



**PORTABLE**  
LONG SERVICE  
LEAVE



annual report  
**2017-2018**

Building and Construction Industry  
(Portable Long Service Leave) Authority

- **OUR VISION** – To be a national leader in portable long service leave schemes which assures membership benefits.
- **OUR PURPOSE** – Contribute to a building and construction industry whose workers are retained, rewarded and treated with equity.
- **OUR VALUES** – To support us in achieving our strategic goals, QLeave has adopted the five organisational values of the Queensland Public Service.



**CUSTOMERS FIRST**

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



**IDEAS INTO ACTION**

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



**UNLEASH POTENTIAL**

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



**BE COURAGEOUS**

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



**EMPOWER PEOPLE**

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

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QLeave is the trading name of the Building and Construction Industry (Portable Long Service Leave) Authority, established in 1992 to administer a paid long service leave scheme for eligible workers in the building and construction industry.

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

The Honourable Grace Grace MP  
Minister for Education and Minister for Industrial Relations  
GPO Box 611  
Brisbane Qld 4001

31 August 2018

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2017-18 and financial statements for the Building and Construction Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be accessed at [www.qleave.qld.gov.au](http://www.qleave.qld.gov.au)

Yours sincerely

A handwritten signature in black ink, appearing to read 'J D'Alton', written in a cursive style.

**Jacqueline D'Alton**  
CHAIRPERSON

Building and Construction Industry (Portable Long Service Leave) Authority

# CONTENTS

01

## **ABOUT THE AUTHORITY**

A message from the Chair and General Manager

02

## **GOALS, STRATEGIES AND MEASURES**

03

## **CUSTOMER SERVICE DELIVERY**

Stakeholder engagement

Compliance

Feature – Engaging with members on site

06

## **FINANCIAL MANAGEMENT**

Investment market performance

Building activity

Long service leave claims paid

07

## **GOVERNANCE AND RISK MANAGEMENT**

Composition of the Board

Focus for the Board 2017-18

Remuneration

Board meetings and Director attendance at meetings 2017-18

2017-18 Board performance assessment

Board committees

Actuarial reporting

Additional reporting

Internal audit

Public sector ethics

Technology systems and recordkeeping

13

## **THE BOARD**

15

## **EXECUTIVE MANAGEMENT**

16

## **PEOPLE**

Organisational chart

Organisational structure

Workforce profile

Strategic workplace planning

Employee performance

Employee wellbeing

Developing our leaders

Industrial and employee relations framework

Early retirement, redundancy and retrenchment

20

## **STRATEGIC PLAN**

21

## **FINANCIAL STATEMENTS**

## ABOUT THE AUTHORITY

QLeave was established in 1992 to administer the portable long service leave scheme for workers and employers in Queensland's building and construction industry.

The Scheme is established under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. It is funded by a levy imposed on the total cost of all construction work in Queensland costing \$150,000 or more.

Based on actuarial recommendations, the levy rate has remained at 0.25% since July 2014. Where the total cost of work is over \$1.130 billion, a reducing, tiered levy rate applies. A cap of \$1,980 per week on wage rates for all long service leave payments was applied for the 2017-18 financial year.

As at 30 June 2018, the Scheme had 337,854 workers and 18,621 employers registered. Since 1992, long service leave payments totalling \$823.9 million have been paid to industry workers and employers. In the 2017-18 financial year, long service leave claims were paid by QLeave to the sum of \$97.8 million.

Ties with stakeholders were further strengthened through an increased presence at construction site visits, supporting industry association events and maximising education opportunities for industry employers and workers.

To support the launch of a new strategic plan for the financial year, a journey of significant structural change was commenced to ensure we are well-equipped to achieve our goals. Our commitment to excellent customer service delivery was demonstrated by introducing a system which automated certain long service leave payments, launching a new website and implementing a systematic and comprehensive customer feedback schedule, with impressive results.

In May 2018 we relocated to a new office in Northgate. The new location makes us more accessible for many of our customers, and provides greater flexibility for possible expansion in the future by being in a stand-alone building.

We would like to express our appreciation to our Minister, the Honourable Grace Grace and the Government 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 staff, management and board members. The Board and management remain focussed on ongoing administrative efficiency of the Scheme with complete commitment to excellence in customer service delivery.

  
**Jacqueline D'Alton**  
CHAIRPERSON

  
**Julie Dahl**  
GENERAL MANAGER



# GOALS, STRATEGIES AND MEASURES

GOAL	STRATEGY	MEASURES	ACHIEVED
Effective systems and technology that provide confidence	<ul style="list-style-type: none"> <li>→ Maintain a secure reliable contemporary platform that meets the needs of our customers</li> <li>→ Progress the implementation of a Customer Relationship Management (CRM) solution</li> <li>→ Improve vendor relationship management</li> </ul>	<ul style="list-style-type: none"> <li>→ Availability and speed of network and systems</li> <li>→ CRM – current state mapped, scoped, future state agreed, costed, implantation partner on board, implemented</li> <li>→ Services and projects delivered in accordance with agreed contract requirements</li> </ul>	✓
Excellence in customer engagement and service delivery	<ul style="list-style-type: none"> <li>→ Develop multi-channel communications in conjunction with customers and stakeholders</li> <li>→ Drive interjurisdictional collaboration</li> <li>→ Progress formal customer service accreditation</li> <li>→ Develop a strong QLeave brand</li> </ul>	<ul style="list-style-type: none"> <li>→ Commence adhoc and annual cyclic surveying of our customers – Workers, Employers and Levy Payers</li> <li>→ Satisfaction measured against customer experience objectives (be clear, be helpful, make it easier and do what you say)</li> <li>→ Staged implementation of customer service accreditation – preparation, self-assessment, submission and test</li> <li>→ Measures and reporting frameworks designed for all functional areas</li> <li>→ Remove barriers in communicating interstate migration of members to create seamless customer experience.</li> </ul>	✓
A customer focussed workforce that is engaged, resilient and results oriented	<ul style="list-style-type: none"> <li>→ Develop a formal implementation plan for Working for Queensland survey results</li> <li>→ Human Resources Management frameworks developed to achieve objective</li> </ul>	<ul style="list-style-type: none"> <li>→ Improvements in engagement, leadership and innovation measures</li> <li>→ Succession planning embedded</li> <li>→ Performance management embedded</li> </ul>	✓
Maintain responsible investment strategies to support levy stability	<ul style="list-style-type: none"> <li>→ Manage the investment portfolio in accordance with risk and return profile outlined in the Investment Policy Statement. Investment strategy monitored and reviewed annually with Investment Adviser</li> </ul>	<ul style="list-style-type: none"> <li>→ Accrued Benefits Reserve Index in a range of 105-120%</li> <li>→ Targeted levy compliance activity</li> </ul>	<ul style="list-style-type: none"> <li>→ Q1 108.91%</li> <li>→ Q2 112.70%</li> <li>→ Q3 106.37%</li> <li>→ Q4 107.71%</li> </ul>

# CUSTOMER SERVICE DELIVERY

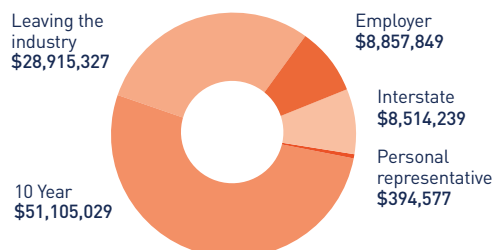
PERFORMANCE MEASURES		2013-14	2014-15	2015-16	2016-17	2017-18
	Workers registered	285,027	290,255	290,306	303,578	<b>337,854</b>
	Employers registered	19,151	19,406	19,957	18,037	<b>18,621</b>
	Number of claims paid	10,292	12,026	13,922	14,894	<b>14,532</b>
	Value of claims paid	\$72.2m	\$83.9m	\$98m	\$98.6m	<b>\$97.8m</b>
	Capped weekly rate of pay	\$1,850	\$1,940	\$1,960	\$1,980	<b>\$1,980</b>
	4 year rule cancellations	33,044	25,129	25,210	15,469	<b>-*</b>
	Missing service requests	1,693	1,404	1,522	1,667	<b>2,117</b>
	Worker claims – % online	40%	55.5%	79.3%	88.2%	<b>89.0%</b>
	Employer reimbursement – % online	55%	70.2%	80.7%	89.6%	<b>87.8%</b>
	Worker service returns – % lodged online	71%	79%	86%	94%	<b>92.6%</b>
	Levies collected	\$107,539,000	\$68,612,000	\$82,750,000	\$84,206,000	<b>\$76,555,000</b>
	Works notified	35,817	32,143	33,980	35,519	<b>35,078</b>
	% Works notified online	58%	65%	69%	87%	<b>98%</b>

\* QLeave postponed the four year rule cancellation process in 2017-18 to focus on data cleansing, with a view to restarting this process in the next financial year.

## VALUE OF CLAIMS PAID TO DATE (\$ MILLION)



## VALUE OF CLAIMS PAID IN 2017-18



- Legislation enables QLeave to annually review all worker records with the option to cancel the membership of those workers who have not recorded service in the previous four financial years. We increased the volume of communication to workers surrounding potential cancellation of their membership. We continue to work with interstate colleagues to ensure that interstate workers are not at risk of losing their membership or entitlement. QLeave also undertook additional activities to match worker records with up to date information through data matching with Australia Post.
- 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. 92.6% of employers submitted their returns online.
- Employers who completed their worker service return online were prompted to complete a satisfaction survey regarding their experience with the lodgement process. A satisfaction rating of 91% was achieved for the online return process. 89% of employers were satisfied with the time taken to complete their return. Of those employers who contacted QLeave, 88% were satisfied with the service provided.
- The annual long service leave statement was distributed to workers in October 2017. 153,422 workers received their statement via email. This statement shows a worker's service record for the previous financial year and their current long service leave benefit, based upon information supplied by their employers. Our call monitoring demonstrated that the distribution of long service leave statements traditionally led to a significant increase in workers contacting QLeave. Through highlighting missing service and long service leave entitlements on the statements, workers were able to self-service to make claims and request missing service immediately. A newsletter accompanied the statement and supplementary information was provided to those workers with a long service leave entitlement. Workers are able to access their current long service leave details online at any time.
- 2,117 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service leave records in the register. Encouraging workers to check the accuracy of their long service leave statements, to ensure long service leave benefits are maximised, remains an ongoing focus for QLeave.
- 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.

## STAKEHOLDER ENGAGEMENT

- QLeave continued to support the building and construction industry through sponsorship of the Master Builders Housing and Construction awards, Housing Industry Association (HIA) Housing and Kitchen awards, Master Concreters awards and Master Plumbers awards throughout the state. In addition to the housing awards, the Authority also supported other events such as the Master Builders Industry Insights, the Master Builders Member Roadshow, the Master Plumbers Member Roadshow and the HIA Business Partner Network events. All of these events promoted the Scheme and provided an opportunity for employers to receive further education on their obligations. QLeave continued to be involved in activities such as the Queensland Council of Unions' Labour Day Parade and Women in Construction events.
- Education and compliance staff attended major building sites across Queensland to educate and inform workers about the Scheme and its benefits.
- QLeave supported the CFMEU Biennial Delegates Convention in June where we launched our new delegates' portal. This special section of our website is dedicated to assisting union delegates to communicate important information about QLeave with their members. It provides quick links, a help and feedback form and direct contact details for QLeave staff.



