queensland back on track*.



Peter Henneken AM
CHAIRPERSON



Graeme Wilson
GENERAL MANAGER

Strategic Objectives, Indicators and Measurement

Critical areas and goals	Objectives	Indicators	Achieved
Clients/Stakeholders → Workers → Employers → Levy Payers → Alliance Partners → Contractual Partners → Government → Staff	Deliver quality client service and communications	→ Joint activities and stakeholder feedback → Strategies implemented for emerging regions and sectors → Participation in cooperative projects with interstate schemes → 100% customer service standards met → 85% customer and stakeholder satisfaction achieved → Marketing services delivered → Increased usage of online services	✓
Financial Management	Maintain financial accountability and sustainability of the Building and Construction Industry (Portable Long Service Leave) Scheme	→ Achieve a net investment return which exceeds Average Weekly Ordinary Time earnings (AWOTE) by at least 3% p.a. when measured over rolling five year periods → Achieve returns that are within +/- 12% of the performance objective on an annual basis* → Approved actuarial recommendations actioned → Financial targets achieved → Reporting targets met	✗
		→ Compliance with all statutory obligations → Annual framework review → Endorsed Scheme Review recommendations implemented → Quality Certification maintained ISO 9001:2008 → Business continuity and disaster recovery processes reviewed and tested annually → Planned compliance activities delivered and outcomes reported → Review of worker eligibility undertaken	✓
Corporate Governance and Risk Management	Sound corporate governance, compliance and risk management frameworks	→ Comprehensive workforce management framework implemented	✓
People	Develop a skilled workforce for the future that is adaptable, valued and engaged	→ Improvements implemented → Consistency of data used in decision making/planning	✓
Business systems and processes	Continue to develop and improve business systems and processes		✓

* The investment management component of the corporate plan was not achieved. As at 30 June 2012, the portfolio five year return was 1.84% which was below the objective.

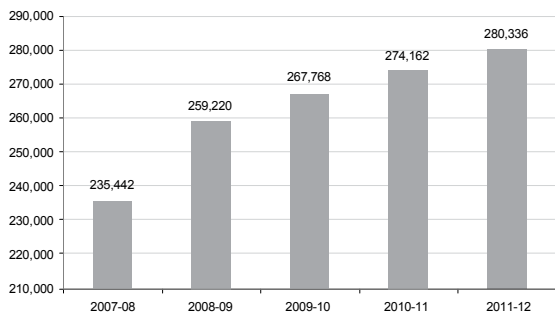
Clients / Stakeholders

Objectives: Deliver quality client service and communications to clients and stakeholders.
Sound compliance frameworks.

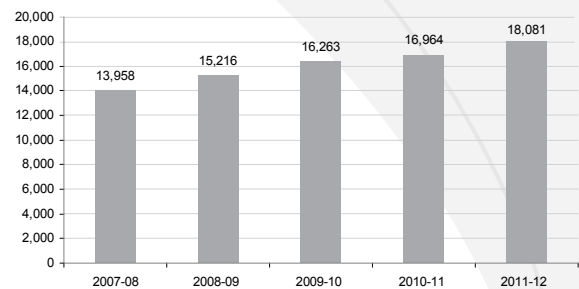
WORKERS AND EMPLOYERS - ACHIEVEMENTS AND PERFORMANCE MEASURES

Customer service

Worker Registrations 2007-2012



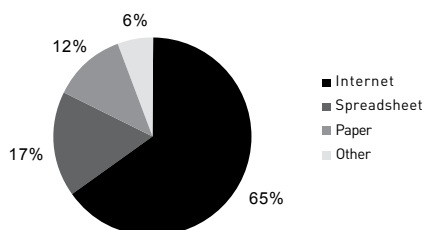
Employer Registrations 2007-2012



Worker registrations increased by 2.3% from 274,162 to 280,336. The majority of new registrations (62%) were received online in 2011-12 compared to 55% in 2010-11.

Employer registrations increased by 6.6% from 16,964 to 18,081. The majority of new registrations (73%) were received online in 2011-12 compared to 64% in 2010-11.

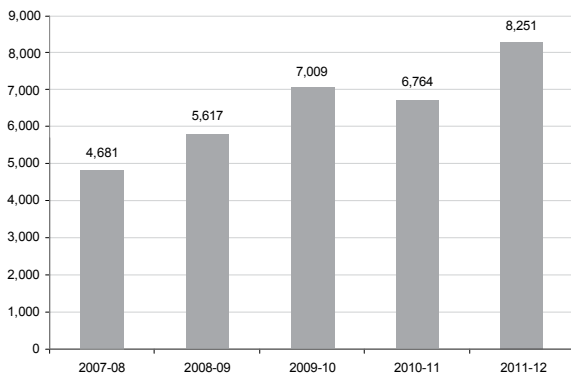
Type of Worker Service Return lodged 2011-2012



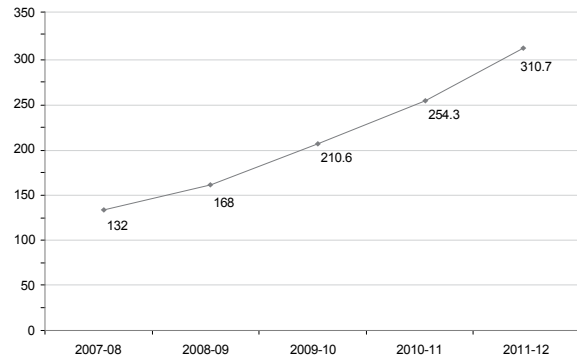
At the end of each financial year, registered employers are required to provide QLeave with a worker service return listing their eligible workers and employment periods. 65% of employers submitted their workers' service online, compared to 62% in 2010-11.

- Employers who completed their worker service return online were prompted with an opportunity to complete a satisfaction survey about the worker service return lodgement process. Over 44% of employers who lodged their return online completed the survey. A satisfaction rating of 93% and above was achieved for each component surveyed including ease of use, time taken to complete the return, instructions provided and quality of service provided by staff. In response to employer feedback, improvements have been made to QLeave's online services that will make it even faster and easier for employers to lodge their 2011-12 return online.
- The annual notice of service was distributed to 241,553 workers with a current postal address in October 2011. This notice shows a worker's service record for the previous financial year and their current long service leave benefit, based upon information supplied by their employer/s. A newsletter accompanied the notice and provided information for workers on how to access their long service leave entitlement.
- 1,244 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service records in the register. It remains a focus for QLeave to encourage workers to check their notice of service to ensure their service record is accurate.
- Under the Four Year Rule, 27,324 workers, who had not recorded service in the last four consecutive years, had their registrations cancelled during the year.

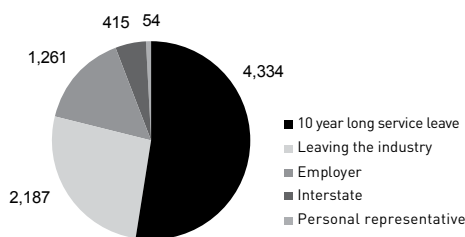
Number of claims paid per year 2007-2012



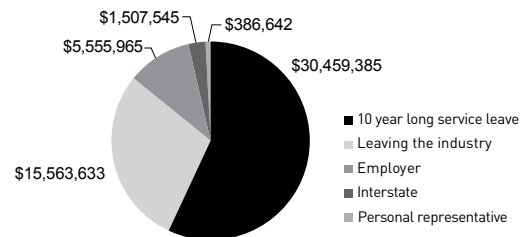
Total value of claims to date \$Million



Number of claims paid 1 July 2011 to 30 June 2012



Value of claims paid 1 July 2011 to 30 June 2012



8,251 long service leave payments were made to the value of \$53,473,170. The number of claims paid increased by 22% from 2010-11. Additionally, the value of claim payments made in 2011-12 increased by over 23.5% from 2010-11.

→ 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.

→ After review the capped weekly rate of pay for all long service leave payments was increased by 8% to \$1,590 for the year.

Stakeholder engagement

→ QLeave supported a number of industry events including awards nights, trade shows, roadshows and information sessions. Relationships with unions and employer associations were strengthened by the QLeave staff who attended these events.

