



PORTABLE
LONG SERVICE
LEAVE



annual report
2017-2018

Contract Cleaning Industry
(Portable Long Service Leave) Authority

- ➔ **VISION** – To be Australia’s most effective provider of portable long service leave benefits to the contract cleaning industry
- ➔ **PURPOSE** – Contribute to a contract cleaning industry whose workers are retained, rewarded and treated with equity
- ➔ **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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The Contract Cleaning Industry (Portable Long Service Leave) Authority was established to administer a paid long service leave scheme for eligible workers in the contract cleaning industry. QLeave administers the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* on behalf of the Authority. For specific details of the statutory reporting requirements please access the QLeave – Building and Construction Industry (Portable Long Service Leave) Authority Annual Report 2017-18 at www.qleave.qld.gov.au



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 Contract Cleaning Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

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

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

Yours sincerely



Don Brown
CHAIRPERSON
Contract Cleaning Industry (Portable Long Service Leave) Authority

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ABOUT THE AUTHORITY

The Contract Cleaning Industry (Portable Long Service Leave) Authority is the statutory body responsible for administering the portable long service leave scheme for workers and employers in the contract cleaning industry, in Queensland.

The Scheme is established under the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. It is funded by a statutory and actuarially determined levy on registered employers and the investment of these collected funds. Based on actuarial recommendations, the levy rate has remained at 1% since July 2016.

Since the Scheme's inception on 1 July 2005, there have been 2,844 long service leave payments made to registered workers and employers, totalling over \$10.01 million.

Our commitment to excellent customer service delivery, stipulated in our new strategic plan, was demonstrated when we launched a new website in March and implemented a systematic and comprehensive customer feedback schedule.

The plan also reinforced our purpose of contributing to a contract cleaning industry whose workers are retained, rewarded and treated with equity. To ensure this occurs, a significant investment in resources was committed to investigating compliance with our scheme, across Queensland's contract cleaning industry. We expect that these efforts and future activities will enhance awareness and education within the industry, regarding the Scheme, and increase the number of workers registered to receive long service leave benefits.

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

Thanks also to the Board for their support as we remained focussed on improving the administrative efficiency of the Scheme with complete commitment to excellence in customer service delivery.



Don Brown
CHAIRPERSON



Julie Dahl
GENERAL MANAGER



GOALS, STRATEGIES AND MEASURES

GOALS	STRATEGY	MEASURES	ACHIEVED
Effective systems and technology that provide confidence	<ul style="list-style-type: none"> → Maintain a secure reliable contemporary technology platform that meets the needs of our customers → Progress the implementation of a Customer Relationship Management (CRM) solution → Improve vendor relationship management 	<ul style="list-style-type: none"> → Availability and speed of network and systems → CRM – current state mapped, scoped, future state agreed, costed, implementation partner on board, implemented → Services and projects delivered in accordance with agreed contract requirements 	✓
Excellence in customer engagement and service delivery	<ul style="list-style-type: none"> → Develop multi-channel communications in conjunction with customers and stakeholders → Drive interjurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	<ul style="list-style-type: none"> → Commence adhoc and annual cyclic surveying of our customers – workers and employers → Satisfaction measured against customer experience objectives (be clear, be helpful, make it easier and do what you say) → Staged implementation of customer service accreditation – preparation, self-assessment, submission and test → Measures and reporting frameworks designed for all functional areas. 	✓
A customer focussed workforce that is engaged, resilient and results oriented	<ul style="list-style-type: none"> → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	<ul style="list-style-type: none"> → Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded 	✓
Maintain responsible investment strategies to support levy stability	<ul style="list-style-type: none"> → 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 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index in a range of 105-120% → Targeted levy compliance activity 	<ul style="list-style-type: none"> → Q1 287.34% → Q2 299.68% → Q3 272.12% → Q4 272.02%



CUSTOMER SERVICE DELIVERY

PERFORMANCE MEASURES

	2013-14	2014-15	2015-16	2016-17	2017-18
 Workers registered	54,565	45,383	44,571	43,689	44,589
 Active workers	18,037	17,110	19,345	18,486	19,276

* Active workers are workers who have recorded service in one of the previous four quarters.

- Legislation requires the Authority to conduct an annual review of all worker records and cancel the membership of those workers who have not recorded service in the previous four financial years. 854 workers had their registrations cancelled during the year.
- Long service leave statements were made available to workers in September 2017. The statement shows a worker's record of service credits for the financial year and their recorded earnings as well as their total service credits since registration, based on the information reported by their employer in the quarterly returns.
- A newsletter was included with the statement providing instructions for reading the statement, general Scheme information, interpreter information and other relevant content.