- QLeave continues to engage with apprenticeship bodies and labour hire organisations. Our partnership with TAFE SkillsTech ensures we speak to foundation apprentice students about the Scheme and the benefit of maintaining their membership in the future. We have developed this further to include third and fourth year students as a way of maintaining this engagement throughout their apprenticeship.
- Advertising in industry publications and journals continued to promote the Scheme's key messages and raise general awareness within the industry.
- We continued to provide a cost effective levy collection service for Workplace Health and Safety and Construction Skills Queensland. QLeave provided services to the Contract Cleaning Industry Portable Long Service Leave Scheme under a cost sharing agreement.

### COMPLIANCE

- Compliance activities focused on outstanding worker service returns and the identification of unregistered employers. Data matching with our partner agencies and missing service requests received from registered workers identified potentially liable employers.
- This activity ensured that workers had correct service added and enables enhanced accuracy of entitlement payments for improved fairness across the industry.
- A total of 159 matters were addressed utilising the full powers of the legislation. Matters related to reconsiderations, compliance with employer obligations, debt recovery of outstanding payments and compliance with levy payment.

### FEATURE – ENGAGING WITH MEMBERS ON SITE

QLeave staff attended 165 building sites with nearly 3,500 workers present at those sites all across Queensland. QLeave is proud to be part of the TAFE Skillstech coffee trailer events that provide further avenue for engaging with workers on building sites. This also presents a great opportunity to partner with organisations that deliver services such as superannuation, regulatory, vocational education and other building industry related services. This increased the value proposition to workers and provides the ability for workers to be more engaged with the range of entitlements available to them in the industry.

QLeave is committed to continuing to engage with workers at building sites ensuring they are aware of their entitlements and how they can continue to receive important information from QLeave.



# FINANCIAL MANAGEMENT

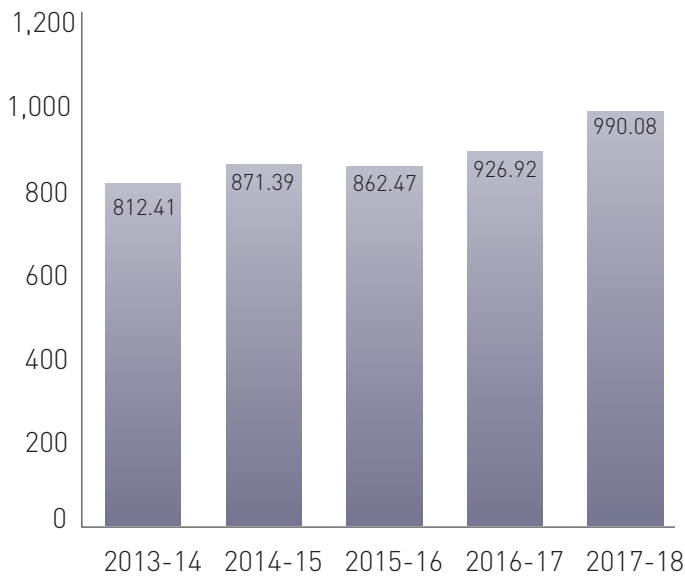
An overall surplus of \$23.89 million was achieved in 2017-18. This can be attributed to these major factors:

- higher than expected investment return, and
- lower than expected long service leave payments.

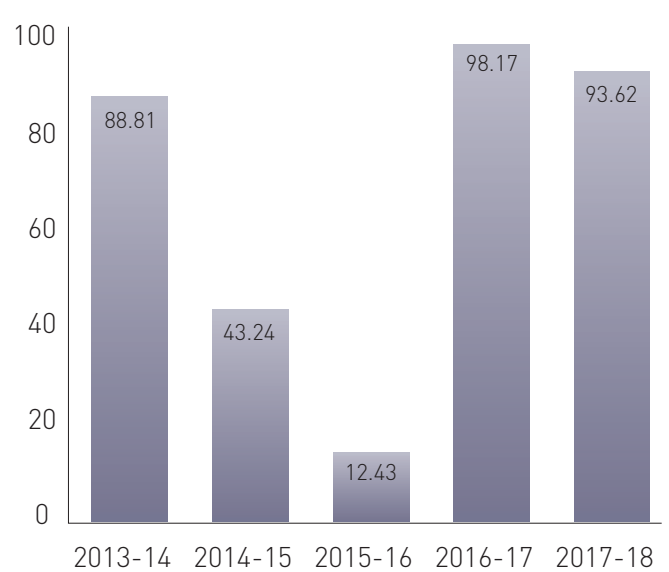
The Authority's equity is \$119.57 million.

## INVESTMENT MARKET PERFORMANCE

Funds invested in \$Millions 2013-2018

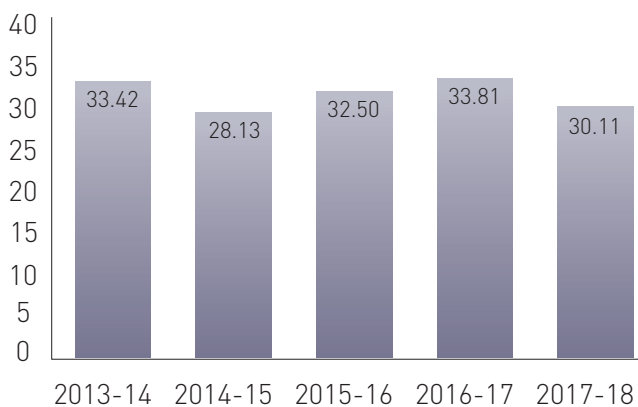


Investment Returns in \$Millions 2013-2018



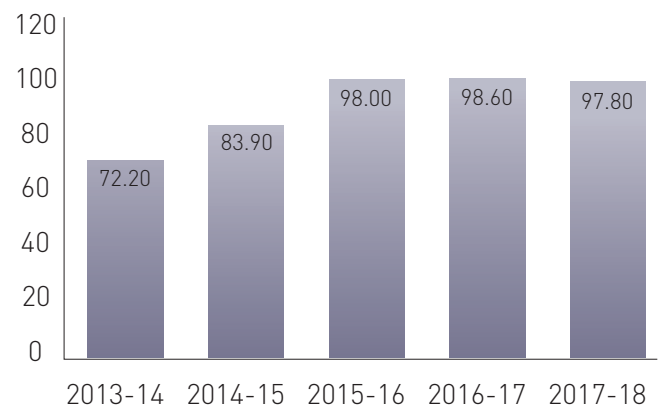
## BUILDING ACTIVITY

Value of project levy in \$Billions 2013-2018



## LONG SERVICE LEAVE CLAIMS PAID

Value of claims paid in \$Millions 2013-2018



# GOVERNANCE AND RISK MANAGEMENT

QLeave is governed by a board of directors (the 'Board') appointed by the Governor-in-Council, in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* (the 'Act'). The Board reports to the Honourable Grace Grace, Minister for Education and Minister for Industrial Relations.

The role of the Board includes:

- responsibility for QLeave's commercial policy and management
- determining the strategic direction
- monitoring strategic goals and managing risks
- monitoring financial and operational performance
- 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 operates under the provisions of the Act and other governing legislation and within the scope of the Board Guidelines.

## COMPOSITION OF THE BOARD

The Board is appointed for a term of three years and directors are eligible for reappointment. The term of the current Board commenced on 1 July 2016 and is due to expire on 30 June 2019.

The Board consists of eight 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 relationship between the Board and QLeave's executive management is one of direct, open communication and full disclosure of relevant information relating to QLeave's financial and operational performance.

Board directors are selected for their depth of knowledge, expertise and experience in the building and construction industry. The Board is proactive in identifying factors affecting the building and construction industry, with a view to achieving a balance between the interests of workers, employers, stakeholders and the long-term sustainability of the Scheme.

Directors are encouraged to undertake professional development through the Australian Institute of Company Directors and other development avenues, to enhance existing skills and ensure the Board maintains the high standard required by best practice corporate governance frameworks.

The current Board comprises the following directors:

Chairperson:	Jackie D'Alton
Deputy Chairperson:	Adam Stoker
Employer Representatives:	Penny Cornah, Damian Long, Kirsty Augustine
Worker Representatives:	Wallace Trohear, Rohan Webb

Corlia Roos resigned from the Board on 15 August 2017. The vacant Employer Representative position was filled by Kirsty Augustine on 26 October 2017.

Due to the resignation of Troy Spence in February 2018, there is currently a casual vacancy for one of the positions of Worker Representative.



## FOCUS FOR THE BOARD 2017-18

The major challenges for the Board for the 2017-18 year were:

- Systems and Technology – that maintain a secure, reliable, contemporary technology platform that meets the needs of QLeave’s customers.
- Customer engagement and service delivery – by developing a strong QLeave brand through multi-channel communications with customers and stakeholders and interjurisdictional collaboration.
- Workforce development – that encourages customer focussed, engaged, resilient, results oriented staff through Human Resources Management frameworks.
- Responsible investment strategies – that support levy stability to ensure QLeave’s long-term viability through active management of the investment portfolio, in accordance with the Investment Policy Statement and actuarial review.

## REMUNERATION

The QLeave Board is a Regulation, Administration and Advice – Level 3 category body under the Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies (Remuneration Procedures). Directors receive annual remuneration.

## BOARD MEETINGS AND DIRECTOR ATTENDANCE AT MEETINGS 2017-18

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee
<b>Number of meetings held</b>	<b>6*</b>	<b>2</b>	<b>1</b>
Jackie D’Alton	5	2**	1**
Adam Stoker	6	2	1
Penny Cornah	6	1	-
Damian Long	6	1**	1
Kirsty Augustine	2	-	-
Rohan Webb	4	-	1
Wallace Trohear	6	2	-
Troy Spence	3	-	-
Corlia Roos	-	-	-

\*five Board meetings held and one conducted by written reference

\*\*attended in an ex officio capacity

## 2017-18 BOARD PERFORMANCE ASSESSMENT

Observing the principles of good governance, Board directors undertake an annual Board performance evaluation to highlight the achievements throughout the year and identify opportunities for improvement. The evaluation is a structured self-assessment process that also allows individual directors to review their own performance. The outcomes of the evaluation are discussed in an *in camera* session led by the Chairperson, to identify the strengths and weaknesses of board operations, review and measure QLeave's progress towards its goals, training requirements and open channels of communication.

## BOARD COMMITTEES

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

### Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee acts as an advisory service to the Board with respect to the Authority's financial information, system of internal controls and legal and ethical conduct of management and employees.

The Committee's responsibilities include those set out under the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*. It operates under a charter, which complies with:

- the Queensland Treasury Audit Committee Guidelines
- the Institute of Internal Auditors' Supplemental Guidance: Role of Auditing in Public Sector Governance.

The Audit, Risk Management and Compliance Committee comprises Adam Stoker (Chairperson), Wally Trohear and Penny Cornah\*, and is responsible for ensuring that:

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

\*Corlia Roos was a committee member until her resignation from the Board, on 15 August 2017, when she was replaced by Penny Cornah.

The Authority's Internal Audit function is undertaken through the external partnership with Protiviti, which reports to the Board through the Audit, Risk Management and Compliance Committee.

The Audit, Risk Management and Compliance Committee met on two occasions during 2017-18. The Board Chairperson, Jackie D'Alton, attended both meetings in an *ex officio* capacity and Board director, Damian Long, attended one meeting as an observer.