→ Sponsorship of the Building Services Authority Contractor Education program continued in 2011-12 with QLeave attending and presenting at these trade seminars and supershows. Through these seminars and shows, QLeave provided an increased awareness of the Scheme to a large number of employers and contractors.

→ Visits to major building sites provided educational and promotional opportunities to contact industry workers. Visits were made to the Gold Coast Hospital, Brisbane Airport Link and Mackay Base Hospital sites in addition to major commercial building sites in the Brisbane CBD. These visits enabled education of workers on their entitlements and eligibility.

→ QLeave conducted an industry forum where representatives from industry associations and unions provided useful feedback on services delivered and how they can be improved.

→ QLeave staff attended union delegate conferences to increase worker awareness of the Scheme and assist with specific issues relating to the capped weekly rate of pay, interstate service and worker eligibility.

- A communication and liaison strategy was developed for Central Queensland focusing on educating major construction contractors, involved in gas and mining developments in the region, and their workforce, about the Scheme and its benefits.
- QLeave utilised a range of industry journals published by unions and employer associations to promote the Scheme, online services and key operational processes, including worker service return lodgement and annual notice of service distribution.
- Newsletters were distributed to employers and workers during the worker service return and notice of service processes. These newsletters focussed on online services availability and eligibility awareness. Additionally, an electronic newsletter was broadcast to employers and workers to provide further education and promote the Scheme's upgraded website.

Compliance

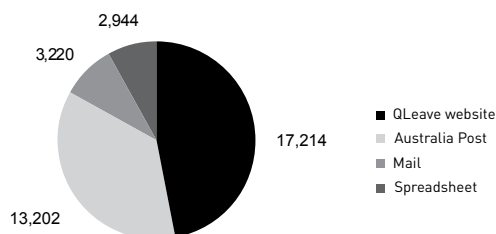
- Compliance activity during 2011-12 included:
 - books and records inspections
 - contacts to employers with outstanding worker service returns.
- Minor rate of pay amendments were identified during audits which led to increased accuracy of long service leave payments.
- Legal services were required for 25 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

Customer service

- The Building and Construction Industry Portable Long Service Leave Scheme is funded by a levy of 0.3% on all building and construction work performed, where the total cost of work is \$80,000 or more.
- \$190,572,000 was received in levies income, compared with \$182,608,000 in 2010-11 (4.3% increase).
- A total of 36,580 project notifications were processed, compared with 34,655 in 2010-11 (5.5% increase).
- An upgrade to QLeave's online payment service provided levy payers with additional functionality when completing transactions online. 47% of notification and payment forms were lodged online in 2011-12. This is an increase of 9% from 2010-11.

Type of notification and payments received 1 July 2011 to 30 June 2012



47% of notification and payment forms were lodged online, with 36% lodged with Australia Post, 9% received via mail and a further 8% lodged via the spreadsheet facility.

Stakeholder engagement

- QLeave staff attended 19 local council information sessions delivering an education package tailored to local council obligations.
- Regular meetings were held with energy providers, mining bodies and private certifiers regarding obligations and notification requirements.
- A newsletter was published in February 2012 advising of the upgraded online levy payer service, in addition to promoting the Guide for Levy Payers and addressing frequently asked questions.
- QLeave utilised a range of journals published by industry associations to promote project notification and levy payment options throughout the year.
- Quarterly meetings were held with key operational stakeholders including Australia Post and Workplace Health and Safety Queensland to review service level agreements.

Compliance

- Compliance activities focused on construction work associated with mining and liquefied natural gas operations in north and central Queensland, with the identification of major projects commencing in 2011-12.
- 26 site visits were conducted, primarily to liquefied natural gas and energy providers and mining companies. These visits identified a high level of awareness and compliance for major projects and ongoing maintenance.
- Continual monitoring of the Brisbane Wintergarden and Royal National Agricultural and Industrial Association Showground projects was conducted to ensure compliance with notification requirements.
- Compliance activities secured additional levy of \$37,686,067 for 1,076 projects, with a total cost of work of \$13,003,621,078.
- Follow up regarding the final cost of work for 1,252 projects secured \$7,067,690 of additional portable long service leave levy and 229 project refunds processed totalling \$1,587,757 resulting in a net levy of \$5,479,933. (On completion of notified building and construction projects, QLeave contacted levy payers to determine if the final cost of work had altered by more or less than \$20,000. If an amendment to the final cost of work was necessary, QLeave issued an invoice for the additional levy required or a refund for the overpaid amount.)
- 17 audits of private certifiers were conducted during 2011-12. No non-conformances were identified.
- Legal services were required for 31 matters including requests for reconsideration, internal advice and compliance with notification of projects and payment of the levy, including project finalisation and recovery of outstanding levy payments.

STRATEGIES FOR 2012-13

Deliver quality client service and communications through:

- building and strengthening stakeholder relationships focussing on emerging sectors
- maintaining client service standards and using feedback to improve service delivery
- effective communication to external and internal clients.

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.

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

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

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

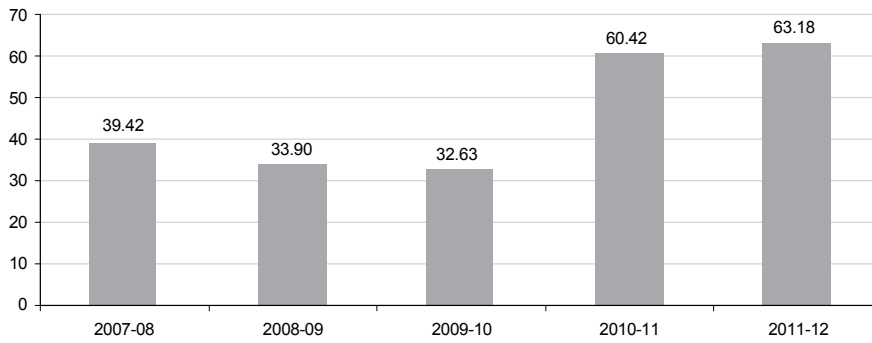
Building activity

Housing and other residential sectors experienced lower than anticipated activity during 2011-12, which is consistent with the previous year. Activity in the commercial sector increased along with activity in the civil sector. The high level of activity in the civil sector was attributed to the commencement of a number of liquefied natural gas projects.

In 2011-12, QLeave made a change to its revenue recognition policy to fully comply with accounting standards in respect to projects with a cost of work exceeding \$400 million. Previously these projects had the cost of work and associated levy spread across the life of the project, spanning several years. The full value of these projects is now recognised at the time of notification. Building activity figures reported for 2010-11 have been amended to reflect this change and are shown below along with figures for 2011-12.

Project type	2010-11 Value \$Billions	2011-12 Value \$Billions
Housing	6.242	6.487
All other residential	1.895	1.600
Commercial	8.273	10.235
Civil	44.010	44.862
Totals	60.420	63.184

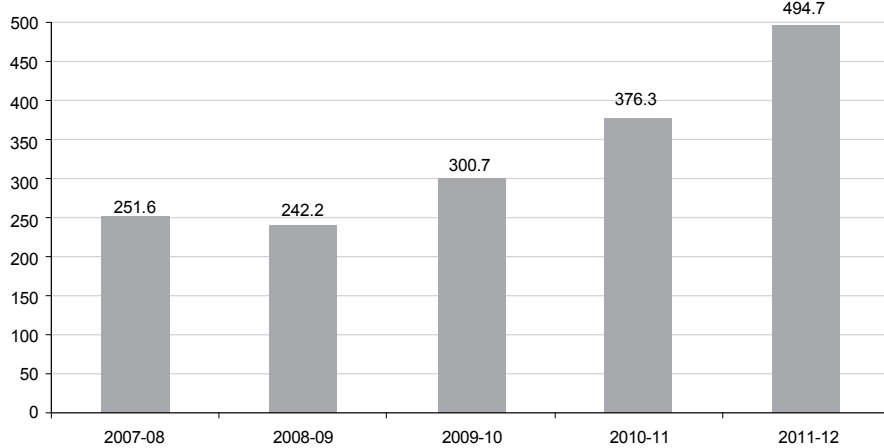
Value of projects levied in \$Billions 2007-2012



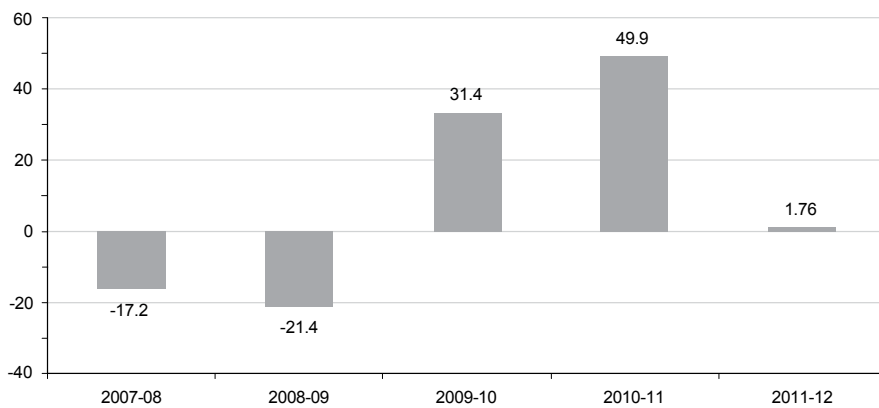
The figures shown for 2007 to 2011 have been amended to reflect the change in QLeave's revenue recognition policy. See page 43 for more information.