	2013-14	2014-15	2015-16	2016-17	2017-18
 Employers registered	736	722	704	694	730
 Employer satisfaction	92%	90%	85%	87%	80%*

*This is based on a response rate of less than 10% which is considered statistically invalid.



- Employers were given an opportunity to complete an online satisfaction survey in April and May 2018. 80% of employers who completed the survey were very satisfied, or satisfied, with the online employer return and levy payment process.
- Feedback provided by employers is being used to improve services related to usability of online lodgement facilities, including the time taken to complete the return.
- Quarterly newsletters were provided to employers focussed on the online employer return facility and other education and awareness issues relating to their registration. Further information was provided to support employers to claim reimbursement following long service leave payment to their workers.
- The Authority gained valuable stakeholder engagement by supporting the Building Service Contractors Association of Australia (BSCAA - Queensland Division) at their Educational Seminars in Brisbane, Excellence Awards and Annual General Meeting.



CLAIMS

		2013-14	2014-15	2015-16	2016-17	2017-18
	Number of claims paid to employers	51	133	104	90	120
	Value of claims paid to employers	\$186,104	\$459,455	\$356,294	\$353,384	\$363,546
	Number of claims paid to workers	181	196	252	348	431
	Value of claims paid to workers	\$661,432	\$818,161	\$1.1m	\$1.49m	\$1.89m

LEVY COLLECTION

		2013-14	2014-15	2015-16	2016-17	2017-18
	Levy collected	\$5.7m	\$5.3m	\$4.3m	\$3.78m	\$4.04m
	Levy paid electronically	87%	91%	95%	97%	99%

COMPLIANCE

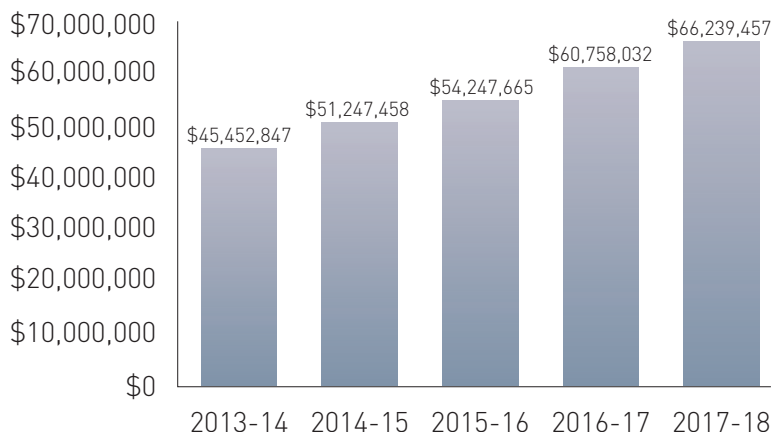
- Fewer than 2% of employers incurred penalties for late lodgement and/or late levy payment totalling \$4,542.
- Compliance staff visited 26 registered employers for educational purposes to assist with completion of quarterly returns and general scheme awareness.
- The audit compliance program comprised 8 audits of employers with the following outcomes:
 - 2 employers lodged service for ineligible workers
 - 1 employer notified a series of nil returns
 - 5 employers were noted for minor variances
- Full powers of the legislation were utilised for 8 matters including requests for reconsideration, debt recovery and compliance of registration as a liable employer.

FINANCIAL MANAGEMENT

INVESTMENT PERFORMANCE

Investment returns play a significant part in ensuring the sustainability of the Scheme. This is necessary to cater for the increase in the long service leave liability and to maintain levy rates at the lowest possible level.

Investment Performance 2013-2018



BUDGET PERFORMANCE

The operational budget is closely monitored on a monthly basis. The administration costs include \$691,600 paid to QLeave to administer the Contract Cleaning Industry Portable Long Service Leave Scheme on behalf of the Authority.

Project type	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	4,042	322
Investment income	5,121	1,759
Supplies, services and employee expenses	975	291
Long service leave payments	2,258	142

The total provision for the Scheme's accrued long service leave entitlements at 30 June 2018, as determined by the actuary, was \$24.33 million which is an increase of \$2.33 million (11%) from the previous year.

The 2017-18 financial year saw the Authority make an operating surplus of \$3.59 million. Equity is \$43.91 million.

QLeave was successful in reducing the fees charged by the Queensland Investment Corporation.