Officers from the Queensland Audit Office (QAO) and its representatives William Buck, the General Manager, Director Finance and Client Services, Director Governance and Corporate Services, assist the Committee throughout the year.

The Committee's compliance with its reporting obligations is provided in a report to the Board, under section 35 of the *Financial and Performance Management Standard 2009*.

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

- oversight of the external audit process and Financial Statements
- oversight of the Internal Audit program.



### **Finance Committee**

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

QLeave's annual budget is reviewed and endorsed by the Finance Committee, prior to being submitted to the Board and approval by the Minister.

The Finance Committee comprises Adam Stoker (Chairperson), Damian Long and Rohan Webb. The Committee was required to meet on one occasion during 2017-18 and the Board Chairperson, Jackie D'Alton, attended the meeting in an *ex officio* capacity.

### **Worker Eligibility Committee**

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

The Worker Eligibility Committee was not required to meet during 2017-18.

### **ACTUARIAL REPORTING**

A full actuarial assessment is performed every two years to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave levy, to ensure the Scheme's financial viability to perpetuity, with an interim assessment every other year. QLeave's actuary is Mercer Consulting. Mercer Consulting works with QLeave's Investment Advisor, PricewaterhouseCoopers, and Funds Manager, Queensland Investment Corporation. Mercer Consulting forecasts as accurately as possible, whether investment strategies will continue to generate sufficient funds to meet future commitments for long service leave payments and maintain the long-term sustainability of the Scheme.

A full actuarial assessment was undertaken in 2017-18 to examine the financial position of the Scheme in relation to the long service leave entitlements accrued up to 30 June 2018. The Actuary found the Scheme is currently in a sound financial position, as assets are more than required to cover Accrued Benefits Liabilities and Vested Benefits.

### **ADDITIONAL REPORTING**

The General Manager's Report was produced monthly and informed the Board about financial and operational performance results.

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

QLeave's internal Risk Management Committee provides an ongoing process for identifying, evaluating and managing QLeave's strategic and operational risks.

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*.



## INTERNAL AUDIT

Internal Audit plays a key role in assisting the Board to carry out its governance responsibilities in ensuring the effectiveness of QLeave's internal control framework. The Internal Audit function has been fully outsourced to Protiviti since 2017. With the Board's guidance, QLeave has adopted an integrated approach on the issues of Governance, Risk Management and Compliance to ensure QLeave acts in accordance with legislation, internal policies, its risk appetite and external regulations.

The internal audit process is carried out in accordance with the annual Internal Audit Plan endorsed by the Board, with the audit focus for the 2017-18 financial year being:

- Fraud Control
- Statutory Registers and Claims
- Penetration Testing – Major Systems.

The progress against the annual Internal Audit program and findings of the audit activities are monitored by the Audit, Risk Management and Compliance Committee.

QLeave's Risk Management Committee meets quarterly to provide continuous review of the Risk Register. The risk management policy is developed in accordance with ISO 31000:2009, Risk Management - Principles and guidelines.

Risk Management is the responsibility of all staff and is an integral part of all QLeave activities. The policy ensures the embedding of a risk management culture throughout the organisational structure, policies, procedures and work instructions.



## PUBLIC SECTOR ETHICS

QLeave staff are provided with education and training about public sector ethics (including the contents of the Code of Conduct) as part of our induction program, and annually during their employment through our compliance-based training program. This includes the completion of online, mandatory learning and application of the Code of Conduct.

QLeave's procedures and management practices reflect the requirements of the *Public Sector Ethics Act 1994* through:

- consideration of appropriate conduct and behaviour in performance management conversations
- human resource, management and administrative policies, practices and procedures.

## TECHNOLOGY SYSTEMS AND RECORDKEEPING

QLeave maintains a high standard of service provision through active management of quality recordkeeping standards. These mature support systems manage records to preserve corporate knowledge, document our actions, decisions and communications while ensuring our strategic objectives achieve established standards of government accountability.

QLeave uses the electronic document and records management system, HPE Content Manager, as an ECM (Enterprise Content Management) to effectively manage and secure its administrative records. It also uses several business management systems to capture, secure and manage its core business.

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

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

QLeave's continuing journey of business improvement in technology platforms and solutions through 2017-18 saw the migration of our internet site to a contemporary framework that was developed in conjunction with our Customer Experience Principles. The migration to a hosted content management solution also enabled QLeave to take a national lead role in the administration of the Ausleave internet site to support increased customer functionality. Our very successful implementation of the Squiz Matrix platform provides confidence and assurance for the next phase in the program of transitioning our intranet environment to the same platform.

Additionally, the agency implemented a comprehensive program of phishing tests to embed a cyclic test regime that enables detailed reporting to assess risk and support ongoing cyber security related training.

A comprehensive certification audit against ISO 9001:2015 was conducted through British Standards Institute (BSI) in November 2017. The audit determined that the Quality Management System meets the requirements of the standard and as a result QLeave has achieved ongoing accreditation. QLeave's next surveillance audit is scheduled for September 2018.



# THE BOARD

## → JACKIE D'ALTON B Com, M App Fin, FAICD, SnrFFinsia, CHAIR

Jackie was appointed as Chairperson of the QLeave Board on 1 July 2013 and prior to that had been Deputy Chairperson since 1998.

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

From 2012 to 2017, Jackie was Chairperson of Topology, a talented music ensemble and remained in that position until 2017, when her role changed to Board Member.

From 2013 to 2017, Jackie was the Board Secretary of the Motor Neurone Disease Association of Queensland, which provides care and services for people with Motor Neurone Disease and is now a Committee Member of the Governance Committee.

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

## → ADAM STOKER M<sub>Tax</sub>, LLB (Hons), BSc, DEPUTY CHAIR

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

Currently practising as an in-house solicitor in the air transport industry, Adam has extensive experience in corporate governance, project construction and delivery, workplace relations and workplace safety and environmental law. Prior to entering the air transport industry, Adam was employed in-house for a mining company, providing corporations law and taxation advice in capital markets, merger and acquisitions and general commercial advisory.

## → PENNY CORNAH DipHR, DipHosMgt, DipEventMgt CertIVTrngAssmnt, GAICD, EMPLOYER REPRESENTATIVE

Penny was appointed as a Director of QLeave on 1 July 2016. Penny's background is in human resources, events and communications. Penny is the Executive Director of the Master Plumbers' Association of Queensland (MPAQ). MPAQ is a peak industry body representing plumbing contractors throughout Queensland, from sole operators to medium sized plumbing businesses through to large contracting firms. Penny identifies her role as heading the organisation that is the conduit between protecting community health and the environment.

Penny was appointed as a Director of Master Plumbers Australia Ltd in 2012 and in 2016 was appointed as Company Secretary for Master Plumbers Australia. Penny is the Chairperson of the Service Trades Council, a statutory body that sits under the Queensland Building and Construction Commission, set up to represent plumbing, drainage, fire protection and mechanical services industries. Penny is also Director of the Services Trades College, a position to which she was appointed in 2015. In 2017, Penny was also appointed as a Director of Construction Skills Queensland.

## → DAMIAN LONG BEng (Civil) (Hons), GAICD, EMPLOYER REPRESENTATIVE

Damian was appointed to the QLeave Board on 1st July 2017. He is the current Chief Executive Officer of Civil Contractors Federation (CCF) QLD and is also a past President. He has 30 years construction experience in earthworks, road works, structures, residential and industrial subdivision construction, project and business management.

Damian's career has spanned a diverse range of industries within Australia, from oil, commercial building, infrastructure, commercial civil works, residential and industrial civil works. He has a wealth of experience in senior management roles in private organisations and dealings with public sectors.

Damian holds a Bachelor of Engineering (Civil) and is a Registered Adjudicator under the *Building Construction Industry Payment Act 2004*.



→ **KIRSTY AUGUSTINE ADip Mgt, BBus HR/IR, GradCert IR, EMPLOYER REPRESENTATIVE**

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Kirsty was appointed as a Director of the QLeave Board on 26 October 2017 and has over 20 years' experience in the Human Resources / Industrial Relations field. Kirsty is currently the Industrial Relations Manager for CPB Contractors Pty Limited and responsible for overseeing the IR strategy and performance in Queensland and Papua New Guinea.

Kirsty has significant experience in the construction and energy sectors, managing industrial relations for employers and employer associations and currently chairs the Master Builders Industrial Relations subcommittee.

In her spare time, Kirsty volunteers for benevolent associations: as a Board Member for Brisbane Youth Service and as a Retail Supervisor for St Vincent de Paul Society Queensland.

→ **WALLY TROHEAR, WORKER REPRESENTATIVE**

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Wally was appointed to the position of Director of the QLeave Board on 1 July 2016. He is one of the founding QLeave Board directors: playing a key role in establishing the portable long service leave scheme in Queensland and brings a wealth of knowledge, experience and history to the Board.

Wally is a carpenter by trade, having served his apprenticeship in Ireland and also worked as a foreman and project manager. He joined the Building Workers Industrial Union in 1973 and since that time has worked tirelessly to gain fair pay, a safe workplace and improved conditions for workers in the building and construction industry. He has held numerous union and industry committee positions.

Wally is currently the Chairperson of:

- Mates in Construction Queensland
- Building Unions Superannuation Scheme Queensland (BUSSQ) Risk and Audit Committee
- Skylight Financial Solutions.

Wally is currently the Director of:

- Mates in Construction Australia
- BUSSQ
- BUSSQ Property Trust.

Wally is the immediate past state secretary of the Construction Forestry Mining Energy Union (CFMEU) (previously the Building Workers Industrial Union).

Wally has over 54 years' experience in the building and construction industry and more than 30 years representing workers in the industry. He continues to be a strong advocate for the industry in Queensland.

→ **ROHAN WEBB, WORKER REPRESENTATIVE**

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Rohan has been a Director of the QLeave Board since 2010. He is a Fitter and Turner by trade and has extensive experience in the construction and manufacturing industry.

Rohan is currently the Branch Secretary of the Australian Manufacturing Workers' Union (AMWU) Queensland and Northern Territory. He has been representing workers for over 30 years.

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

# EXECUTIVE MANAGEMENT

The executive management team comprised General Manager, Director Governance and Corporate Services and Director Finance and Client Services.

Executive management reviews QLeave's strategic, operational, financial performance and the recommendations of all in-house committees.

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

- implementing the Board's strategic plan 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 internal audit function
- legislative compliance.

**The Director Governance and Corporate Services is responsible for:**

- business, governance, performance and reporting systems
- management of corporate communications and publications
- human resource management
- management of technology and information systems
- board secretariat
- engagement of legal advice where appropriate.