Investment market performance

Funds invested in \$Millions 2007-2012



Investment Returns in \$Millions 2007-2012



Budget performance

The operational budget methodology adopted by QLeave is zero based and performance is closely monitored on a monthly basis. The 2011-12 outcome is as follows:

	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	190,572	65,572
Investment income	1,760	(32,630)
Employee expenses	4,627	(338)
Supplies and services	2,677	(236)
Fund management expenses	1,366	86
Long service leave payments	53,473	(527)

An overall profit of \$92.2 million was experienced in 2011-12, predominantly due to a high level of building activity associated with liquefied natural gas projects. The profit also reflects a change in revenue recognition accounting policy whereby projects in excess of \$400 million are now recorded as income at the time of notification. Previously, levy associated with these projects was spread over the life of the project. This change was implemented to comply fully with Accounting Standard AASB 1004 *Contributions*.

Prudent management of expenses together with increased building activity resulted in a positive result for the year, despite a poor investment return for the year of -0.4% net. This together with the change to accounting policy has resulted in the significantly increased fund balance of \$151.3 million.

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 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 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 Board's role includes:

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

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

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

- the conduct of board meetings
- the management of QLeave's investment strategy and objectives
- the audit timetable
- 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 eight directors who are appointed by the Governor-in-Council for terms of three years. It is comprised of the following directors:

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

The current term of the Board commenced on 6 August 2010 and expires on 30 June 2013. 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 a wide range of industry sectors. Accordingly, the specific and periodically competing interests of the worker and employer stakeholder groups are communicated to the Board with the aim of achieving a balance between the interests of the stakeholders and the long-term viability of the Scheme.

Board members are selected for their expertise and specific experience in the building and construction industry (and in the case of the Deputy Chairperson, the financial services industry). Each board member is encouraged to undertake the Company Director's course, or related courses, to enhance their professional development. QLeave meets the cost for all directors who wish to undertake professional development. The Board is proactive in identifying factors affecting the viability or maintenance of the Scheme, or the building and construction industry.

The Board currently comprises the following directors:

Chairperson:	Peter Henneken AM
Deputy Chairperson:	Jacqueline D'Alton
Employer Representatives:	John Crittall, Gary Deane, Debbie Johnson
Worker Representatives:	William Ludwig OAM, Michael Ravbar, Rohan Webb

An environmental scan of the industry is undertaken each January and the resulting report is submitted to the Board. This scan identifies current and future issues requiring attention and management by the Board. The Board is considerate of the broader Queensland community as an interested stakeholder in the operation of the Scheme.

Remuneration

Directors receive remuneration within Category 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, Jacqueline D'Alton, receives the Chairperson's rate of remuneration when chairing meetings of the Board, the Audit, Risk Management and Compliance Committee and the Finance Committee. She also receives the Chairperson's rate of remuneration for Special Assignment fees in her role as Chairperson of the Audit, Risk Management and Compliance Committee and the Finance Committee.

Board meetings

Board meetings are held bi-monthly in February, April, June, August, October and December. The Board met on six occasions during 2011-12.

Board committees

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

Following the Board's appointment on 6 August 2010, the Board members elected to re-constitute membership of the committees to provide directors with the opportunity to contribute to the Board in additional areas.

1. Finance Committee

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

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

The Finance Committee currently comprises Jacqueline D'Alton (Chair), Peter Henneken, Debbie Johnson and Rohan Webb.

The Finance Committee met on three occasions during 2011-12.

2. 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 comprises Peter Henneken (Chair), John Crittall, Gary Deane, Michael Ravbar and Ben Swan who represents William Ludwig.

The Worker Eligibility Committee met on one occasion during 2011-12.

3. 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:

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

The Audit, Risk Management and Compliance Committee comprises Jacqueline D'Alton (Chair), Gary Deane and Michael Ravbar.

The Audit, Risk Management and Compliance Committee met on three occasions during 2011-12.

The Committee was assisted by officers from the Queensland Audit Office (QAO) or its representatives Johnston Rorke, the General Manager, the Assistant General Manager Finance and Client Services, the Assistant General Manager Corporate Strategy and the Internal Auditor.

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.

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 QLeave's progress towards its goals and mission, and open channels of communication.

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

The self evaluation process reinforces to directors their accountability to QLeave and the building and construction industry.

The self evaluation process is valuable in assessing QLeave'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.

Directors' attendance at meetings 2011-12

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee	Worker Eligibility Committee
Number of meetings held	6	3	3	1
Peter Henneken AM	6	Not a member	3	1
Jacqueline D'Alton	6	3	3	Not a member
John Crittall	6	Not a member	Not a member	1
Gary Deane	5	2	Not a member	1
Debbie Johnson	6	Not a member	3	Not a member
William Ludwig OAM	3	Not a member	Not a member	0
Michael Ravbar	5	1	Not a member	1
Rohan Webb	4	Not a member	3	Not a member

Additional reporting

The Board is provided with a General Manager's Report containing financial and operational performance results data, progress of field activities, and other relevant issues in the months when a board meeting is not held.

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

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

The minutes and resolutions of each board and committee meeting are recorded and 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

Issues for the Board during 2011-12 included:

- **Industry/Community Involvement**, with a particular focus on reviewing and strengthening linkages with industry alliance partners; raising the profile of the Scheme via increased awareness of the amount of claims paid to the industry; and maintaining a focus on emerging sectors of the industry.
- **Scheme Viability**, including undertaking the annual review of the Scheme's investment strategy; and ongoing monitoring of wages growth and implications for the wage cap throughout the year.
- **Strategic Direction**, including monitoring developments in the proposed National Employment Standard for long service leave; reviewing cost recovery service fees for Workplace Health and Safety Queensland and Construction Skills Queensland levy collections; and a greater emphasis on the use of online technologies.
- **Corporate Governance**, including reviewing the Code of Conduct and Code of Ethics; and maintaining a best practice environment for the Board's corporate governance activities.
- **Effective Planning, Information and Control Systems**, including targeting continual improvements to QLeave business systems.

Internal Audit

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 and annual Risk Assessment Schedule following endorsement from the Board. Audits are undertaken on the financial, information and communication technology resources and QLeave's operational activities which included:

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

Risk management is an essential component of an effective governance system and works in conjunction with the internal audit function. In addition to the business risk assessment, internal audits undertaken in 2011-12 involved assessments of internal controls and associated risks and compliance with QLeave policies and procedures and government guidelines.

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.

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

→ **PETER HENNEKEN AM, BBus, BA, FIPAA, FAICD TA, CHAIR**

Peter has been Chair of the QLeave Board since July 2001.

He was Director-General of the Department of Employment, Economic Development and Innovation, until his retirement from the Queensland Public Service in November 2009. Prior to that Peter was Director-General of the Department of Employment and Industrial Relations.

He has a long standing interest in the labour market and its impact on the lives of working people, and has worked in all areas of labour market and employment policy and regulation.

Peter is Chair of the Safety, Rehabilitation and Compensation Commission, Chair of the Queensland Fitness, Sport and Recreation Skills Alliance and Trustee and Director of QSuper.