ACTUARIAL ASSESSMENT

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

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

A full actuarial assessment was undertaken in 2017-18 based upon 30 June 2017 scheme data. The actuary found the Scheme was in a very sound financial position. As a result, a reduction to the levy rate was approved to be effective from 1 July 2018.



GOVERNANCE AND RISK MANAGEMENT

The Contract Cleaning Industry (Portable Long Service Leave) Authority ('the Authority') is governed by a board of directors (the 'Board') appointed by the Governor-in-Council, under the provisions of the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* (the 'Act').

The Board reports to the Honourable Grace Grace, Minister for Education and Minister for Industrial Relations. The Authority's operational and financial performance are reported to the Minister at quarterly intervals.

The Contract Cleaning Industry (Portable Long Service Leave) Scheme (the 'Scheme') is administered by QLeave, on behalf of the Authority. QLeave is remunerated through an administration charges arrangement.

The role of the Board includes:

- responsibility for the Authority's commercial policy and management
- determining the strategic direction and overseeing development of the annual Strategic Plan
- monitoring strategic goals and managing risks
- monitoring financial and operational performance
- ensuring that the Authority 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 2017 and is due to expire on 30 June 2020.

The Board consists of six directors:

- (a) the chairperson
- (b) the deputy chairperson
- (c) two directors representing employers in the contract cleaning industry
- (d) two directors representing workers in the contract cleaning industry.

The deputy chairperson must be a person with knowledge of, and experience in, commerce, economics, finance or management.

The current Board comprised the following directors:

Chairperson:	Don Brown
Deputy Chairperson:	Sue Ryan
Employer Representatives:	Ken Holder Kim Puxty
Worker Representatives:	Damien Davie Natalia Pantano

FOCUS FOR THE BOARD 2017-18

The major issues 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 encourage 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 Board falls within Remuneration Level 3 of Category Regulation, Administration and Advice under the Queensland Government's Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities.

BOARD MEETINGS & DIRECTOR ATTENDANCE AT MEETINGS 2017-18

The Board met on five occasions during the 2017-18 year: August, October, February, April and June.

Director	Meetings attended
Number of meetings held	5
Don Brown	4
Sue Ryan	5
Ken Holder	5
Kim Puxty	5
Damien Davie	4
Natalia Pantano	4

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 financial 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 the Authority's progress towards its goals, training requirements and open channels of communication.

THE BOARD AND QLEAVE'S MANAGEMENT

The Board and QLeave's executive management enjoy a cooperative, open and supportive relationship. The Board is kept fully informed of all matters relating to the Authority's operational and financial position. The Board relies upon the expertise of QLeave's executive management in administering the Scheme and in making appropriate operational decisions.

Board directors are selected for their depth of knowledge, expertise and experience of the contract cleaning industry. The Board is proactive in identifying factors affecting the contract cleaning 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, to enhance existing skills and ensure the Board maintains the high standard required by best practice corporate governance frameworks.



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 out-sourced to Protiviti since 2016. 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 with the audit focus for the 2017-18 financial year being:

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

The Risk Management Committee meets quarterly to provide continuous review of the Risk Register. QLeave's 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.

TECHNOLOGY SYSTEMS AND RECORDKEEPING

QLeave administers the Contract Cleaning Industry Portable Long Service Leave Scheme on behalf of the Authority by way of administrative service charge arrangement. Under this arrangement, the Authority utilises QLeave's information and recordkeeping systems, including HPE Content Manager as an ECM (Enterprise Content Management) system for electronic document and records management.

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

To read more on recordkeeping and information system activities undertaken in 2017-18 refer to QLeave's Annual Report, available at www.qleave.qld.gov.au.



THE BOARD

→ DON BROWN, CHAIRPERSON

Don was appointed as Chairperson of the Board on 1 July 2017. Don's previous roles include those of Queensland Workplace Rights Ombudsman, Member of the Queensland Industrial Relations Commission and Union Official.

Don brings to the Board a comprehensive range of skills in dealing with complex issues, including dispute resolution, conducting sensitive investigations requiring confidentiality and convening, chairing and facilitating high level meetings and conferences.

→ SUE RYAN BBus (Accounting), GAICD, DEPUTY CHAIRPERSON

Sue was appointed as Deputy Chairperson of the Board on 1 July 2017, and has a broad range experience in senior executive Government positions across a number of portfolios.