**The Director Finance and Client Services is responsible for:**

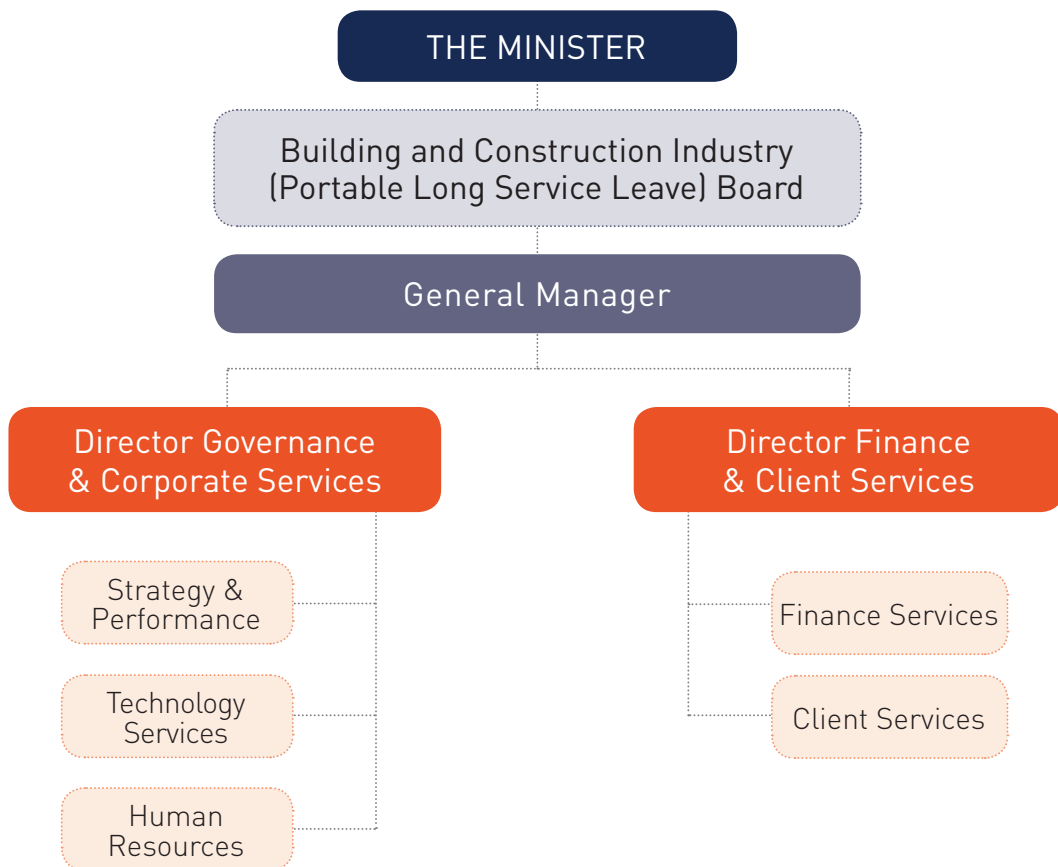
- customer service delivery
- budget and financial management
- investment and funds management
- levy compliance and collection
- stakeholder engagement and liaison.





# PEOPLE

## ORGANISATIONAL CHART



## ORGANISATIONAL STRUCTURE

QLLeave implemented a number of structural changes in late 2017 to ensure we were well equipped to meet our goals and future demands. Changes included an integrated client services team, alignment of the levies function with the finance team to recognise revenue focussed activities, enhanced compliance capacity, change management, strategy, performance and reporting, and a leaner management structure to provide growth and resilience.

Changes resulted in some increase and decrease in classification levels. Employees impacted by the organisational changes were successfully transitioned to roles within the agency or were deployed to other government agencies, in line with relevant legislation and directives.


Work towards a new customer relationship management system also resulted in the appointment of a senior role, to project manage the implementation of this core system for the agency.

## WORKFORCE PROFILE

As at 30 June 2018, QLLeave had 55 employees (51.68 paid full-time equivalents). Paid full-time equivalents (FTE) is calculated in consideration of part-time arrangements and extra hours, casual employees, employees on leave without pay and employees on half-pay. The permanent separation rate for 2017-18 increased to 23.63% (from 9.25% during the previous year). This increase was due to the changes made in organisational structure.

 **55**  
Employees

**16%**   
Employees participating in flexible work arrangements

**53%**   
Staff participation in annual flu vaccination program

**97%**   
Response rate for Working for Queensland survey

## STRATEGIC WORKPLACE PLANNING

QLLeave's people goal during 2017-18 was a customer focussed workforce that is engaged, resilient and results orientated. To support this goal, two key long-term people strategies and supporting activities were identified.

### 1. Develop a formal implementation plan for Working for Queensland survey results

QLLeave participates in the Working for Queensland employee survey conducted by the Public Service Commission. In 2017 we were inspired by the positivity of all results and achieved a response rate of 97%. Our employees observed positive improvement in the areas of agency engagement, innovation and most notably, organisational leadership. Positive gains were also seen in the way we work, our roles and our responsibilities, especially in the topic of people and relationships. These results were especially important to QLLeave as the composition of our leadership team had changed during the previous year and we were keen to see how our first step toward developing our organisation for future success was evolving. Results also indicated that our workplace would benefit from more focus on innovation, performance and development.

In response to 2017 survey results, we chose to focus on reinvigorating our approach to learning and development. We looked at how to offer more diverse and increased opportunities for learning and how to provide more open and positive support for those wishing to explore career paths within and external to QLLeave. We also considered how we could enhance our efforts to better support engagement in regular authentic discussions about conduct and performance and identification of learning needs. Managers and supervisors were encouraged to learn more



about reasonable management action and employees were encouraged to attend interview and job application skills workshops. Topics on fraud and corruption control and workplace bullying were added to our corporate compliance online training program. Staff also participated in the Certified Customer Service Excellence (CCSE) program facilitated by CSIA to help QLeave achieve customer service excellence.

The Working for Queensland survey continues to be a vital source of information that we actively use to drive improvement in our workplace. Survey results help us understand employee perceptions about our workplace and provide direction for our improvement efforts.

## **2. Human Resources Management frameworks developed to achieve objectives**

Key frameworks included succession planning and performance management. Succession planning activities were formalised, with information about how this process was conducted communicated to managers and staff. This ensured all QLeave managers were aware of the importance of building internal knowledge, skills and abilities. To increase understanding of performance management, information sessions were held with managers and supervisors from our Finance and Client Services division. Sessions included a review of internal policies and practices and information about conduct and performance obligations, the performance practice cycle, positive performance management, feedback and how to hold courageous conversations. We also explored online systems that could be used to support performance and development planning processes with approval gained in March 2018 to implement ELMO Software Limited's performance management module.

### **EMPLOYEE PERFORMANCE**

In addition to our work on succession planning and performance management, our program to reward and recognise our staff continued. In Circle of Excellence, 30 nominations were received from staff for colleagues or teams who had enhanced customer service, gone above and beyond, contributed new ideas, helped to create a positive and constructive workplace or created a lasting and positive impact.

A welcome video that can be viewed by staff on, or immediately prior, to their commencement with QLeave was developed to enhance the way staff are introduced to our organisation. Welcome to QLeave provides immediate insight into our organisation, the way we work, introduces members of our executive team and tells new starters what to expect during their first week.

### **EMPLOYEE WELLBEING**

QLeave supports employee wellbeing with a range of activities and resources. We promoted R U Ok day and national mental health week and other events relevant to our organisation throughout the year. Suicide prevention awareness is a key concern within the building and construction industry. As a service provider to this industry, training to enhance our awareness of suicide prevention was offered to all staff. MATES in Construction (an organisation dedicated to mental health and wellbeing in this industry) joined us to facilitate training for general (suicide) awareness and in becoming a Connector – 'A Connector is a MATE who can keep you safe while CONNECTING you to help'.

### **DEVELOPING OUR LEADERS**

During 2017-18 QLeave worked to build our management team. All members completed the behavioural assessment Extended DISC® in February 2018 and attended a workshop to discuss results, improve their proactivity and help them feel empowered to make decisions to drive the business forward.

### **INDUSTRIAL AND EMPLOYEE RELATIONS FRAMEWORK**

QLeave continues to review and enhance internal policies, procedures and work instructions to ensure they align with current directives, award, legislation and broader government policies and initiatives.

### **EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT**

No redundancy, early retirement or retrenchment packages were paid during the period.



# Strategic Plan

The following Strategic Plan will be implemented by QLeave for 2018-19



## VISION

To be a national leader in portable long service leave schemes which assures membership benefits



## PURPOSE

Contribute to a building and construction industry whose workers are retained, rewarded and treated with equity

GOAL	STRATEGY	MEASURES
 <p><b>Effective systems and technology that provide confidence</b></p>	<ul style="list-style-type: none"> <li>→ Maintain a secure reliable contemporary technology platform that meets the needs of our customers</li> <li>→ Progress the implementation of a Customer Relationship Management (CRM) solution</li> <li>→ Improve vendor relationship management</li> </ul>	<ul style="list-style-type: none"> <li>→ Availability and speed of network and systems</li> <li>→ CRM – current state mapped, scoped, future state agreed, costed, implementation partner on board, implemented</li> <li>→ Services and projects delivered in accordance with agreed contract requirements</li> </ul>
 <p><b>Excellence in customer engagement and service delivery</b></p>	<ul style="list-style-type: none"> <li>→ Develop multi-channel communications in conjunction with customers and stakeholders</li> <li>→ Drive interjurisdictional collaboration</li> <li>→ Progress formal customer service accreditation</li> <li>→ Develop a strong QLeave brand</li> </ul>	<ul style="list-style-type: none"> <li>→ Commence adhoc and annual cyclic surveying of our customers Workers, Employers and Levy Payers</li> <li>→ Overall satisfaction of 90% measured against customer experience objectives (be clear, be helpful, make it easier and do what you say)</li> <li>→ Staged implementation of customer service accreditation – preparation, self-assessment, submission and test</li> <li>→ Measures and reporting frameworks designed for all functional areas</li> <li>→ Remove barriers in communicating interstate migration of members to create seamless customer experience</li> </ul>
 <p><b>A customer focussed workforce that is engaged, resilient and results oriented</b></p>	<ul style="list-style-type: none"> <li>→ Develop a formal implementation plan for Working for Queensland survey results</li> <li>→ Human Resources Management frameworks developed to achieve objectives</li> </ul>	<ul style="list-style-type: none"> <li>→ Improvements in engagement, leadership and innovation measures</li> <li>→ Succession planning embedded</li> <li>→ Performance management embedded</li> </ul>
 <p><b>Maintain responsible investment strategies to support levy stability</b></p>	<ul style="list-style-type: none"> <li>→ Manage the investment portfolio in accordance with risk and return profile outlined in the Investment Policy Statement. Investment strategy monitored and reviewed annually with Investment Adviser</li> </ul>	<ul style="list-style-type: none"> <li>→ Accrued Benefits Reserve Index in a range of 105 - 120%</li> <li>→ Targeted levy compliance activity</li> </ul>

## ACCOUNTABILITIES



We manage funds required to ensure that workers will be paid when they take long service leave (in accordance with QLeave's governing legislation)



We operate with Board governance and staff adopt the accountabilities and tradition of the Public Service to protect the interests of levy payers and workers

## GOVERNANCE STATEMENT



QLeave is committed to maintaining sound governance arrangements for accountability, managing risk and compliance. This enables the agency to prepare and respond to future scheme demands

## STRATEGIC RISKS

### → REPUTATION

Failure to maintain key stakeholder support

### → FINANCIAL

Financial position does not meet long term liabilities

### → OPERATIONAL

Systems do not provide the services required for levy collection, information entry and portable long service leave payment

### → HUMAN RESOURCE

Poorly engaged staff fail to contribute to opportunities to improve client services





## FINANCIAL STATEMENTS

**Building and Construction Industry (Portable Long Service Leave) Authority**

For the Year Ended 30 June 2018



Building and Construction Industry (Portable Long Service Leave) Authority  
 Financial Statements  
 For the Year Ended 30 June 2018