→ **JACQUELINE D'ALTON B Com, M App Fin, FAICD, SnrFFinsia, DEPUTY 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, has been Deputy Chair of the QLeave Board since 1998.

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

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

→ **GARY DEANE 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 and joined the QLeave Board in 2010.

He has been the Director of Construction Policy at Master Builders 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 had 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 also a board member of BIGA training and CIPQ.

→ **DEBBIE JOHNSON, EMPLOYER REPRESENTATIVE**

Debbie was appointed as a Director and joined 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, work that is across all states. In addition, she 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 currently the Vice President for the Housing Industry Association's Regional Executive Committee, a Referee on the Building and Development Dispute Resolution Committees and a Director with the Bendigo Community Bank.

→ **WILLIAM LUDWIG OAM, WORKER REPRESENTATIVE**

Bill has been a Director of the QLeave Board since 1992.

He has extensive experience in the building and construction industry through his union's representation of employees and is a Director of both the WorkCover Queensland Board and the SunSuper Board.

Bill is the Secretary of the Australian Workers' Union of Employees Queensland Branch and is the National President of the Australian Workers' Union.

→ **MICHAEL RAVBAR, WORKER REPRESENTATIVE**

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

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

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

→ **ROHAN WEBB, WORKER REPRESENTATIVE**

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

He is a Fitter and Turner by trade and has extensive experience in the construction industry. Rohan also represents his union as an Employee Trust Director on the Allied Unions Superannuation Trust of Queensland and CoverForce Income Protection. Rohan is also a government-appointed representative on the Construction and Mining Safety and Health Advisory Councils.

Rohan is currently the State Secretary for the Australian Manufacturing Workers' Union (AMWU) Queensland and Northern Territory. He has been representing workers for over 20 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.

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 Management 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.

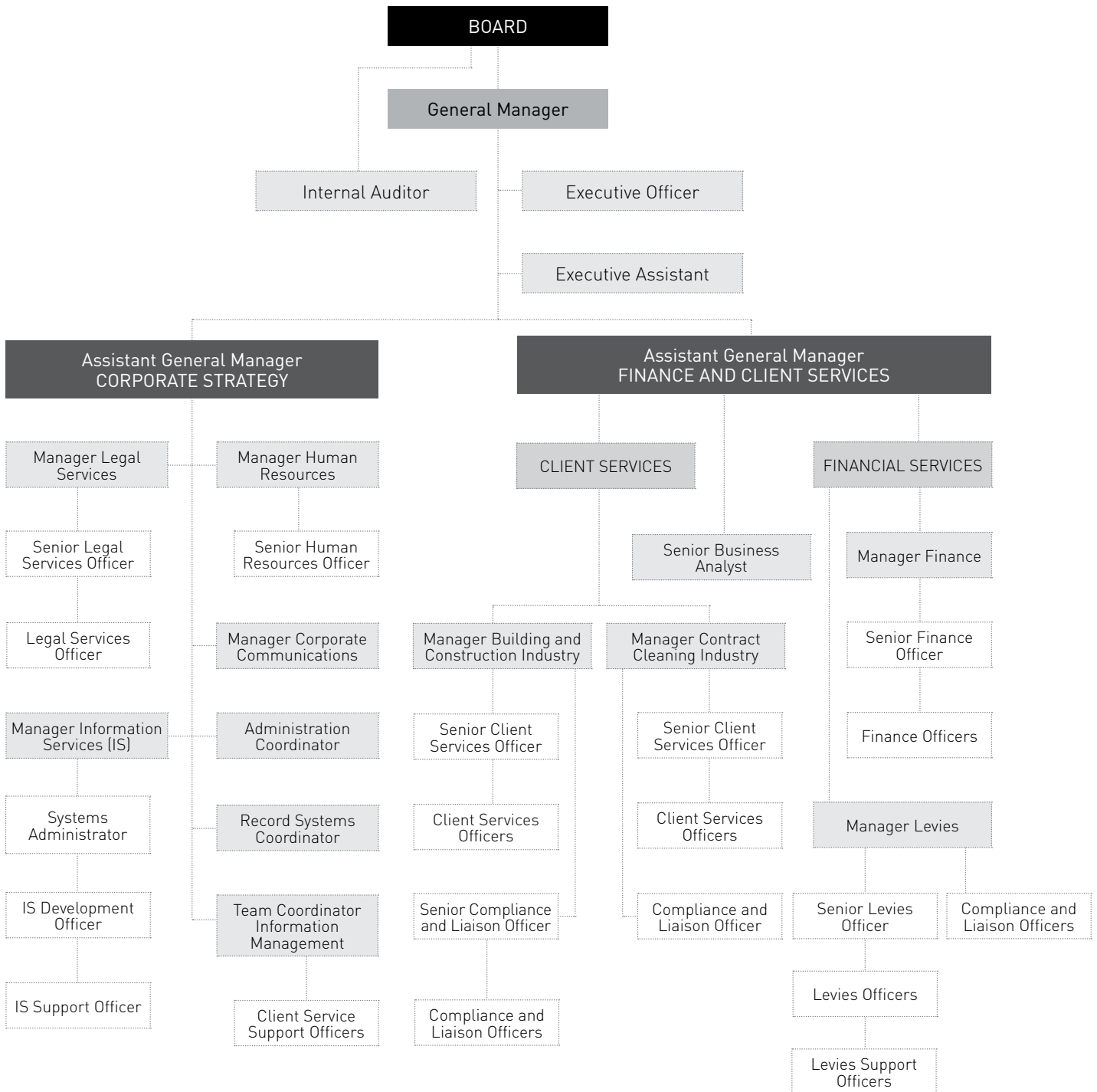
The Assistant General Manager Finance and Client Services is responsible for:

- 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 a skilled workforce for the future that is adaptable, valued and engaged.

Organisational chart



Workforce planning, attraction and retention

Workforce profile

The approved establishment at 30 June 2012 was 56.3 full-time equivalents. The establishment has reduced by two full-time equivalents from the same period last year due to efficiencies in corporate service delivery.

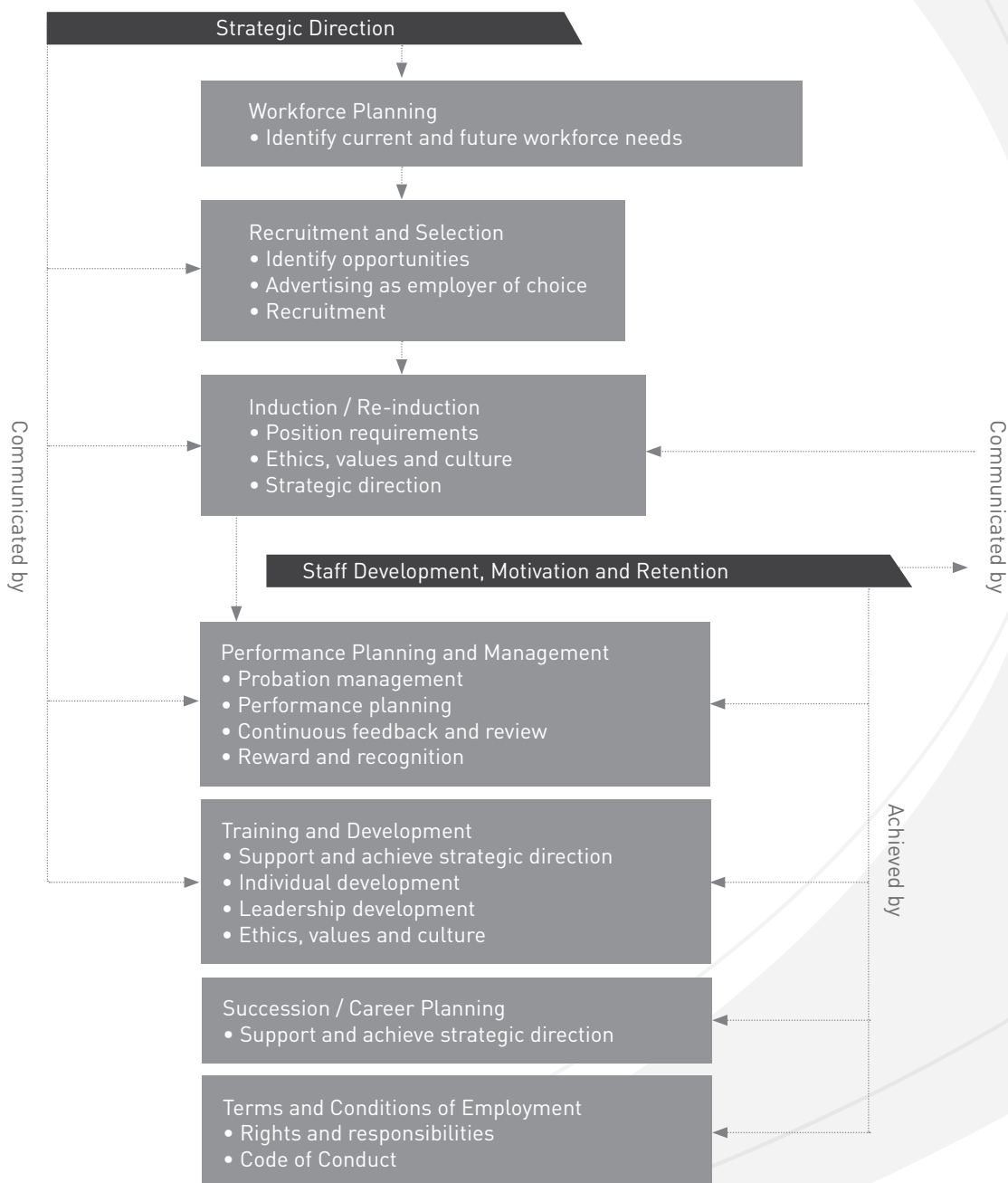
There were 54.1 actual full-time equivalents as at 30 June 2012.

