

Community Services Industry
(Portable Long Service Leave) Authority

annual report
2020
21

- **VISION** – We each lead and serve to secure long service leave for eligible workers of today and tomorrow.
- **PURPOSE** – We will honour the work of our members by administering the scheme responsibly, so their long service leave is secure and easily accessible and they receive equitable and consistent service.
- **VALUES** – To support us in achieving our strategic goals, the scheme has adapted the five organisational values of the Queensland Public Service.

Customers first

We are fair and consistent, seek to understand and to make decisions for the long term

Empower people

We are all leaders, who thrive on learning and sharing knowledge

Unleash potential

We want to improve and deliver beyond the expectations of our stakeholders

Ideas into action

We challenge, try new things and seek different perspectives

Be courageous

We feel safe to be vulnerable, to speak up, to pursue opportunities and to fail

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QLeave administers the *Community Services Industry (Portable Long Service Leave) Act 2020* on behalf of the Community Services Industry (Portable Long Service Leave) Authority. For specific details of the statutory reporting requirements please access the QLeave – Building and Construction Industry (Portable Long Service Leave) Authority Annual Report 2020-21 at www.qleave.qld.gov.au

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LETTER OF COMPLIANCE

The Honourable Grace Grace MP
Minister for Education and Minister for Industrial Relations
and Minister for Racing
PO Box 15033
CITY EAST QLD 4002

27 August 2021

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2020-21 and financial statements for the Community Services 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 2019*, and
- the detailed requirements set out in the annual report requirements for *Queensland Government agencies* guideline.

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

This report is prepared on the basis of the current administrative arrangements for this agency applying for the whole of the 2020-21 financial year. That is, it reflects the structure, operations and performance of the statutory entity as it now exists, following the commencement of the new *Community Services Industry Portable Long Service Leave Scheme* on 1 January 2021.

Yours sincerely



Glenys Fisher
CHAIRPERSON
Community Services Industry (Portable Long Service Leave) Authority



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ABOUT THE AUTHORITY

QLeave administers the portable long service leave scheme for workers and employers in Queensland's community services industry. The scheme commenced on 1 January 2021.

Under the legislation, workers can accumulate long service leave benefits based on their service to the industry as a whole, rather than continuous service with a single employer. Industry employers are required to register with the scheme and submit a quarterly return and levy payment. After the scheme's first six months in operation, 69,929 workers and 795 employers are registered with the scheme.

Introduction of the scheme was long fought for, and followed years of consultation and planning. In 2019, the Office of Industrial Relations established an industry taskforce to provide advice on the development, design and implementation of the scheme. The taskforce included representatives from industry peak bodies and unions, who provided their experience and knowledge to form the basis of the legislation. This included ensuring a broad coverage of community services workers, access to leave after seven years in the industry, and a starting levy rate that was as low as possible.

The scheme is funded by the payment of an actuarially determined levy and the investment of these collected funds. The levy rate commenced at 1.35% of workers' ordinary wages, and is paid by employers when they complete their return. Following our first two return periods, the scheme had collected levies to the value of \$21,827,761.

Prior to the scheme's commencement, the scheme invested significant resources in engaging with industry to raise awareness and ensure high employer registration upon scheme commencement. Using a data-driven approach, the scheme segmented stakeholder groups to ensure we targeted our communication based on organisation type. We met with peak bodies, associations, Queensland Government agencies and employers to understand their issues and clarify more complex eligibility concerns. Employers and stakeholders were kept informed through regular email updates, and in October 2020 we commenced a series of webinars for employers. These webinars were well received, with over 710 representatives from community services employers across Queensland attending.

We welcomed the appointment of the first Community Services Industry Board in September 2020. The Board represents employer and worker groups within Queensland's community services industry, and includes members of the taskforce involved in the implementation of the scheme. We worked closely with the Board to ensure a smooth transition for the industry and to continually refine the details of the scheme's operation. We look forward to continuing to work with the Board in the coming years to increase industry familiarity, understanding and voluntary compliance.

We would like to express our appreciation to the Minister, the Honourable Grace Grace MP, and the Queensland Government for continuing to ensure legislative provisions support long service leave benefits for the community services industry now and in the future.