**TABLE OF CONTENTS**

<b>Financial Statements</b>	Statement of Comprehensive Income	Page 3	
	Statement of Financial Position	Page 4	
	Statement of Changes in Equity	Page 5	
	Statement of Cash Flows (including Notes to the Statement of Cash Flows)	Page 6	
<b>Notes to the Financial Statements</b>	A1. Basis of Financial Statement Preparation	Page 8	
	A1-1 General Information	Page 8	
	A1-2 Compliance with Prescribed Requirements	Page 8	
	A1-3 Presentation	Page 8	
	Section 1 About the Authority and this Financial Report	A1-4 Authorisation of Financial Statements for Issue A1-5 Basis of Measurement	Page 8 Page 8
		A2 Authority Objectives	Page 9
		B1. Revenue	Page 10
		B1-1 Income from Levies	Page 10
		B1-2 Income from Investments	Page 10
	Section 2 Notes about our Financial Performance	B1-3 Net Fair Value Gain on Investments B2. Expenses	Page 10 Page 11
	B2-1 Employee Expenses	Page 11	
	B2-2 Supplies and Services	Page 12	
	B2-3 Depreciation and Amortisation	Page 12	
	C1. Cash and Cash Equivalents	Page 13	
	C2. Receivables	Page 13	
	C2-1 Impairment of Receivables	Page 14	
Section 3 Notes about our Financial Position	C3. Investments	Page 15	
	C4. Plant and Equipment and Depreciation Expense	Page 15	
	C4-1 Closing Balances and Reconciliation of Carrying Amount	Page 15	
	C4-2 Recognition and Acquisition	Page 15	
	C4-3 Depreciation Expense	Page 15	
	C4-4 Impairment	Page 16	
	C5. Payables	Page 16	
	C6. Provision for Employee Benefits	Page 16	
	C7. Provision for Scheme Benefits	Page 17	
	D1. Fair Value Measurement	Page 18	
	D1-1 Accounting Policies and Inputs for Fair Values	Page 18	
	D1-2 Basis for Fair Values of Assets and Liabilities	Page 18	
	D1-3 Categorisation of Financial Assets and Liabilities Measured at Fair Value	Page 18	
Section 4 Notes about Risks and Other Accounting Uncertainties	D1-4 Level 2 Fair Value Measurement - Reconciliation	Page 19	
	D2. Financial Risk Disclosures	Page 20	
	D2-1 Financial Instruments Categories	Page 20	
	D2-2 Financial Risk Management	Page 21	
	D2-3 Credit Risk - Contractual Maximum Exposure	Page 22	
	D2-4 Liquidity Risk - Contractual Maturity of Financial Liabilities	Page 22	
	D2-5 Market Risk	Page 22	
	D3. Contingencies	Page 23	

Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2018

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**TABLE OF CONTENTS (continued)**

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<b>Notes to the Financial Statements (continued)</b>	Section 4	D4. Commitments	Page 23
	Notes about	D5. Events after the Balance Date	Page 23
	Risks and Other	D6. Future Impact of Accounting Standards Not Yet Effective	Page 24
	Accounting Uncertainties (continued)		
		E1. Key Management Personnel Disclosures	Page 26
		E2. Related Party Transactions	Page 27
	Section 5	E3. First Year Application of New Accounting Standards or Change in Accounting Policy	Page 28
	Other Information	E4. Taxation	Page 28
<b>Certification</b>		Management Certificate	Page 29

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Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Comprehensive Income

for the year ended 30 June 2018

<b>OPERATING RESULT</b>	<b>Note</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Income from Continuing Operations</b>			
Portable long service leave levies	B1-1	76,555	84,206
Income from investments	B1-2	48,609	50,100
Net fair value gain on investments	B1-3	44,977	48,032
Interest		35	41
Other revenue			
Fee for service		1,827	1,984
Other		947	14
<b>Total Income from Continuing Operations</b>		<b>172,950</b>	<b>184,377</b>
<b>Expenses from Continuing Operations</b>			
Employee expenses	B2-1	5,004	4,722
Supplies and services	B2-2	3,293	2,896
Fund management fees		2,565	2,423
Loss on disposal of plant & equipment	C4-1	1,138	-
Depreciation and amortisation	B2-3	223	354
Portable long service leave scheme benefits	C7	136,837	146,496
<b>Total Expenses from Continuing Operations</b>		<b>149,060</b>	<b>156,891</b>
<b>Operating Result from Continuing Operations</b>		<b>23,890</b>	<b>27,486</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>23,890</b>	<b>27,486</b>

*The accompanying notes form part of these financial statements.*

Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Financial Position

as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	C1	12,269	13,938
Receivables	C2	31,868	35,020
Investments	C3	980,084	914,921
Prepayments		914	534
<b>Total Current Assets</b>		<b>1,025,135</b>	<b>964,413</b>
<b>Non-Current Assets</b>			
Receivables	C2	7,274	4,359
Plant and equipment	C4-1	1,427	1,160
Intangible assets		-	182
<b>Total Non-Current Assets</b>		<b>8,701</b>	<b>5,701</b>
<b>Total Assets</b>		<b>1,033,836</b>	<b>970,114</b>
<b>Current Liabilities</b>			
Payables	C5	1,865	1,484
Provision for employee benefits		1,169	1,138
Provision for scheme benefits	C7	438,734	433,500
Lease incentive		129	113
Lease liability		8	-
<b>Total Current Liabilities</b>		<b>441,905</b>	<b>436,235</b>
<b>Non-Current Liabilities</b>			
Provision for scheme benefits	C7	471,216	437,400
Lease incentive		1,140	794
<b>Total Non-Current Liabilities</b>		<b>472,356</b>	<b>438,194</b>
<b>Total Liabilities</b>		<b>914,261</b>	<b>874,429</b>
<b>Net Assets</b>		<b>119,575</b>	<b>95,685</b>
<b>Equity</b>			
Accumulated surplus		119,575	95,685
<b>Total Equity</b>		<b>119,575</b>	<b>95,685</b>

*The accompanying notes form part of these financial statements.*

Building and Construction Industry (Portable Long Service Leave) Authority  
Statement of Changes in Equity  
as at 30 June 2018

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	<b>Accumulated Surplus \$'000</b>	<b>TOTAL \$'000</b>
<b>Balance as at 1 July 2016</b>	68,199	68,199
Total Comprehensive Income for the Year	27,486	27,486
<b>Balance at 30 June 2017</b>	<u>95,685</u>	<u>95,685</u>
Total Comprehensive Income for the Year	23,890	23,890
<b>Balance at 30 June 2018</b>	<u><u>119,575</u></u>	<u><u>119,575</u></u>

*The accompanying notes form part of these financial statements.*

Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

Statement of Cash Flows

for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Inflows:</i>			
Interest		258	278
Portable long service leave levies		80,585	82,110
Other revenue		2,490	1,760
GST collected from customers		515	237
GST input tax credits from ATO		323	301
<i>Outflows:</i>			
Employee expenses		(4,964)	(4,641)
Supplies and services		(2,819)	(3,974)
Portable long service leave		(97,920)	(98,635)
GST paid to suppliers		(868)	(545)
GST remitted to ATO		(7)	(21)
<b>Net cash used in operating activities</b>	CF-1	<u>(22,407)</u>	<u>(23,130)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Inflows:</i>			
Proceeds from investments		52,227	51,570
<i>Outflows:</i>			
Purchase of investments		(27,500)	(25,000)
Investment expenses paid		(2,544)	(2,394)
Payments for plant and equipment		(1,445)	(203)
Payments for systems software		-	(61)
<b>Net cash provided by investing activities</b>		<u>20,738</u>	<u>23,912</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		(1,669)	782
<b>Cash and cash equivalents - opening balance</b>		13,938	13,156
<b>Cash and cash equivalents - closing balance</b>	C1	<u>12,269</u>	<u>13,938</u>

*The accompanying notes form part of these financial statements.*

Building and Construction Industry (Portable Long Service Leave) Authority  
Statement of Cash Flows  
for the year ended 30 June 2018

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**NOTES TO THE STATEMENT OF CASH FLOWS**

**CF-1 Reconciliation of Operating Result to Net Cash Provided by Operating Activities**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating surplus	23,890	27,486
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	223	354
Net losses on disposal of plant and equipment	1,138	-
<i>Adjustments to investment items:</i>		
Investment income	(89,890)	(90,018)
Investment expense	2,543	2,394
<i>Changes in Assets and Liabilities</i>		
	237	(10,237)
(Increase) decrease in prepayments	(380)	16
Increase (decrease) in payables	381	(958)
Increase (decrease) in PLSL scheme benefits provision	39,050	47,900
Increase (decrease) in employee entitlements provision	31	47
Increase (decrease) in lease provision	370	(114)
<b>Net cash provided by operating activities</b>	<b><u>(22,407)</u></b>	<b><u>(23,130)</u></b>



Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**SECTION 1**  
**ABOUT THE AUTHORITY AND THIS FINANCIAL REPORT**

**A1 BASIS OF FINANCIAL STATEMENT PREPARATION**

**A1-1 GENERAL INFORMATION**

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

The principle place of business of the Authority to 4 May 2018 was Level 4, Lutwyche City Shopping Centre, 543 Lutwyche Road, Lutwyche QLD 4030 and after this date is Unit 1, 62 Crockford Street, Northgate QLD 4013.

**A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS**

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

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and comply with the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the reporting period beginning on or after 1 July 2017.

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 on 1 July 1992.

**A1-3 PRESENTATION**

**Currency and Rounding**

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

**Comparatives**

Comparative information reflects the audited 2016-17 financial statements, except where it has been restated in Note B2-2 to be consistent with disclosures in the current reporting period.

**Current/Non-Current Classification**

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

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Authority does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

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

**A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

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

**A1-5 BASIS OF MEASUREMENT**

Historical cost is used as the measurement basis in this financial report except for the following:

- Provisions expected to be settled 12 or more months after the reporting date which are measured at their present value; and
- Investments with QIC which are measured at fair value.

**Historical Cost**

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

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

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**A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)**

**A1-5 BASIS OF MEASUREMENT (continued)**

**Fair Value**

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

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

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

**Present Value**

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

**A2 AUTHORITY OBJECTIVES**

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

The Authority is funded by a levy of 0.25% imposed on building and construction activities over \$150,000 and up to \$1.13 billion. A tiered levy rate for major works is applied for cost of work over \$1.13 billion. The levy rate is reduced to 0.125% for \$1.13 billion to \$5.65 billion and no levy over \$5.65 billion. The Authority is further funded by income earned from investment of these funds.

For the 2017-18 financial year, the Authority reported to the Minister for Education and Minister for Industrial Relations (Hon Grace Grace MP).

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 (Qld) trading as Construction Skills Queensland.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

SECTION 2

NOTES ABOUT OUR FINANCIAL PERFORMANCE

**B1 REVENUE**

**B1-1 INCOME FROM LEVIES**

	2018 \$'000	2017 \$'000
Portable long service leave levies	<u>76,555</u>	<u>84,206</u>

**Accounting Policy - Income from Levies**

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

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

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

Legislative changes effective 1 July 2014 allows a tiered rate where the cost of work is more than \$1.13 billion.