The permanent retention rate during 2011-12 was 92%.

The permanent separation rate during 2011-12 was 8%.

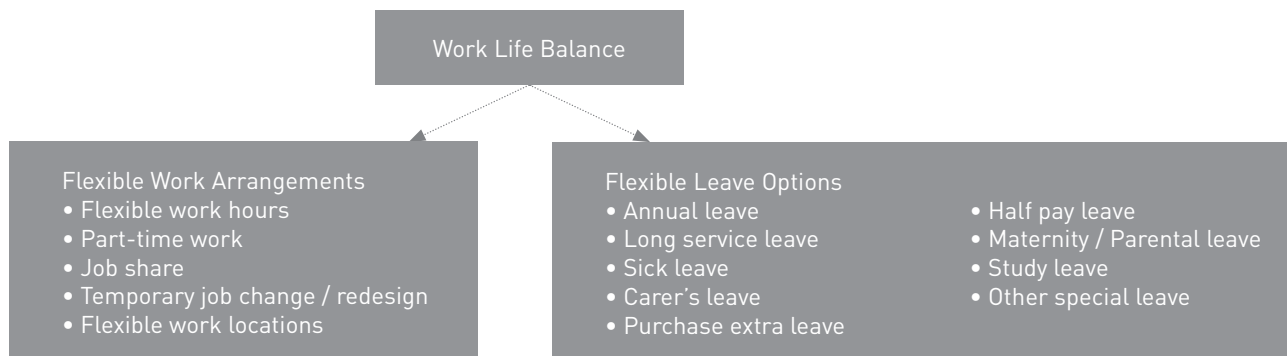
Workforce planning and employee performance frameworks

QLeave has a comprehensive human resource framework that incorporates workforce and performance management. The framework operates on a continuous cycle.



Work life balance policies

QLeave provides staff with access to a number of work life balance options that reflect broader Queensland Public Service initiatives. The following options have been well received by staff:



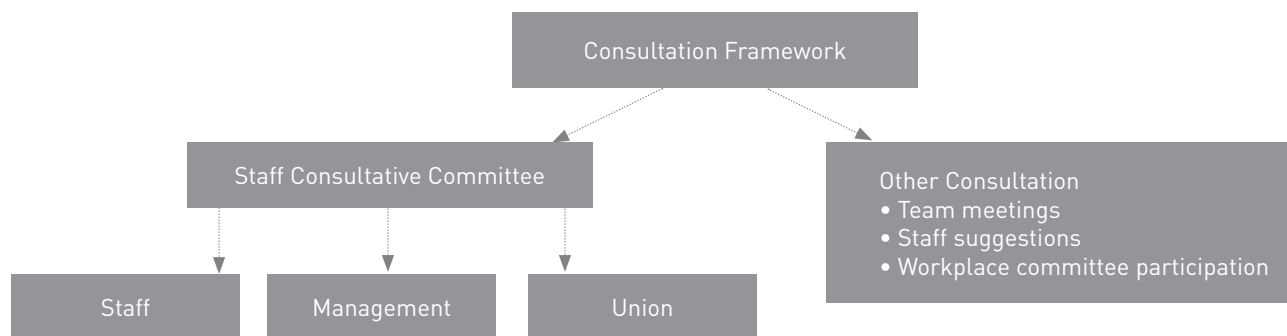
Leadership and management development

QLeave recognises the importance of leadership development. QLeave has a leadership strategy that includes:

- succession planning: training leaders of the future
- supervisor development: enhancing people, team and operational management capability
- management development: enhancing people, team and strategic management capability
- executive and board development: enhancing strategic management and corporate compliance capability.

Industrial and employee relations framework

QLeave has maintained a work environment that is fair and equitable. This goal was achieved through strong staff participation on committees, and staff and union consultation.



Ethics framework

QLeave has an ethical framework in place based on the *Public Sector Ethics Act 1994* to maintain public trust and confidence in the integrity and professionalism of the organisation and its staff. In 2011-12 this framework included:

- mandatory training for all staff on public sector ethics, including the Code of Conduct
- reflecting ethical requirements in performance management
- reflecting ethical requirements in broader QLeave policies and procedures.

STRATEGIES FOR 2012-13

Develop a skilled workforce that is adaptable, valued and engaged through:

- strategic human resource planning that supports QLeave in achieving the corporate goals.

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		190,572	182,608
Other revenue	2, 8	2,075	2,001
Income from investments	3	8,748	46,533
Interest		91	50
Net (loss)/gain on financial assets at fair value	4	(7,079)	3,316
Total Income from Continuing Operations		194,407	234,508
Expenses from Continuing Operations			
Employee expenses	5, 8	4,627	4,441
Supplies and services	7, 8	2,677	2,440
Fund management charges		1,366	1,161
Depreciation and amortisation	9	35	594
Portable long service leave scheme benefits	17	93,473	111,924
Total Expenses from Continuing Operations		102,178	120,560
Operating Result from Continuing Operations		92,229	113,948
Other Comprehensive Income		-	-
Total Comprehensive Income		92,229	113,948

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000	# As at 1 July 2010 restated \$'000
Current Assets				
Cash and cash equivalents	10	10,142	8,855	8,185
Receivables	11	53,784	70,317	17,208
Financial assets at fair value through profit or loss	12	486,733	370,325	295,646
Other	13	262	241	267
Total Current Assets		550,921	449,738	321,306
Non Current Assets				
Receivables	11	91,192	60,088	6,222
Plant and equipment	14	49	84	122
Intangibles		-	-	550
Total Non Current Assets		91,241	60,172	6,894
Total Assets		642,162	509,910	328,200
Current Liabilities				
Payables	15	1,779	1,848	2,822
Provision for employee benefits	16	1,085	905	873
Provision for scheme benefits:				
Expected to be settled within 12 months	17	60,000	54,000	47,800
Expected to be settled after 12 months	17	178,000	193,000	152,600
Total Current Liabilities		240,864	249,753	204,095
Non Current Liabilities				
Provision for employee benefits	16	-	88	84
Provision for scheme benefits	17	250,000	201,000	178,900
Total Non Current Liabilities		250,000	201,088	178,984
Total Liabilities		490,864	450,841	383,079
Net Assets		151,298	59,069	(54,879)
Equity				
Accumulated Surplus	21	151,298	59,069	(54,879)
Total Equity		151,298	59,069	(54,879)

The accompanying notes form part of these statements.