Sue's roles have included policy development and service delivery, corporate governance and financial and investment management. As Chief Financial Officer, Sue had strategic oversight of budgets up to \$1 billion. Sue's financial experience extended to providing strategic analysis and advice to a State Government Minister on the financial position, trends and investment decisions. Sue also developed and implemented grants programs, investment reprioritisation initiatives, investment programs and benefits realisation frameworks. Sue has been a member of a number of Government Bodies, including Department Committees, Statutory Authorities and Australian Federal Committees. Sue is currently the Chairperson of the Audit, Risk and Compliance Committee for Queensland Fire and Emergency Services and an independent member of the Audit and Risk Management Committee for the Department of Agriculture and Fisheries.

→ KEN HOLDER BA, MA (Hons), MBA, GAICD, JP (Qual), EMPLOYER REPRESENTATIVE

Ken was appointed to the Board in 2014. For the past 10 years, he has been the CEO and a Director of Pickwick Group, together with its subsidiary and associate companies. Pickwick provides commercial contract cleaning and security services to a wide range of business and government organisations throughout Australia and New Zealand.

Ken has over 30 years' business experience in the private sector, including facility services, building, industrial and manufacturing products and forestry. Prior to Pickwick, Ken spent over 20 years in general management, marketing and business development roles with several international publicly listed companies based in New Zealand, Australia and Canada.

→ KIM PUXTY DipBus, CDec, EMPLOYER REPRESENTATIVE

Kim was appointed to the Board in 2011. Kim is the Manager of Caldcare Pty Ltd, and has been an Executive Committee Member of the Building Service Contractors Association of Australia (BSCAA - Queensland Division) since 2010, and currently holds the role of President of BSCAA Queensland.

She has over 20 years' experience in the contract cleaning industry, within both administration and operations areas. Her administration experience within the commercial cleaning industry includes areas such as human resources, payroll, accounts, quality assurance and managing of client profiles. She has also managed client accounts for large associations and government entities.





→ **DAMIEN DAVIE, WORKER REPRESENTATIVE**

Damien was appointed to the Board in 2010. He is the Property Services Coordinator for United Voice Union, and has been with the Union since 2004. Damien's role as Coordinator of Property Services Division of United Voice Union covers all contract cleaners in Queensland, as well as the industries of contract security and contract catering. Additionally, Damien is a member of the Union's national Strategic Steering Group which develops policies for wages and conditions, deals with issues affecting contract cleaners and develops national standards for wages.

Damien travels extensively throughout the State to liaise with both contract cleaning workers and employer companies, to promote the best interests of workers in the industry, resolve workplace issues affecting contract cleaning industry workers and negotiate fair and equitable working conditions for contract cleaning industry workers.

→ **NATALIA PANTANO Bachelor Sciences (Pontificia Universidad Janeriana), WORKER REPRESENTATIVE**

Natalia was appointed to the Board on 1 July 2017 and is a union official with United Voice Union. She has been an organiser since 2010, representing contract cleaners and security officers. Natalia is hands-on, highly skilled and solutions focussed, working for the betterment of worker rights. Her career demonstrates expertise and outstanding performance in providing industrial and employment advice to contract cleaners, liaising with employer groups and industry organisations.

Natalia is actively involved with the Queensland Community Alliance providing information to international students and vulnerable workers about exploitation and compliance with the *Labour Hire Licensing Act 2017*.

Strategic Plan

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



VISION

To be Australia's most effective provider of portable long service leave benefits to the contract cleaning industry



PURPOSE

Contribute to a contract cleaning industry whose workers are retained, rewarded and treated with equity

GOAL	STRATEGY	MEASURES
 <p>Effective systems and technology that provide confidence</p>	<ul style="list-style-type: none"> → Maintain a secure reliable contemporary technology platform that meets the needs of our customers → Progress the implementation of a Customer Relationship Management (CRM) solution → Improve vendor relationship management 	<ul style="list-style-type: none"> → Availability and speed of network and systems → CRM – current state mapped, scoped, future state agreed, costed, implementation partner on board, implemented → Services and projects delivered in accordance with agreed contract requirements
 <p>Excellence in customer engagement and service delivery</p>	<ul style="list-style-type: none"> → Develop multi-channel communications in conjunction with customers and stakeholders → Drive interjurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	<ul style="list-style-type: none"> → Commence adhoc and annual cyclic surveying of our customers Workers and Employers → Overall satisfaction of 90% measured against customer experience objectives (be clear, be helpful, make it easier and do what you say) → Staged implementation of customer service accreditation – preparation, self-assessment, submission and test → Measures and reporting frameworks designed for all functional areas → A 5% increase in registered contract cleaning industry workers over the next three years
 <p>A customer focussed workforce that is engaged, resilient and results oriented</p>	<ul style="list-style-type: none"> → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	<ul style="list-style-type: none"> → Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded
 <p>Maintain responsible investment strategies to support levy stability</p>	<ul style="list-style-type: none"> → 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 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index in a range of 105 - 120% → Targeted levy compliance activity