**B1-2 INCOME FROM INVESTMENTS**

	2018 \$'000	2017 \$'000
Interest from:		
Queensland Treasury Corporation	219	235
Distribution from:		
QIC Growth Fund	28,854	26,862
QIC Diversified Australian Equities Fund	8,281	9,123
QIC International Equities Fund	7,565	10,390
QIC GFI Inflation Plus Fund	833	1,032
QIC Bonds Plus Fund	2,104	1,681
QIC Cash Enhanced Fund	753	777
<b>Total</b>	<u>48,609</u>	<u>50,100</u>

**Accounting Policy - Income from Investments**

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

**B1-3 NET FAIR VALUE GAIN ON INVESTMENTS**

	2018 \$'000	2017 \$'000
QIC Growth Fund		
Earnings	50,359	60,919
Less: Distributions	(28,854)	(26,862)
<b>Fair Value Movement</b>	<u>21,505</u>	<u>34,057</u>
QIC Diversified Australian Equities Fund		
Earnings	19,729	16,406
Less: Distributions	(8,281)	(9,123)
<b>Fair Value Movement</b>	<u>11,448</u>	<u>7,283</u>
QIC International Equities Fund		
Earnings	19,807	16,718
Less: Distributions	(7,565)	(10,390)
<b>Fair Value Movement</b>	<u>12,242</u>	<u>6,328</u>

**Accounting Policy - Net fair value gain on investments**

Gains arising from changes in the fair value measurement of investment funds are included in the operating result for the period in which they arise.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**B1 REVENUE (continued)**

**B1-3 NET FAIR VALUE GAIN ON INVESTMENTS (continued)**

	2018 \$'000	2017 \$'000
QIC GFI Inflation Plus Fund		
Earnings	1,208	1,178
Less Distributions	(833)	(1,032)
<b>Fair Value Movement</b>	<b>375</b>	<b>146</b>
QIC Bonds Plus Fund		
Earnings	1,348	1,809
Less Distributions	(2,104)	(1,681)
<b>Fair Value Movement</b>	<b>(756)</b>	<b>128</b>
QIC Cash Enhanced Fund		
Earnings	916	867
Less Distributions	(753)	(777)
<b>Fair Value Movement</b>	<b>163</b>	<b>90</b>
<b>Total Fair Value Movement</b>	<b>44,977</b>	<b>48,032</b>

**B2 EXPENSES**

**B2-1 EMPLOYEE EXPENSES**

	2018 \$'000	2017 \$'000
<b>Employee Benefits</b>		
Salaries and wages	3,743	3,453
Annual leave expense	394	371
Employer superannuation contribution:	500	481
Long service leave expense	124	200
<b>Employee Related Expenses</b>		
Workers' compensation premium	16	16
Payroll tax	220	202
Fringe benefits tax	7	(1)
<b>Total</b>	<b>5,004</b>	<b>4,722</b>

**Accounting Policy - Wages, Salaries and Annual Leave**

Salaries and wages are recognised in the Statement of Comprehensive Income at the date expenses are being incurred.

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

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

Full-Time Equivalent Employees	52	55
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**Accounting Policy - Superannuation**

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - 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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the Authority at the specified rate following completion of the employee's service each pay period. The Authority's obligations are limited to those contributions paid.

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**B2 EXPENSES (continued)**

**B2-1 EMPLOYEE EXPENSES (continued)**

**Accounting Policy - Workers' Compensation Premiums**

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

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

**B2-2 SUPPLIES AND SERVICES**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Advertising and promotions	171	120
Computer costs	519	396
Personnel development	86	108
QAO - external audit fees <sup>(1)</sup>	25	27
Contractor charges	1,091	859
Consultancy charges	172	108
Legal expenses	15	90
Travel costs	27	30
Telecommunication costs	85	88
Printing and photocopying	30	42
Reference materials	61	70
General administration	462	524
Insurance premiums - QGIF <sup>(2)</sup>	6	6
Leases - rental	352	234
Building services	77	84
Portable and attractive assets	17	55
Impairment losses	53	9
Other expenses	44	46
<b>Total</b>	<b><u>3,293</u></b>	<b><u>2,896</u></b>

**Accounting Policy - Procurement**

For a transaction to be classified as supplies and services, the value of goods and services received by the Authority must be approximately equal value to the value of the consideration exchanged for those goods or services.

**Audit Fees**

(1) The total audit fees quoted by the Queensland Audit Office relating to the 2017-18 financial statements are estimated to be \$27,000 (2017: \$27,000). There are no non-audit services included in this amount.

**Insurance Premiums - QGIF**

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

**B2-3 DEPRECIATION AND AMORTISATION**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation and amortisation were incurred in respect of:		
Plant and Equipment	40	204
Software	183	150
<b>Total</b>	<b><u>223</u></b>	<b><u>354</u></b>

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**SECTION 3**  
**NOTES ABOUT OUR FINANCIAL POSITION**

**C1 CASH AND CASH EQUIVALENTS**

	2018 \$'000	2017 \$'000
Cash at bank	2,269	1,938
Queensland Treasury Corporation (QTC) Deposits at call	10,000	12,000
<b>Total</b>	<b>12,269</b>	<b>13,938</b>

**Accounting Policy - Cash and Cash Equivalents**

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

**C2 RECEIVABLES**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Trade debtors	9,694	16,639
Less: Allowance for impairment loss	(70)	(70)
	9,624	16,569
Accrued revenue *	21,368	17,884
GST payable	18	20
	21,386	17,904
Other	868	558
Less: Allowance for impairment loss	(10)	(11)
	858	547
<b>Total Current Receivables</b>	<b>31,868</b>	<b>35,020</b>
<b>Non-Current</b>		
Trade debtors**	7,274	4,359
<b>Total</b>	<b>39,142</b>	<b>39,379</b>

**Accounting Policy - Receivables**

Receivables are measured at amortised cost which approximates their fair value at reporting date.

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

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written-off as at 30 June 2018. The allowance for impairment is based on loss events in conjunction with current debtor monitoring and analysis.

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

\* Includes Queensland Investment Corporation 4th quarter distribution for the Growth Fund \$11.97 million, Diversified Australian Equities Equities Fund \$4.19 million, International Equities Fund \$3.67 million, GFI Inflation Plus Fund \$185,400, Bond Plus Fund \$1.06 million and Cash Enhanced Fund \$253,400.

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

**Disclosure - Credit Risk Exposure of Receivables**

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

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

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

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

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

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**C2 RECEIVABLES (continued)**

**C2-1 IMPAIRMENT OF RECEIVABLES**

**Accounting Policy - Impairment of Receivables**

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

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

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

Amounts written-off for the current year regarding the Authority's receivables is \$52,800. This was an increase of \$43,500 from 2017.

The provision amount of \$80,000 was largely unchanged from 2017. This level is considered appropriate given past impairment and the current assessment of debtors.

**Disclosure - Individually Impaired Receivables Position (Aged)**

	Gross Receivables \$'000	2018 Allowance for Impairment \$'000	Carrying Amount \$'000	Gross Receivables \$'000	2017 Allowance for Impairment \$'000	Carrying Amount \$'000
<b>Overdue</b>						
Less than 30 days	21	(21)	-	30	(30)	-
30 to 60 days	-	-	-	-	-	-
60 to 90 days	-	-	-	-	-	-
Greater than 90 days	59	(59)	-	51	(51)	-
<b>Total Overdue</b>	<b>80</b>	<b>(80)</b>	<b>-</b>	<b>81</b>	<b>(81)</b>	<b>-</b>

**Disclosure - Movement in Allowance for Impairment for Impaired Receivables**

	2018 \$'000	2017 \$'000
<b>Movement in the allowance for impairment</b>		
Balance at 1 July	81	81
Increase in allowance recognised in the operating result	52	9
Amounts written-off during the year	(53)	(9)
<b>Total Overdue</b>	<b>80</b>	<b>81</b>

**Disclosure - Ageing of Past Due but Not Impaired Receivables**

	2018 \$'000	2017 \$'000
<b>Overdue</b>		
Less than 30 days	1,812	1,629
30 to 60 days	55	112
60 to 90 days	5	254
Greater than 90 days	68	5,746
<b>Total Overdue</b>	<b>1,940</b>	<b>7,741</b>

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

## C2 RECEIVABLES (continued)

### C2-1 IMPAIRMENT OF RECEIVABLES (continued)

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

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

## C3 INVESTMENTS

	2018	2017	<b>Accounting Policy - Investments</b>
	\$'000	\$'000	
QIC - Growth Fund	561,411	542,212	The Authority's investments are stated at fair value through profit or loss and are limited to unlisted unit trusts managed by QIC Limited. The fair value of these investments were estimated using market approach based on unit price of the relevant trust at reporting date. The unit price is derived based on observable market data for underlying investments held by the trust.
QIC - Diversified Australian Equities Fi	145,848	127,103	
QIC - International Equities Fund	142,852	122,979	
QIC - GFI Inflation Plus Fund	39,753	38,834	
QIC - Bond Plus Fund	44,806	44,452	
QIC - Cash Enhanced Fund	45,414	39,341	
<b>Total</b>	<b>980,084</b>	<b>914,921</b>	

## C4 PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

### C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2018	2017
	\$'000	\$'000
Plant and equipment at cost	2,232	2,316
Less: Accumulated depreciation	(805)	(1,156)
<b>Carrying amount at 30 June</b>	<b>1,427</b>	<b>1,160</b>

*Represented by movements in carrying amount:*

Carrying amount at 1 July	1,160	1,161
Acquisitions *	1,445	203
Disposals ^	(1,138)	-
Depreciation expense	(40)	(204)
<b>Carrying amount at 30 June</b>	<b>1,427</b>	<b>1,160</b>

\* Acquisitions in the current year mainly relate to plant and equipment for the the fit-out of the Authority's new office at Northgate.

^ Disposals in the current year mainly relate to the write-off of plant and equipment at the Authority's old office at Lutwyche.

### C4-2 RECOGNITION AND ACQUISITION

#### Accounting Policy - Recognition Thresholds

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

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

#### Accounting Policy - Cost of Acquisition

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

### C4-3 DEPRECIATION EXPENSE

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

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

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

For the Authority's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.



Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**C4 PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)**

**C4-3 DEPRECIATION EXPENSE (continued)**

**Depreciation Rates**

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

Class	Useful Life
Plant and Equipment:	
Computer Equipment	5 years
Office Equipment	5 years
Tenancy Fitout	10 years

**C4-4 IMPAIRMENT**

**Accounting Policy**

Indicators of Impairment and Determining Recoverable Amount

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

Recognising Impairment Losses

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

Reversal of Impairment Losses

Impairment losses are reversed through income.

**C5 PAYABLES**

**Accounting Policy - Payables**

	2018	2017
	\$'000	\$'000
Trade creditors	669	396
Accrued charges	1,196	1,088
<b>Total</b>	<b>1,865</b>	<b>1,484</b>

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, net of applicable trade and other discounts. Amounts owing are generally settled on 30 day terms.

**C6 PROVISION FOR EMPLOYEE BENEFITS**

**Accounting Policy - Long Service Leave**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Accrued annual leave	357	346
Provision for long service leave	812	792
<b>Total</b>	<b>1,169</b>	<b>1,138</b>

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

**Movements in long service leave provision**

Balance as at 1 July	792	773
Additional provision recognised	124	197
Reductions in provision from payments	(104)	(178)
<b>Balance as at 30 June</b>	<b>812</b>	<b>792</b>

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**C7 PROVISION FOR SCHEME BENEFITS**

**Accounting Policy - Provisions**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Provision for scheme benefits expected to be settled within 12 months	117,000	117,000
Provision for scheme benefits expected to be settled after 12 months	321,734	316,500
<b>Total *</b>	<b>438,734</b>	<b>433,500</b>
<b>Non-Current</b>		
Provision for scheme benefits	<b>471,216</b>	<b>437,400</b>
<b>Movements in Provisions</b>		
Balance as at 1 July	870,900	823,000
Additional provision recognised	136,837	146,496
Reductions in provisions from paymen	(97,787)	(98,596)
<b>Balance as at 30 June</b>	<b>909,950</b>	<b>870,900</b>

Provisions are recorded when the Authority has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

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

Scheme eligible members as at 30 June were 337,854 (2017: 303,578).