See Note 24 for details regarding the restatement.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Accumulated (Deficit)/Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2010	(66,744)	(66,744)
Adjustment for correction of error	11,865	11,865
Restated total equity at 1 July 2010	(54,879)	(54,879)
Operating Result from Continuing Operations	113,948	113,948
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2011	59,069	59,069
Balance as at 1 July 2011	59,069	59,069
Operating Result from Continuing Operations	92,229	92,229
<i>Total Other Comprehensive Income</i>	-	-
Balance as at 30 June 2012	151,298	151,298

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		457	340
Portable long service leave levies		153,359	93,031
Proceeds from investments		-	750
Other revenue		1,879	1,923
GST collected from customers		228	232
GST input tax credits from ATO		211	192
<i>Outflows:</i>			
Employee expenses		(4,520)	(4,389)
Supplies and services		(2,992)	(3,353)
Portable long service leave		(53,270)	(43,222)
Payments for investments		(93,600)	(44,400)
GST paid to suppliers		(417)	(395)
GST remitted to ATO		(50)	(33)
Net cash provided by/(used in) operating activities	18	1,287	676
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		-	(6)
Net cash provided by/(used in) investing activities		-	(6)
Net increase/(decrease) in cash and cash equivalents		1,287	670
Cash and cash equivalents at beginning of financial year		8,855	8,185
Cash and cash equivalents at end of financial year	10	10,142	8,855

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	Objectives and Principle Activities of the Authority
Note 1:	Summary of Significant Accounting Policies
Note 2:	Other Revenue
Note 3:	Income from Investments
Note 4:	Net (Loss)/Gain on Financial Assets at Fair Value
Note 5:	Employee Expenses
Note 6:	Key Executive Management Personnel and Remuneration
Note 7:	Supplies and Services
Note 8:	Net Employee and Supplies and Services Expenses
Note 9:	Depreciation and Amortisation
Note 10:	Cash and Cash Equivalents
Note 11:	Receivables
Note 12:	Financial Assets at Fair Value through Profit or Loss
Note 13:	Other Current Assets
Note 14:	Plant and Equipment
Note 15:	Payables
Note 16:	Provision for Employee Benefits
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Note 18:	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 19:	Commitments for Expenditure
Note 20:	Contingencies
Note 21:	Equity
Note 22:	Events Occurring after Balance Date
Note 23:	Financial Instruments
Note 24:	Correction of Error
Note 25:	General Information

Building and Construction Industry (Portable Long Service Leave) Authority
Trading as QLeave
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

Objectives and Principle Activities of the Authority

The objective of the Building and Construction Industry (Portable Long Service Leave) Authority (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 imposed on building and construction projects over \$80,000 and the income earned from the investment of these funds.

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

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

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 *Building and Construction Industry (Portable Long Service Leave) Act 1991*. 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 1992. 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 receipted 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 time of project notification. Settlement of these amounts are due and payable at time of notification. An instalment arrangement may be approved to applicants in accordance with Section 82 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. Trade debtors are presented as current assets unless collection is not expected for more than twelve months after reporting date.

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 23.

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

(d) Revenue Recognition

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

The Authority, to comply fully with AASB 1004 *Contributions* has reverted to its pre 2004-05 revenue recognition policy where by all levy revenue is recognised at the date of notification.

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

(e) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. Any training costs are expensed as incurred.

Building and Construction Industry (Portable Long Service Leave) Authority
Trading as QLeave
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(f) Property, Plant and Equipment

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.

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

All intangible assets of the Authority have finite useful lives and are amortised on a straight line basis. The residual value is zero for all the Authority's intangible assets.

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.

For each class of depreciable asset depreciation and amortisation rates are reviewed annually and are as follows:

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

(i) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator 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.

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income. No impairment loss has been recognised in the Statement of Comprehensive Income.

(j) Leases

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

(k) Payables

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

(l) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit 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 23.

Building and Construction Industry (Portable Long Service Leave) Authority
Trading as QLeave
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(m) Employee Benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave and Sick Leave

Wages and salaries paid but not due at reporting date are recorded in the Statement of Financial Position at the current salary rates.

For unpaid annual leave entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long Service Leave

Long service leave entitlements payable are assessed at each payroll having regard to current employee remuneration rates, employment related on-costs and other factors including accumulated years of employment, future remuneration levels, and experience of employee departure per year of service. Current benefits represent those that the Authority does not have an unconditional right to defer settlement for at least 12 months. Non-current benefits are recognised at current salary rates. Refer Note 16.

Superannuation

Employees of the Authority are members of QSuper. Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on 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*.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to Note 6 for the disclosures on key executive management personnel and remuneration.

The QLeave board consists of 8 Directors. The remuneration disclosed for the key executive and directors is all remuneration paid or payable, directly or indirectly, by the Authority in connection with the management of the affairs of the Authority. Refer Note 6. For this purpose, remuneration includes:

- Board meeting and committee fees and conference attendance

(n) Portable Long Service Leave Scheme Benefits

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. The liability has been recorded both as a current liability and as a non-current liability and in accordance with AASB 101 *Presentation of Financial Statements* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* whereby the current liability represents any amount of scheme benefits liability for which the Authority does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using a discount rate equal to the projected long-term rate of return on the scheme's assets of 7.7% per annum net of management fees. Refer Note 17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(o) Insurance

The Authority's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Authority pays premiums to Work Cover Queensland in respect of its obligations for employee compensation.

(p) Taxation

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

(q) 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.

(r) Accounting Estimates and Judgements

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

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

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

Annually the actuary recommends an amount to be included in the Authority's financial statements for accrued long service leave entitlements as at the end of the financial year. The figures are provided as current and non-current liabilities in accordance with AASB 101 *Presentation of Financial Statements*. Refer Note 17.

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.

(s) 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.

(t) 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 23), 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 this was the case with all the Authority's receivables as at 30 June 2012 (and as at 30 June 2011), receivables are not included in the credit risk disclosure in this year's financial statements.

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 7 *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. The only potential implication for the Authority from this amending standard was the deletion from AASB 101 *Presentation of Financial Statements* of the requirement for disclosure of commitments. However, Treasury Department's Financial Reporting Requirements require continuation of commitments disclosures, so this deletion from AASB 101 has no impact on the Authority's commitments note (Note 19).

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 commencements 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 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.

(t) New and Revised Accounting Standards (cont'd)

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. The revised AASB 119 is generally applied retrospectively. Given the Authority's circumstances, the only implications for the Authority are that the revised standard clarifies the concept of "termination benefits", and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the time frame criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits". The impact on the Authority's financial statements for annual leave and long service leave is yet to be assessed. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The Authority only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the Authority.

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, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods beginning on or after 1 July 2013).

Pursuant to AASB 1053, public sector entities like the Authority may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Authority, 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.

Building and Construction Industry (Portable Long Service Leave) Authority
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	2012 \$'000	2011 \$'000
2. Other Revenue		
Under agreement the Authority acts on a fee for service basis for the collection of levies on behalf of the entities listed below:		
Workplace Health and Safety Queensland		
Construction Skills Queensland		
Contract Cleaning Industry (Portable Long Service Leave) Authority		
	2,075	2,001
Total	2,075	2,001
3. Income from Investments		
Interest revenue Queensland Treasury Corporation	367	296
Distribution Queensland Investment Corporation	8,381	46,237
Total	8,748	46,533
4. Net (Loss)/Gain on Financial Assets at Fair Value		
Queensland Investment Corporation		
Earnings	1,302	49,553
Less Distributions	(8,381)	(46,237)
Fair Value Movement	(7,079)	3,316
QIC Growth Fund Movement		
Opening Balance 1 July	370,325	295,646
Plus		
Earnings	1,302	49,553
Contributions	93,600	44,400
Distributions reinvested	31,320	28,912
Less		
Distributions	(8,381)	(46,237)
Redemptions	(1,433)	(1,949)
Closing Balance 30 June	486,733	370,325
5. Employee Expenses		
Employee Benefits		
Salaries and related costs *	3,536	3,455
Annual leave expense *	355	324
Employer Superannuation contributions *	431	410
Long service leave expense *	77	47
Fringe benefits tax	30	21
Employee Related Expenses		
Workers' compensation premium *	12	13
Payroll tax *	186	171
Total	4,627	4,441

* Refer to Note 1(m)

The number of employees including both full-time and part-time employees measured on a full-time equivalent basis was:

Number of Employees	54	58
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Building and Construction Industry (Portable Long Service Leave) Authority
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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

6. Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2011-12 including board members. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

Mr Peter Henneken	Chair
Ms Jacqueline D'Alton	Deputy Chair
Mr Gary Deane	Employer Representative (CCF)
Mr John Crittal	Employer Representative (QMBA)
Ms Debra Johnson	Employer Representative (HIA)
Mr Michael Ravbar	Worker Representative (CFMEU)
Mr William Ludwig	Worker Representative (AWU)
Mr Rohan Webb	Worker Representative (AMWU)

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

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

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

From time to time, particular Directors of the Authority may be required to comply with the *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.