ACCOUNTABILITIES



We manage funds required to ensure that workers will be paid when they take long service leave



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 provides quality services by 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

Contract Cleaning Industry (Portable Long Service Leave) Authority

For the Year Ended 30 June 2018

Contract Cleaning Industry (Portable Long Service Leave) Authority Financial Statements
 Financial Statements
 For the Year Ended 30 June 2018

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Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Comprehensive Income
for the year ended 30 June 2018

OPERATING RESULT	Note	2018 \$'000	2017 \$'000
Income from Continuing Operations			
Portable long service leave levies	B1-1	4,042	3,793
Income from investments	B1-2	3,048	2,666
Net Fair Value Gain on Investments	B1-3	2,069	2,992
Interest		4	4
Total Income from Continuing Operations		9,163	9,455
Expenses from Continuing Operations			
Employee expenses		10	6
Supplies and services	B2-1	975	949
Portable long service leave scheme benefits	C5	4,592	3,844
Total Expenses from Continuing Operations		5,577	4,799
Operating Result from Continuing Operations		3,586	4,656
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		3,586	4,656

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current Assets			
Cash and cash equivalents	C1	46	116
Receivables	C2	2,262	1,816
Other financial assets	C3	66,193	60,642
Prepayments		2	-
Total Current Assets		68,503	62,574
Total Assets		68,503	62,574
Current Liabilities			
Payables	C4	256	247
Provision for scheme benefits	C5	14,548	12,760
Total Current Liabilities		14,804	13,007
Non-Current Liabilities			
Provision for scheme benefits	C5	9,786	9,240
Total Non-Current Liabilities		9,786	9,240
Total Liabilities		24,590	22,247
Net Assets		43,913	40,327
Equity			
Accumulated surplus		43,913	40,327
Total Equity		43,913	40,327

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Changes in Equity
for the year ended 30 June 2018

	Accumulated Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2016	35,671	35,671
Total Comprehensive Income for the Year	4,656	4,656
Balance at 30 June 2017	<u>40,327</u>	<u>40,327</u>
Total Comprehensive Income for the Year	3,586	3,586
Balance at 30 June 2018	<u><u>43,913</u></u>	<u><u>43,913</u></u>

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Cash Flows
for the year ended 30 June 2018

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018 \$'000	2017 \$'000
<i>Inflows:</i>			
Interest		4	4
Portable long service leave levies		3,940	3,922
GST input tax credits from ATO		75	92
<i>Outflows:</i>			
Employee expenses		(8)	(7)
Supplies and services		(770)	(739)
Portable long service leave paid		(2,262)	(1,840)
GST paid to suppliers		(93)	(93)
Net cash provided by operating activities	CF-1	<u>886</u>	<u>1,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Proceeds from investments		209	191
<i>Outflows:</i>			
Purchase of investments		(970)	(1,270)
Investment expenses paid		(195)	(178)
Net cash used in investing activities		<u>(956)</u>	<u>(1,257)</u>
Net (decrease) increase in cash and cash equivalents		(70)	82
Cash and cash equivalents - opening balance		116	34
Cash and cash equivalents - closing balance	C1	<u>46</u>	<u>116</u>

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority

Statement of Cash Flows

for the year ended 30 June 2018

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2018	2017
	\$'000	\$'000
Operating surplus	3,586	4,656
<i>Adjustments to investment items:</i>		
Investment income	(4,790)	(5,349)
Investment expense	195	178
<i>Changes in assets and liabilities</i>		
Increase (decrease) in PLSL scheme benefits provision	2,334	2,000
(Increase) decrease in receivables	(446)	(181)
(Increase) decrease in prepayments	(2)	25
Increase (decrease) in payables	9	10
Net cash provided by operating activities	<u>886</u>	<u>1,339</u>

Contract Cleaning 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 Contract Cleaning Industry (Portable Long Service Leave) Authority (Authority) was established under the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*.

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 was 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 *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2018.

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

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 B2-1 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 QLeave 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.

Contract Cleaning Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

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 replacement cost methodology.
- The *income approach* converts multiple future cash flows 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 flows 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 contract cleaning industry in accordance with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*.