\* The total current provision of \$438.734 million (2017: \$433.500 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority only expects to pay \$117 million over the next 12 months.

The liability has been recorded as both a current liability and a non-current liability 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 12 months after the reporting date.

**Key Estimates and Judgements: Provision**

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Building and Construction Industry (Portable Long Service Leave) Act 1991* at intervals of at least every two years to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave. The Authority ensures an independent actuarial assessment is undertaken in accordance with legislation.

Mercer Consulting (Australia) Pty Ltd was appointed by the authority on 1 October 2016. The latest actuarial assessment of the scheme's liabilities by Mercer Consulting (Australia) Pty Ltd dated 26 March 2018 was prepared utilising 30 June 2017 worker data based on a number of assumptions.

The major actuarial assumptions used were:

- The long-term investment return of 7.0% per annum net of management costs (2017: 7.0% per annum).
- The rate of wage increase of 3.0% per annum (2017: 3.0% per annum).
- The average wage rate of \$1,497.11 and a capped rate of \$2,039.40 per week for 2016-17.
- Expenses of administering the Scheme at 0.02% of leviable construction values.
- Workers are defined as active if they have earned service credits within the financial year ending 30 June 2017 and inactive if they have not earned any service credits in the same period.
- Current active workers accrue 162 days service credits per annum and new workers 97 days service credits per annum in their first year.
- Total leviable construction value of \$30 billion as at 30 June 2017.
- Estimated inflation on building costs of 4.6% per annum.
- Rate of labour productivity of 1.2% per annum.

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

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**SECTION 4**  
**NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES**

**D1 FAIR VALUE MEASUREMENT**

**D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES**

What is Fair Value?

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

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

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

Fair Value Measurement Hierarchy

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

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

**D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES**

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

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

	Level 1		Level 2		Level 3		Total Carrying Value	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Financial Assets</b>								
Investments								
QIC Growth Fund	-	-	561,411	542,212	-	-	561,411	542,212
QIC Diversified Australian Equities Fund	-	-	145,848	127,103	-	-	145,848	127,103
QIC International Equities Fund	-	-	142,852	122,979	-	-	142,852	122,979
QIC GFI Inflation Plus Fund	-	-	39,753	38,834	-	-	39,753	38,834
QIC Bond Plus Fund	-	-	44,806	44,452	-	-	44,806	44,452
QIC Cash Enhanced Fund	-	-	45,414	39,341	-	-	45,414	39,341
<b>Total</b>	-	-	<b>980,084</b>	<b>914,921</b>	-	-	<b>980,084</b>	<b>914,921</b>

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**D1 FAIR VALUE MEASUREMENT (continued)**

**D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION**

	2018 \$'000	2017 \$'000	
QIC Growth Fund	Carrying amount at 1 July	542,212	511,409
	Plus		
	Earnings	50,359	60,919
	Contributions	-	-
	Distributions reinvested	26,806	23,317
	Less		
	Distributions	(28,854)	(26,862)
	Redemptions	(27,500)	(25,000)
	Redemptions - Fees	(1,612)	(1,571)
<b>Carrying amount at 30 June</b>	<b>561,411</b>	<b>542,212</b>	
QIC Diversified Australian Equities Fund	Carrying amount at 1 July	127,103	107,606
	Plus		
	Earnings	19,729	16,406
	Contributions	-	4,500
	Distributions reinvested	7,690	8,064
	Less		
	Distributions	(8,281)	(9,123)
	Redemptions	-	-
	Redemptions - Fees	(393)	(350)
<b>Carrying amount at 30 June</b>	<b>145,848</b>	<b>127,103</b>	
QIC International Equities Fund	Carrying amount at 1 July	122,979	110,730
	Plus		
	Earnings	19,807	16,718
	Contributions	-	-
	Distributions reinvested	8,021	6,261
	Less		
	Distributions	(7,565)	(10,390)
	Redemptions	-	-
	Redemptions - Fees	(390)	(340)
<b>Carrying amount at 30 June</b>	<b>142,852</b>	<b>122,979</b>	
QIC GFI Inflation Plus Fund	Carrying amount at 1 July	38,834	36,255
	Plus		
	Earnings	1,208	1,178
	Contributions	-	1,500
	Distributions reinvested	648	1,032
	Less		
	Distributions	(833)	(1,032)
	Redemptions	-	-
	Redemptions - Fees	(104)	(99)
<b>Carrying amount at 30 June</b>	<b>39,753</b>	<b>38,834</b>	
QIC Bond Plus Fund	Carrying amount at 1 July	44,452	42,227
	Plus		
	Earnings	1,348	1,809
	Contributions	-	-
	Distributions reinvested	1,229	2,215
	Less		
	Distributions	(2,104)	(1,681)
	Redemptions	-	-
	Redemptions - Fees	(119)	(118)
<b>Carrying amount at 30 June</b>	<b>44,806</b>	<b>44,452</b>	

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**D1 FAIR VALUE MEASUREMENT (continued)**

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

	2018 \$'000	2017 \$'000
QIC Cash Enhanced Fund		
Carrying amount at 1 July	39,341	43,246
Plus		
Earnings	916	867
Contributions	27,500	19,000
Distributions reinvested	518	1,098
Less		
Distributions	(753)	(777)
Redemptions	(22,000)	(24,000)
Redemptions - Fees	(108)	(93)
<b>Carrying amount at 30 June</b>	<b>45,414</b>	<b>39,341</b>
<b>Total Carrying Amount at June</b>	<b>980,084</b>	<b>914,921</b>

**D2 FINANCIAL RISK DISCLOSURES**

**D2-1 FINANCIAL INSTRUMENT CATEGORIES**

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

Category	Note	2018 \$'000	2017 \$'000
<b>Financial Assets</b>			
Financial assets measured at amortised cost:			
Cash and cash equivalents	C1	12,269	13,938
Receivables	C2	39,142	39,379
Financial assets at fair value through profit or loss:			
QIC Growth Fund	C3	561,411	542,212
QIC Diversified Australian Equities Fund	C3	145,848	127,103
QIC International Equities Fund	C3	142,852	122,979
QIC GFI Inflation Plus Fund	C3	39,753	38,834
QIC Bond Plus Fund	C3	44,806	44,452
QIC Cash Enhanced Fund	C3	45,414	39,341
<b>Total</b>		<b>1,031,495</b>	<b>968,238</b>
<b>Financial Liabilities</b>			
Financial liabilities measured at amortised cost:			
Payables	C5	1,865	1,484

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

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**D2 FINANCIAL RISK DISCLOSURES (continued)**

**D2-2 FINANCIAL RISK MANAGEMENT**

**(a) Risk Exposure**

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

The Authority's activities expose it to a variety of financial risks as set out in the following table:

<b>Risk Expo</b>	<b>Definition</b>	<b>Exposure</b>
Credit Risk	Credit risk exposure refers to the situation where the Authority may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The Authority is exposed to credit risk in respect of its receivables (Note C2).
Liquidity Ri	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 (Note C5, C6 and C7) (including payments for long service leave claims).
Market Ris	<p>The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p><i>Price Risk</i> is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.</p> <p><i>Interest rate risk</i> is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p>	<p>The Authority is exposed to price risk through investments with QIC (Note C3). The Authority is exposed to adverse movements in the level of volatility of the financial markets in respect to these investments.</p> <p>The Authority is exposed to interest rate risk through cash and cash equivalents (Note C1) subject to variable interest rates.</p>

**(b) Risk Measurement and Management Strategies**

<b>Risk Expo</b>	<b>Measurement Method</b>	<b>Risk Management Strategies</b>
Credit Risk	Ageing analysis	The Authority manages credit risk through the use of a credit management strategy. This strategy ensures all funds owed are monitored on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity Ri	Sensitivity analysis	<p>The Authority manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee, supplier and scheme recipient obligations as they fall due.</p> <p>This is achieved by ensuring that appropriate levels of cash are held within various accounts in accordance with the Authority's investment strategy so as to meet the expected liabilities.</p>
Market Ris	<p>Price sensitivity analysis</p> <p>Interest rate sensitivity analysis</p>	<p>To manage the risk of a decline in portfolio value due to adverse movements in market price the QIC investment structure diversified in 2015-16 to include an additional 2 capital funds and 2 liquidity funds.</p> <p>The Authority does not undertake any hedging in relation to interest risk. The Authority's Investment Policy Statement is reviewed annually to ensure that an appropriate asset allocation exists to give expected returns for given levels of risk over time.</p>

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

## D2 FINANCIAL RISK DISCLOSURES (continued)

### D2-3 CREDIT RISK - CONTRACTUAL MAXIMUM EXPOSURE

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

Category	Note	2018 \$'000	2017 \$'000
<b>Financial Assets</b>			
Receivables	C2	<u>39,142</u>	<u>39,379</u>

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

### D2-4 LIQUIDITY RISK - CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

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

Financial Liabilities	2018 Contractual Maturity Payable In				2017 Contractual Maturity Payable In			
	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
Payables	1,865	1,865	-	-	1,484	1,484	-	-
<b>Total</b>	<u>1,865</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>1,484</u>	<u>1,484</u>	<u>-</u>	<u>-</u>

### D2-5 MARKET RISK

The following market sensitivity analysis reflects the outcome to profit and loss if investment unit price would change by +/- 3% applied to the carrying amount as at 30 June 2018 (2017: +/- 3%). 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 \$29,402 million (2017: \$27,447 million). This is attributable to the Authority's exposure to investments held with QIC's Growth Fund, Diversified Australian Equities Fund, International Equities Fund, GFI Inflation Plus Fund, Bond Plus Fund and Cash Enhanced Fund.

Financial Instruments	Carrying Amount \$'000	2018 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	561,411	(16,842)	(16,842)	16,842	16,842
QIC - Diversified Australian Equities Fund	145,848	(4,375)	(4,375)	4,375	4,375
QIC - International Equities Fund	142,852	(4,286)	(4,286)	4,286	4,286
QIC - GFI Inflation Plus Fund	39,753	(1,193)	(1,193)	1,193	1,193
QIC - Bond Plus Fund	44,806	(1,344)	(1,344)	1,344	1,344
QIC - Cash Enhanced Fund	45,414	(1,362)	(1,362)	1,362	1,362
<b>Potential Impact</b>		<b>(29,402)</b>	<b>(29,402)</b>	<b>29,402</b>	<b>29,402</b>

Financial Instruments	Carrying Amount \$'000	2017 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Growth Fund	542,212	(16,266)	(16,266)	16,266	16,266
QIC - Diversified Australian Equities Fund	127,103	(3,813)	(3,813)	3,813	3,813
QIC - International Equities Fund	122,979	(3,689)	(3,689)	3,689	3,689
QIC - GFI Inflation Plus Fund	38,834	(1,165)	(1,165)	1,165	1,165
QIC - Bond Plus Fund	44,452	(1,334)	(1,334)	1,334	1,334
QIC - Cash Enhanced Fund	39,341	(1,180)	(1,180)	1,180	1,180
<b>Potential Impact</b>		<b>(27,447)</b>	<b>(27,447)</b>	<b>27,447</b>	<b>27,447</b>

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

**D2 FINANCIAL RISK DISCLOSURES (continued)**

**D2-5 MARKET RISK (continued)**

The following interest rate sensitivity analysis reflects the outcome to profit and loss if interest rates would change by +/- 1% from year end rates applicable to the Authority's cash assets. These fluctuations in interest rates are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$123,000 (2017: \$139,000).