Position	Responsibilities	Current Incumbents	
		Contract Classification and appointment authority	Date appointed to position (Date resigned from position)
General Manager	Managing the Authority	SES2 Governor in Council	17 December 2001
Board Members	Commercial policy and management	Director Minister	5 August 2010

(b) Remuneration

Remuneration policy for the agency's key executive management is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits including motor vehicles.

For the 2011-12 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount dispensed in the Statement of Comprehensive Income.
 - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

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

6. Key Executive Management Personnel and Remuneration (cont'd)

(b) Remuneration (cont'd)

- Long term employee benefits include long service leave accrued.
- Post employment benefits included superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods of payment in lieu of notice of termination, regardless of the reason of termination.
- Performance bonuses are not paid under the contracts in place.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2011 - 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	166	31	4	19	-	220
Mr Peter Henneken	8	-	-	-	-	8
Ms Jacqueline D'Alton	7	-	-	-	-	7
Mr Gary Deane	2	-	-	-	-	2
Mr John Crittal	2	-	-	-	-	2
Ms Debra Johnson	2	-	-	-	-	2
Mr Michael Ravbar	2	-	-	-	-	2
Mr William Ludwig	1	-	-	-	-	1
Mr Rohan Webb	2	-	-	-	-	2
Total Remuneration	192	31	4	19	-	246

1 July 2010 - 30 June 2011

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	162	32	6	19	-	219
Mr Peter Henneken	7	-	-	-	-	7
Ms Jacqueline D'Alton	5	-	-	-	-	5
Mr Gary Deane	2	-	-	-	-	2
Mr John Crittal	2	-	-	-	-	2
Ms Debra Johnson	2	-	-	-	-	2
Mr Michael Ravbar	3	-	-	-	-	3
Mr William Ludwig	2	-	-	-	-	2
Mr Rohan Webb	2	-	-	-	-	2
Total Remuneration	187	32	6	19	-	244

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012 \$'000	2011 \$'000
7. Supplies and Services		
Advertising and promotions	132	118
Computer costs	195	341
Personnel development	102	72
External audit fees *	36	36
Contractor charges	523	331
Consultancy charges	77	83
Legal expenses	170	94
Motor vehicle costs	16	14
Motor vehicle leases	38	35
Travel costs	42	52
Telecommunication costs	85	84
Printing and photocopying	104	70
Reference Materials	49	58
General administration	571	398
Leases - rental	470	452
Building services	89	85
Maintenance building, plant and equipment	12	20
Expensed assets	6	6
Portable and attractive assets	44	28
Bad debts and impairment of receivables	(84)	63
Total	2,677	2,440

* Total audit fees paid to the Queensland Audit Office contracted auditors relating to the 2011-12 financial statements are estimated to be \$36,000 (2011: \$35,700). There are no non-audit services included in this amount.

8. Net Employee and Supplies and Services Expenses

Employee expenses of \$4.627 million (Note 5) together with supply and services expenses of \$2.677 million (Note 7) totalling \$7.304 million are offset by income from fee for service activities for the collection of levies on behalf of other organisations of \$2.075 million (Note 2) resulting in the net cost of \$5.229 million.

9. Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:

Plant and Equipment	35	42
Purchased Software	-	552
Total	35	594

10. Cash and Cash Equivalents

Cash at bank	2,142	2,855
Queensland Treasury Corporation (QTC) - deposits at call	8,000	6,000
Total	10,142	8,855

Interest on cash held with the Commonwealth Bank earned 3.84% in 2012 (2011: 3.92%). Deposits with QTC earned interest at 5.28% in 2012 (2011: 5.48%).

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012 \$'000	2011 \$'000
11. Receivables		
Current trade debtors	52,973	46,865
Less: Allowance for impairment loss	(250)	(360)
	<u>52,723</u>	<u>46,505</u>
Accrued Revenue *	298	23,236
GST Receivable	10	20
	<u>308</u>	<u>23,256</u>
Other	764	567
Less: Allowance for impairment loss	(11)	(11)
	<u>753</u>	<u>556</u>
Total current debtors	53,784	70,317
Non-current trade debtors **	91,192	60,088
Total	<u>144,976</u>	<u>130,405</u>
* Includes Queensland Investment Corporation 4th quarter distribution of \$264,000.		
** The Non-current trade debtors figure represents instalments allowed under Section 82 of the <i>Building and Construction Industry (Portable Long Service Leave) Act 1991</i> .		
Movement in the allowance for impairment loss		
Balance at the beginning of the year	371	371
Amounts written off during the year	(26)	(63)
Decrease in allowance recognised in profit or loss	(84)	63
Balance at the end of the year	<u>261</u>	<u>371</u>
12. Financial Assets at Fair Value through profit or loss		
Queensland Investment Corporation (QIC) - Growth Fund	486,733	370,325
Total	<u>486,733</u>	<u>370,325</u>
13. Other Current Assets		
Prepayments	262	241
Total	<u>262</u>	<u>241</u>
14. Plant and Equipment		
At cost	767	767
Less: Accumulated depreciation	(718)	(683)
Total	<u>49</u>	<u>84</u>
Carrying amount as at 1 July	84	121
Acquisitions	-	6
Disposals	-	-
Depreciation	(35)	(43)
Carrying amount at 30 June	<u>49</u>	<u>84</u>
15. Payables		
Trade creditors	473	1,257
Accrued charges	1,306	591
Total	<u>1,779</u>	<u>1,848</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012 \$'000	2011 \$'000
16. Provision for Employee Benefits		
Current		
Accrued annual leave	411	361
Provision for long service leave	674	544
Total	1,085	905
Non-Current		
Provision for long service leave	-	88
Total	-	88
Movements in Long Service Leave Provision		
Balance as at 1 July	632	607
Additional provision recognised	77	46
Reductions in provision as a result of payments	(35)	(21)
Balance as at 30 June	674	632
17. Provision for Scheme Benefits		
Current		
Provision for long service leave - expected to be settled within 12 months (measured at present value)	60,000	54,000
Provision for long service leave - expected to be settled after 12 months (measured at present value)	178,000	193,000
Total	238,000	247,000
Non-Current		
Provision for long service leave (measured at present value)	250,000	201,000
Total	250,000	201,000
Movements in Provision		
Balance as at 1 July	448,000	379,300
Additional provision recognised	93,473	111,924
Reductions in provisions as a result of payments	(53,473)	(43,224)
Balance as at 30 June	488,000	448,000
Scheme eligible members as at 30 June were:	280,336	274,162
The above figures are actuarially assessed. The latest actuarial assessment of the scheme's liabilities by DeeDeeRa dated 11 April 2012 was prepared based on a number of assumptions.		
The major actuarial assumptions used were:		
- long term investment return of 7.7% per annum;		
- rate of salary inflation at 5.6% 2011-12 and 4% per annum thereafter;		
- future accrual of certificate credits at 175 days per annum;		
- wage rate of \$1,189.09 per week as at 30 June 2011;		
- leviabale construction values of \$47.4 billion for 2011-12; and		
- building and construction industry productivity will increase at the rate of 1.2% and will result in an equivalent change in the proportion of active workers relative to total leviabale construction value		
18. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus	92,229	113,948
Adjustments for non-cash items:		
Depreciation and Amortisation Expense	35	594
Changes in assets and liabilities:		
(Increase) decrease in Financial Assets	(116,408)	(74,679)
(Increase) decrease in Receivables	(14,571)	(106,975)
(Increase) decrease in Prepayments	(21)	26
Increase (decrease) in Payables	(69)	(974)
Increase (decrease) in PLSL Scheme Benefits Provision	40,000	68,700
Increase (decrease) in Employee Entitlements Provision	92	36
Net cash from operating activities	1,287	676

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	2012 \$'000	2011 \$'000
19. Commitments for Expenditure		
Non-Cancellable Operating Lease		
Commitments under operating leases for accommodation and vehicles at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	508	551
Later than one year and not later than five years	1,050	1,675
Total	1,558	2,226

20. Contingencies

Litigation in progress

As at 30 June 2012, the following cases were filed in the courts naming the Authority as defendant:

	Cases	Cases
Industrial Magistrates Court	2	1
Total	2	1

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the court at this time.