The Authority is funded by a levy imposed on worker wages, currently 1.0%, and the income earned on the 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 does not employ staff. The General Manager of the Authority is the person appointed as the General Manager of the Building and Construction Industry (Portable Long Service Leave) Authority (BCI) and manages the business of the Authority. The BCI staff provide the Authority with the administrative support services that it requires to carry out its functions. Costs shown in the Statement of Comprehensive Income under employee expenses represents committee attendance fees for Directors.

Contract Cleaning 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>4,042</u>	<u>3,793</u>

B1-2 INCOME FROM INVESTMENTS

	2018 \$'000	2017 \$'000
Distribution from:		
QIC Cash Enhanced Fund	184	231
QIC Growth Fund	2,864	2,435
Total	<u>3,048</u>	<u>2,666</u>

B1-3 NET FAIR VALUE GAIN ON INVESTMENTS

	2018 \$'000	2017 \$'000
<i>QIC Cash Enhanced Fund</i>		
Earnings	206	243
Less: Distributions	(184)	(231)
Fair Value Movement	<u>22</u>	<u>12</u>
<i>QIC Growth Fund</i>		
Earnings	4,910	5,415
Less: Distributions	(2,863)	(2,435)
Fair Value Movement	<u>2,047</u>	<u>2,980</u>
Total Fair Value Movement	<u><u>2,069</u></u>	<u><u>2,992</u></u>

B2 EXPENSES

B2-1 SUPPLIES AND SERVICES

	2018 \$'000	2017 \$'000
Agency fees - QLeave ⁽¹⁾	692	691
QAO - external audit fees ⁽²⁾	11	11
Consultancy charges (including actuarial fees)	30	8
Contractor charges	-	31
Fund management fees ⁽³⁾	193	180
Insurance premiums - QGIF ⁽⁴⁾	2	2
Postage & freight	16	16
Impairment losses	(8)	(20)
Other expenses	39	30
Total	<u><u>975</u></u>	<u><u>949</u></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 applicable to the last quarter, April to June 2018, has been estimated and accrued based on levies received year to date and specifically the average of the three quarter return periods, July 2017 to March 2018.

Accounting Policy - Income from Investments

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

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.

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.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2018

B2 EXPENSES (continued)

B2-1 SUPPLIES AND SERVICES (continued)

Agency Fees - QLeave

- (1) The Authority under agreement pays to QLeave a fee for service for the administrative services that it requires to carry out its functions effectively and efficiently including the collection of levies.

Audit Fees

- (2) The total audit fees quoted by the Queensland Audit Office relating to the 2017-18 financial statements are estimated to be \$11,100 (2017: \$10,900). There are no non-audit services included in this amount.

Fund Management Fees

- (3) Fund Management Fees represents the costs associated with the management of funds with Queensland Investment Corporation.

Insurance Premiums - QGIF

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

Contract Cleaning 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	46	116
Total	46	116

Accounting Policy - Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flow, 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
Trade debtors	42	52
Less: Allowance for impairment loss	(20)	(30)
	22	22
Accrued revenue *	2,199	1,771
GST input tax credits receivable	41	23
	2,240	1,794
Total	2,262	1,816

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 end of a return quarter. Settlement of these amounts is required within 14 days from the end of the quarter.

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

* Includes Queensland Investment Corporation 4th quarter distribution of \$51,500 and \$1.21 million for the Cash Enhanced Fund and Growth Fund respectively and levy revenue for the 4th quarter of \$933,000.

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
- 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 collection history. Credit risk management strategies are detailed in Note D2.

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. Economic conditions impacting the Authority's debtors, and relevant industry data, also form part of the Authority's risk analysis.

Contract Cleaning 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)

Accounting Policy - Impairment of Receivables (continued)

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 uncollectable (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 uncollectable but the uncollectable 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 and geographic changes form part of the Authority's documented risk analysis assessment in conjunction with historic experience and associated industry data.

Amounts written-off for the current year regarding the Authority's receivables is \$1,900. This was a decrease of \$8,300 from 2017 and is represented by 2 employers going into liquidation with no prospect of recovering the outstanding levy.