Financial Instruments	Carrying Amount \$'000	2018 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	12,269	(123)	(123)	123	123
<b>Potential Impact</b>		<b>(123)</b>	<b>(123)</b>	<b>123</b>	<b>123</b>

Financial Instruments	Carrying Amount \$'000	2017 Interest rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	13,938	(139)	(139)	139	139
<b>Potential Impact</b>		<b>(139)</b>	<b>(139)</b>	<b>139</b>	<b>139</b>

**D3 CONTINGENCIES**

As at 30 June 2018, there were no contingent assets or liabilities.

**D4 COMMITMENTS**

**Non-Cancellable Operating Lease Commitments**

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

	2018 \$'000	2017 \$'000
Not later than 1 year	507	424
Later than 1 year but not later than 5 y	2,101	1,322
Later than 5 years	2,873	1,882
<b>Total</b>	<b>5,481</b>	<b>3,628</b>

**Accounting Policy - Leases**

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line basis unless another systematic basis is more reflective of the time pattern of the lessee's benefit.

Operating leases are entered into as a means of acquiring office accommodation and printing services. The office accommodation lease resulting from the relocation to Northgate from Lutwyche had an effective date of 4 May 2018 for a 10 year term and the printing services for a five year term to 30 June 2020.

**D5 EVENTS AFTER THE BALANCE DATE**

There have been no events occurring after balance date which would materially affect the financial statements or disclosures.



# Building and Construction Industry (Portable Long Service Leave) Authority

## Notes to the Financial Statements

for the year ended 30 June 2018

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### D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

#### **AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers***

These standards will first apply to the Authority from its financial statements for 2019-20.

The Authority has commenced analysing the new revenue recognition requirements under these standards and concluded that the impact is minimal. Potential future impacts identifiable at the date of the report are as follows:

- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Authority's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the authority has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The Authority is yet to finalise its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.
- The Authority does not currently have any revenue contracts with a material impact for the period after 1 July 2018, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.
- A range of new disclosures will also be required by the new standards in respect of the Authority's revenue.

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

These standards will first apply to the Authority from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Authority are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Authority's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Authority has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of how AASB 9 will change the categorisation and valuation of the amounts reported in Note D2-1.

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- Trade receivables will be classified and measured at amortised cost, similar to the current classification of receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only those receivables that are credit impaired. The Authority will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision. Applying this approach, the Authority has estimated the opening provision for impairment for trade receivables on 1 July 2018 to be \$80,000.
- All financial liabilities listed in Note D2-1 will continue to be measured at amortised cost. The Authority does not expect a material change in the reported value of financial liabilities.

These changed amounts will form the opening balance of those items on the date AASB 9 is adopted. However, the Authority will not restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. Aside from a number of one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9, a number of new or changed disclosure requirements will apply from that time. Assuming no change in the types of financial instruments that the Authority enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in unquoted equity instruments measured at fair value through other comprehensive income and de-recognition of these items.

#### **AASB 16 *Leases***

This standard will first apply to the Authority from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases - Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

#### Impact for Lessees

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

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

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

**AASB 16 Leases (continued)**

*Impact for Lessees (continued)*

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the Authority's leasing activities.

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

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

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

The Authority is undertaking a review of the operating leases to determine any applicable impact of AASB 16. The principal impact on the Authority of the application of the new standard are expected to relate to:

- the lease for office premises at Unit 1, 62 Crockford Street, Northgate QLD 4013, and
- the lease of plant and equipment above the \$10,000 threshold.

Applying AASB 16 to the Authority's current operating leases would result in \$5.5 million right-of-use asset and lease liabilities to be recognised on the Statement of Financial Position at 30 June 2018.

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**SECTION 5**  
**OTHER INFORMATION**

**E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES**

**Details of Key Management Personnel**

The following details for non-Ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Authority during 2017-18 and 2016-17. Further information about these positions can be found in the body of the Annual report under the section relating to The Board.

Position	Position Responsibility
Board Director	Commercial policy and management of the Authority
General Manager	Management of the Authority under direction of the Board

The following persons held the position of Director during the year ended 30 June 2018.

Ms Jacqueline D'Alton	Chair
Mr Adam Stoker	Deputy Chair
Ms Penny Cornah	Employer Representative (MPAQ)
Mr Damian Long	Employer Representative (CCF)
Ms Kirsty Augustine	Employer Representative (CPB)
Mr Rohan Webb	Worker Representative (AMWU)
Mr Wally Trohear	Worker Representative (CFMEU)

**KMP Remuneration Policies**

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.

Remuneration expenses for those KMP comprise the following components:

Short term employee expenses including:

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

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

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

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

**Remuneration Expenses**

The following disclosures focus on the expenses incurred by the Authority attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

Building and Construction Industry (Portable Long Service Leave) Authority  
Notes to the Financial Statements  
for the year ended 30 June 2018

**E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)**

**Remuneration Expenses (continued)**

2017-18

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	171	25	1	21	-	218
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Adam Stoker	4	-	-	-	-	4
Ms Penny Cornah	4	-	-	-	-	4
Mr Damian Long	4	-	-	-	-	4
Ms Kirsty Augustine	3	-	-	-	-	3
Mr Troy Spence	3	-	-	-	-	3
Mr Wally Trohear	4	-	-	-	-	4
Mr Rohan Webb	4	-	-	-	-	4
<b>Total Remuneration</b>	<b>203</b>	<b>25</b>	<b>1</b>	<b>21</b>	<b>-</b>	<b>250</b>

2016-17

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
General Manager	174	25	5	21	-	225
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Adam Stoker	5	-	-	-	-	5
Ms Penny Cornah	5	-	-	-	-	5
Mr Damian Long	5	-	-	-	-	5
Ms Corlia Roos	5	-	-	-	-	5
Mr Troy Spence	5	-	-	-	-	5
Mr Wally Trohear	5	-	-	-	-	5
Mr Rohan Webb	5	-	-	-	-	5
<b>Total Remuneration</b>	<b>215</b>	<b>25</b>	<b>5</b>	<b>21</b>	<b>-</b>	<b>266</b>

Committee attendance fees were paid directly to Ms J D'Alton, Mr A Stoker, Mr D Long and Mr W Trohear. Committee attendance fees were paid to the nominated organisation for Mr R Webb (Australian Manufacturing Workers Union), Ms P Cornah (Master Plumbers' Association of Queensland), Mr Troy Spence (Australian Workers Union) and Ms K Augustine (CPB Contractors Pty Ltd).

**Performance Payments**

No KMP remuneration packages provide for performance or bonus payments.

**E2 RELATED PARTY TRANSACTIONS**

**Transactions with people/entities related to KMP**

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

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

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

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

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**E2 RELATED PARTY TRANSACTIONS (continued)**

**Transactions with other entities as controlled by the State Government**

During the current financial year the Authority earned a fee for providing services to:

Contract Cleaning Industry (Portable Long Service Leave) Authority \$691,600 (2017: \$691,000);

Workplace Health and Safety Queensland \$567,600 (2017: \$559,000); and

Building and Construction Industry Training Fund trading as Construction Skills Queensland \$567,600 (2017: \$734,100).

**E3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY**

**Changes in Accounting Policy**

The Authority did not voluntarily change any of its accounting policies during 2017-18.

**Accounting Standards Early Adopted**

No Australian Accounting Standards have been early adopted for 2017-18.

**Accounting Standards Applied for the First Time**

No Australian Accounting Standards have been applied for the first time in 2017-18.

**E4 TAXATION**

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

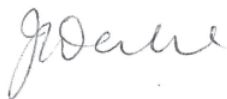
## CERTIFICATE OF THE BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

for the year ended 30 June 2018

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Building and Construction Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2018 and of the financial position of the Authority at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



J DAHL  
General Manager

21 August 2018



J D'ALTON  
Chair

21 August 2018

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Building and Construction Industry (Portable Long Service Leave) Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the Chair and the General Manager.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

#### Responsibilities of the entity 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 the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



**Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



28 August 2018

SRI NARASIMHAN  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane



## INTERSTATE SCHEMES

### VICTORIA

#### CoInvest

Level 6, 478 Albert Street  
East Melbourne VIC 3002  
Telephone: 1300 COINVEST  
Email: [info@coinvest.com.au](mailto:info@coinvest.com.au)  
[www.coinvest.com.au](http://www.coinvest.com.au)

### NEW SOUTH WALES

#### Long Service Corporation

Level 1, 19-21 Watt Street  
Gosford NSW 2250  
Telephone: 13 14 41  
Email: [info@longservice.nsw.gov.au](mailto:info@longservice.nsw.gov.au)  
[www.longservice.nsw.gov.au](http://www.longservice.nsw.gov.au)

### SOUTH AUSTRALIA

#### Portable Long Service Leave

155 Fullarton Road  
Rose Park SA 5067  
Telephone: 1800 182 124  
Email: [hello@portableleave.org.au](mailto:hello@portableleave.org.au)  
[www.portableleave.org.au](http://www.portableleave.org.au)

### AUSTRALIAN CAPITAL TERRITORY

#### ACT Leave

Unit 1, 28 Thynne Street  
Bruce ACT 2617  
Telephone: 1800 655 060  
Email: [construction@dactleave.act.gov.au](mailto:construction@dactleave.act.gov.au)  
[www.actleave.act.gov.au](http://www.actleave.act.gov.au)

### TASMANIA

#### TasBuild Ltd

Level 3, 6 Bayfield Street  
Rosny Park TAS 7018  
Telephone: (03) 6294 0807  
Email: [secretary@tasbuild.com.au](mailto:secretary@tasbuild.com.au)  
[www.tasbuild.com.au](http://www.tasbuild.com.au)

### WESTERN AUSTRALIA

#### My Leave

Level 3, 50 Colin Street  
West Perth WA 6005  
Telephone: 1800 198 136  
Email: [hi@myleave.wa.gov.au](mailto:hi@myleave.wa.gov.au)  
[www.myleave.wa.gov.au](http://www.myleave.wa.gov.au)

### NORTHERN TERRITORY

#### NT Build

32-33/12 Charlton Court  
Woolner NT 0820  
Telephone: 1300 795 855  
Email: [info@ntbuild.com.au](mailto:info@ntbuild.com.au)  
[www.ntbuild.com.au](http://www.ntbuild.com.au)

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### PUBLIC AVAILABILITY

This annual report can be viewed online at [www.qleave.qld.gov.au](http://www.qleave.qld.gov.au)

For further information contact QLeave on:

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### ADDITIONAL INFORMATION

Information on consultancies, overseas travel and Queensland Language Services Policy can be accessed at [www.qld.gov.au/data](http://www.qld.gov.au/data).



### INTERPRETER SERVICE STATEMENT

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





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(Portable Long Service Leave) Authority

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