21. Equity

Accumulated Surplus

Opening balance	59,069	(54,879)
Net surplus	92,229	113,948
Closing balance	151,298	59,069

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

22. 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.

23. 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	10	10,142	8,855
Receivables	11	144,976	130,405
Financial assets at fair value through profit or loss:			
QIC - Growth Fund	12	486,733	370,325
Total		641,851	509,585
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	15	1,779	1,848
Total		1,779	1,848

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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

23. Financial Instruments (cont'd)

(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.

There was a decrease (\$110,000) in the allowance for impairment. The revised amount of \$261,000 is considered appropriate given past impairments and current assessment of debtors.

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 \$2.85 million in 2011-12 (\$1.28 million in 2010-11) were imposed mainly relating to late notification of projects.

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

	Less than 30 Days \$'000	Overdue			Total \$'000
		30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
Financial Assets					
Receivables	3,101	156	104	281	3,642
Total	3,101	156	104	281	3,642

2011 Financial Assets Past Due But Not Impaired

	Less than 30 Days \$'000	Overdue			Total \$'000
		30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
Financial Assets					
Receivables	175	908	20	37	1,140
Total	175	908	20	37	1,140

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23. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

2012 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables (gross)	-	-	-	174	174
Allowance for Impairment	-	-	-	(261)	(261)
Total	-	-	-	(87)	(87)

2011 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables (gross)	-	-	-	160	160
Allowance for Impairment	-	-	-	(371)	(371)
Total	-	-	-	(211)	(211)

(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 the various accounts in accordance with the Authority's investment strategy so as to meet the expected liabilities.

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

	Note	2012 Payable in			Total \$'000
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Financial Liabilities					
Payables	15	1,779	-	-	1,779
Total		1,779	-	-	1,779

	Note	2011 Payable in			Total \$'000
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Financial Liabilities					
Payables	15	1,848	-	-	1,848
Total		1,848	-	-	1,848

(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 \$24,337,000 (\$18,516,000 in 2011). This is attributable to the Authority's exposure to investment returns held with QIC's growth fund.

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

23. Financial Instruments (cont'd)

(e) Market Risk (cont'd)

Financial Instruments	Carrying Amount \$'000	2012 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	486,733	(24,337)	(24,337)	24,337	24,337
Potential Impact		(24,337)	(24,337)	24,337	24,337

Financial Instruments	Carrying Amount \$'000	2011 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	370,325	(18,516)	(18,516)	18,516	18,516
Potential Impact		(18,516)	(18,516)	18,516	18,516

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis reflects the outcome to profit and loss if interest rates would change by +/- 1% from year end rates applicable to the Authority's cash assets. These fluctuations in interest rates are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$101,000 (\$89,000 in 2011).

Financial Instruments	Carrying Amount \$'000	2012 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	10,142	(101)	(101)	101	101
Potential Impact		(101)	(101)	101	101

Financial Instruments	Carrying Amount \$'000	2011 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	8,855	(89)	(89)	89	89
Potential Impact		(89)	(89)	89	89

(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 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial Assets				
Cash and cash equivalents	10,142	-	-	10,142
QIC - Growth Fund	486,733	-	-	486,733
Total	496,875	-	-	496,875

Building and Construction Industry (Portable Long Service Leave) Authority
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23. Financial Instruments (cont'd)

(g) Fair Value (cont'd)

2011 Recognised Fair Value Assets/Liabilities

Class	Classification according to fair value hierarchy			2011 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial Assets				
Cash and cash equivalents	8,855	-	-	8,855
QIC - Growth Fund	370,325	-	-	370,325
Total	379,180	-	-	379,180

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.

24. Correction of Error

The Authority adopted a revenue recognition policy in 2004-05 where by notified projects with a cost of work greater than \$400 million were recognised across financial years up to the completion date of the project. The future years amounts appeared on the Statement of Financial Position as unearned revenue. Projects were monitored and transferred from unearned revenue to revenue as the project progressed. To comply fully with AASB 1004 *Contributions* the Authority has reverted to its pre 2004-05 policy where by all revenue is recognised at the time of notification. The impact of this change has resulted in bringing forward the recognition of revenue associated with projects over \$400 million of \$11.9 million 2009-10 and \$78.7 million 2010-11.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2011 \$'000	Increase/ (Decrease) \$'000	30 June 2011 (Restated) \$'000	30 June 2010 \$'000	Increase/ (Decrease) \$'000	1 July 2010 (Restated) \$'000
Statement of Financial Position						
Current Liabilities						
Unearned Revenue	(27,935)	27,935	-	(5,617)	5,617	-
Non-Current Liabilities						
Unearned Revenue	(62,610)	62,610	-	(6,248)	6,248	-
Net Assets/Deficiencies	(31,476)	90,545	59,069	(66,744)	11,865	(54,879)
Equity	31,476	(90,545)	(59,069)	66,744	(11,865)	54,879
Total Equity	31,476	(90,545)	(59,069)	66,774	(11,865)	54,879
					Profit Increase/ (Decrease) \$'000	2011 (Restated) \$'000
Statement of Comprehensive Income						
Portable long service leave levies				103,926	78,682	182,608
Operating Result from Continuing Operations				103,926	78,682	182,608
Other Comprehensive Income				-	-	-
Total Comprehensive Income				103,926	78,682	182,608

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

25. General Information

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

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

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

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

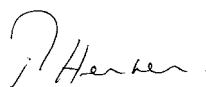
**CERTIFICATE OF THE BUILDING AND CONSTRUCTION INDUSTRY
(PORTABLE LONG SERVICE LEAVE) AUTHORITY**

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

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



G Wilson
General Manager
29 August 2012



P Henneken AM
Chair
29 August 2012

Independent Auditor's Report

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

Report on the Financial Report

I have audited the accompanying financial report of the Building and Construction 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 Building and Construction 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.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Building and Construction Industry (Portable Long Service Leave) Authority for the year ended 30 June 2012. Where the financial report is included on the Building and Construction Industry (Portable Long Service Leave) Authority's website the Board is responsible for the integrity of the Building and Construction Industry (Portable Long Service Leave) Authority's website and I have not been engaged to report on the integrity of the Building and Construction 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
29 August 2012

PUBLIC AVAILABILITY

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

For further information contact the Manager Corporate Communications on:

Phone 07 3212 6811

Fax 07 3212 6844

Email yoursay@qleave.qld.gov.au

ISSN 1837-056X

ADDITIONAL INFORMATION

Additional information on information systems, recordkeeping and consultancies can be accessed online at www.qleave.qld.gov.au > Building and Construction 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

VICTORIA

ColInvest

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

NEW SOUTH WALES

Long Service Corporation

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

SOUTH AUSTRALIA

Construction Benefit Services

Level 2, 191 Fullarton Road
Dulwich SA 5065
Telephone: (08) 8332 6111
Facsimile: (08) 8333 4314
Email: enquiries@cbserv.com.au
www.cbserv.com.au

AUSTRALIAN CAPITAL TERRITORY

ACT Long Service Leave Authority

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

TASMANIA

TasBuild Ltd

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

WESTERN AUSTRALIA

Construction Industry Long Service Leave Payments Board

1st Floor, 26 Colin Street
West Perth WA 6005
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404
Email: hi@myleave.wa.gov.au
www.myleave.wa.gov.au

NORTHERN TERRITORY

NT Build

32-33/12 Charlton Court
Woolner NT 0820
Telephone: 1300 795 855
Facsimile: (08) 8936 4080
Email: info@ntbuild.com.au
www.ntbuild.com.au



Building and Construction Industry
(Portable Long Service Leave) Authority

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Lutwyche Queensland 4030

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HELP LINES

Workers and Employers

1800 803 491

Levy Payers

1800 803 481