The provision amount was reduced from \$30,000 to \$20,000. 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
Overdue						
Less than 30 days	-	-	-	28	(28)	-
30 to 60 days	5	(5)	-	-	-	-
60 to 90 days	-	-	-	-	-	-
Greater than 90 days	15	(15)	-	2	(2)	-
Total Overdue	20	(20)	-	30	(30)	-

Disclosure - Movement in Allowance for Impairment for Impaired Receivables

	2018 \$'000	2017 \$'000
Movement in the allowance for impairment		
Balance at 1 July	30	60
Amounts written off during the year	(2)	(10)
Decrease in allowance recognised in the operating result	(8)	(20)
Total Overdue	20	30

Disclosure - Ageing of Past Due but Not Impaired Receivables

	2018 \$'000	2017 \$'000
Overdue		
Less than 30 days	10	40
30 to 60 days	13	-
60 to 90 days	2	-
Greater than 90 days	17	-
Total Overdue	42	40

Contract Cleaning Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

C3 INVESTMENTS

	2018	2017
	\$'000	\$'000
QIC - Cash Enhanced Fund	9,238	9,533
QIC - Growth Fund	56,955	51,109
Total	66,193	60,642

Accounting Policy - Investments

The Authority's investments are held at fair value through profit and 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.

C4 PAYABLES

	2018	2017
	\$'000	\$'000
Trade creditors	224	216
Accrued charges	32	31
Total	256	247

Accounting Policy - Payables

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

C5 PROVISION FOR SCHEME BENEFITS

	2018	2017
	\$'000	\$'000
Current		
Provision for scheme benefits expected to be settled within 12 months	1,700	2,400
Provision for scheme benefits expected to be settled after 12 months	12,848	10,360
Total *	14,548	12,760
Non-Current		
Provision for scheme benefits	9,786	9,240
Total *	9,786	9,240

Accounting Policy - Provisions

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.

Movements in Provisions

Balance as at 1 July	22,000	20,000
Additional provision recognised	4,592	3,844
Reductions in provisions from payments	(2,258)	(1,844)
Balance as at 30 June	24,334	22,000

Payments for long service leave claims are assessed and calculated in accordance with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* and regulations.

Scheme eligible members as at 30 June were 44,589 (2017: 43,689).

* The total current provision of \$14.548 million (2017: \$12.76 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 \$1.7 million (2017: \$2.4 million) over the next 12 months.

Contract Cleaning Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

C5 PROVISION FOR SCHEME BENEFITS (continued)

Key Estimates and Judgements: Provision

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* 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 12 March 2018 was prepared utilising 30 June 2017 worker data based on a number of assumptions.

The major assumptions used in the actuarial valuation of the scheme benefits were:

- The long-term investment return of 6.7% per annum net of management costs (2017: 6.7% per annum).
- The rate of wage increase of 2.5% per annum (2017: 2.5% per annum).
- The real rate of return of 4.2% per annum (2017: 4.2% per annum).
- The prescribed award wage rate of \$767.80 from 1 July 2017 (\$742.32 from 1 July 2016).
- The rate at which members retire was assumed to be 5% at 50-62 years, 20% at 63-69 years and 100% at 70 years.

The provision has been discounted using a rate of 6.7% reflecting the long-term rate of return on the Authority's assets to determine the present value.

Contract Cleaning 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 costs (and/or estimate of such costs) for 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
Financial Assets								
Investments								
QIC Cash Enhanced Fund	-	-	9,238	9,533	-	-	9,238	9,533
QIC Growth Fund	-	-	56,955	51,109	-	-	56,955	51,109
Total	-	-	66,193	60,642	-	-	66,193	60,642

Contract Cleaning 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	2017
		\$'000	\$'000
QIC Cash Enhanced Fund	Carrying amount at 1 July	9,533	9,667
	Plus		
	Earnings	206	243
	Contributions	-	-
	Distributions reinvested	-	-
	Less		
	Distributions	(184)	(231)
	Redemptions	(317)	(146)
	Carrying amount at 30 June	9,238	9,533
QIC Growth Fund	Carrying amount at 1 July	51,109	44,547
	Plus		
	Earnings	4,910	5,415
	Contributions	1,407	1,702
	Distributions reinvested	2,584	2,055
	Less		
	Distributions	(2,863)	(2,435)
	Redemptions	(192)	(175)
	Carrying amount at 30 June	56,955	51,109
Total Carrying Amount at June		66,193	60,642

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
Financial Assets			
Financial assets measured at amortised cost:			
Cash and cash equivalents	C1	46	116
Receivables	C2	2,262	1,816
Financial assets at fair value through profit or loss:			
QIC - Cash Enhanced	C3	9,238	9,533
QIC - Growth Fund	C3	56,955	51,109
Total		68,501	62,574
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	C4	256	247
Total		256	247

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

Contract Cleaning 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:

Risk Exposure	Definition	Exposure
Credit Risk	Credit risk exposure refers to the situation where the Authority may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The Authority is exposed to credit risk in respect of its receivables (Note C2).
Liquidity Risk	Liquidity risk refers to the situation where the Authority may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Authority is exposed to liquidity risk in respect of its payables (Note C4) and payments for long service leave claims (Note C5).
Market Risk	<p>The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p><i>Price Risk</i> is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors 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 the financial instrument will fluctuate because 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) which is subject to variable interest rates.</p>

(b) Risk Measurement and Management Strategies

Risk Exposure	Measurement Method	Risk Management Strategies
Credit Risk	Ageing analysis	The Authority manages credit risk through the use of a credit management strategy. This strategy ensures all funds owed are monitored on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity Risk	Sensitivity analysis	<p>The Authority manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet all obligations as they fall due.</p> <p>This is achieved by ensuring that appropriate levels of cash are held within various accounts in accordance with the Authority's investment strategy so as to meet the expected liabilities.</p>
Market Risk	<p>Price sensitivity</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 has funds deposited with the QIC Cash Enhanced Fund and the Growth Fund.</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>

Contract Cleaning 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
Financial Assets			
Receivables	C2	<u>2,262</u>	<u>1,816</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 Total \$'000	Contractual Maturity Payable In			2017 Total \$'000	Contractual Maturity Payable In		
		<1 year \$'000	1-5 years \$'000	>5 years \$'000		<1 year \$'000	1-5 years \$'000	>5 years \$'000
Payables	256	256	-	-	247	247	-	-
Total	<u>256</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>247</u>	<u>247</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 \$1,986,000 (2017: \$1,819,000). This is attributable to the Authority's exposure to investment returns held with QIC's Cash Enhanced and Growth Funds.

Financial Instruments	Carrying Amount \$'000	2018 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	9,238	(277)	(277)	277	277
QIC - Growth Fund	56,955	(1,709)	(1,709)	1,709	1,709
Potential Impact		(1,986)	(1,986)	1,986	1,986

Financial Instruments	Carrying Amount \$'000	2017 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	9,533	(286)	(286)	286	286
QIC - Growth Fund	51,109	(1,533)	(1,533)	1,533	1,533
Potential Impact		(1,819)	(1,819)	1,819	1,819

Contract Cleaning Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2018

D3 CONTINGENCIES

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

D4 EVENTS AFTER THE BALANCE DATE

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

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts 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 complete its analysis of existing arrangements 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 range of estimates) of 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 \$20,000.
- 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.

Contract Cleaning 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.

Mr Donald Brown	Chair
Ms Susanne Ryan	Deputy Chair
Mr Kenneth Holder	Employer Representative (BSCAA)
Ms Kim Puxty	Employer Representative (BSCAA)
Mr Damien Davie	Worker Representative (UVU)
Ms Natalia Pantano	Worker Representative (UVU)

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

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.

2017-18

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Mr Donald Brown	1,560	-	-	-	-	1,560
Ms Susanne Ryan	1,590	-	-	-	-	1,590
Mr Kenneth Holder	1,500	-	-	-	-	1,500
Ms Kim Puxty	1,500	-	-	-	-	1,500
Mr Damien Davie	1,230	-	-	-	-	1,230
Ms Natalia Pantano	1,200	-	-	-	-	1,200
Total Remuneration	8,580	-	-	-	-	8,580

Contract Cleaning 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)

2016-17

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$	Non-Monetary Benefits \$	\$	\$	\$	\$
Mr Martin Dowling	1,080	-	-	-	-	1,080
Mr Damian Wright	900	-	-	-	-	900
Mr Kenneth Holder	900	-	-	-	-	900
Ms Kim Puxty	900	-	-	-	-	900
Ms Jane Cartwright	900	-	-	-	-	900
Mr Damien Davie	600	-	-	-	-	600
Total Remuneration	5,280	-	-	-	-	5,280

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

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

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

Transactions with other entities as controlled by the State Government

The Authority paid a \$691,600 (2017: \$691,000) fee to the Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLeave) for services provided during the current financial year.

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 CONTRACT CLEANING INDUSTRY
(PORTABLE LONG SERVICE LEAVE) AUTHORITY**

for the year ended 30 June 2018

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 Contract Cleaning 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

23 August 2018



S RYAN
Acting Chair

23 August 2018

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Contract Cleaning 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 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.



Sri NARASIMHAN
as delegate of the Auditor-General

28 August 2018

Queensland Audit Office
Brisbane

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PUBLIC AVAILABILITY

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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.



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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