We are also appreciative of the ongoing efforts and contributions of staff, management and board members. The Board and management remain committed to improved administrative efficiency, scheme sustainability and excellence in service delivery.



Glenys Fisher
CHAIRPERSON



Helen Sharpley
ACTING GENERAL MANAGER



OBJECTIVES AND PERFORMANCE INDICATORS

GOALS	STRATEGY	MEASURES	ACHIEVED
We contribute to our Future State - Advancing Queensland Priorities to:	→ create jobs in a strong economy by exploring ways to support the industries we serve that will support job creation and align with responsible administration of the scheme	→ improve service consistency increasing first call resolution as a proportion of total calls by 5%	→ in progress – QA framework implemented and training developed
	→ be a responsible Government by delivering efficient, effective value-add services that make entitlements easily accessible for all members	→ reduce manual transactions by 50%	→ in progress – new system workflows implemented
Building organisational sustainability	→ understanding and influencing claims so that we manage the scheme responsibly	→ use data to ensure that the decisions we make support long-term sustainability of the scheme leading to a 5% increase in the efficiency of compliance activities and a 5% reduction in long term claims forecast	→ 300% increase in investigations resulting in increased levies revenue and efficiencies
	→ understanding and influencing levies so that we collect the levies that are intended under our legislation	→ predict claims using a forecasting model by June 2021	→ actuarial report assumptions reviewed. Actuarial report provides claim forecasts
	→ building core competencies to a level that can compete in a market-driven environment	→ achieve 95% completion of strategies in the compliance plan for the specified period	→ completed
	→ actively increasing confidence of our levy payers and employers in the scheme	→ 10% increase in positive response from clients surveyed who indicate that they are adequately informed, updated and consulted by the scheme	→ not achieved. Due to the COVID-19 response, the proposed surveying of clients is yet to be developed
Maintaining a trustworthy brand	→ treating our data as an asset to be protected and valued	→ ISMS implemented by 31 October 2020	→ ISMS implemented by deadline
	→ acting ethically, fairly and equitably in all dealings with our stakeholders		
	→ incorporating feedback loops that are acted on to generate and implement new ideas to achieve stakeholder valued outcomes	→ 100% of performance development plans incorporate KPIs and adoption of values	→ 100% of PDPs incorporate KPIs and adoption of values

CLIENT SERVICES

PERFORMANCE MEASURES

	2020-21
Workers registered	69,929
Active workers	69,533
Employers registered	795
Number of claims paid to employers	15
Value of claims paid to employers	\$3,557
Levy collected	\$21.8M
Levy paid electronically	100%

We are committed to delivering services that exceed the expectations of our customers and stakeholders. The client service team responded to clients through multiple channels, to help workers and employers understand the new scheme, their obligations and eligibility.

Because QLeave staff interact in cross-cultural collaboration on a daily basis, it is important that they have an awareness of cultural diversity and respectful ways of communicating with people from all cultures. As such, QLeave invested in providing cultural awareness training to all staff during the year. The Board's Deputy Chairperson, Ms Jennifer Cullen, a proud descendent of the Bidjara and Wakka Wakka people, also took time out during the year to provide insight to QLeave staff about communicating respectfully about money matters with First Nations people.

In 2020-21 we received 2,887 calls, where we focused on building rapport with our customers to maintain effective customer relationships, satisfy members' needs, and make entitlements easily accessible. We undertake business activities as per legislative requirements. These activities included ensuring entitlements were accessible for workers, levies were paid and employers were compliant.



COMPLIANCE REPORT

To ensure a level playing field within industry, the scheme uses a variety of compliance tools to ensure employers meet their legislative obligations. These tools include industry education through stakeholder engagement, regular communication and compliance investigations.

The scheme will continue to work with industry partners to deliver important education activities.

A new compliance strategy was developed that sets the direction for the scheme to deliver on its regulatory functions and actions over the next three years. The strategy explains how we will undertake compliance activities in a coordinated, efficient and streamlined manner applying our resources where they will have the greatest impact.

ENGAGING WITH STAKEHOLDERS

In 2020-21, the scheme engaged closely with stakeholders in the community services industry to raise scheme awareness and understanding for the commencement of the new scheme. The activities undertaken encouraged engagement and co-operation between the scheme and key stakeholders to build our reputation across the industry. Our initial focus was on engaging with large employers to understand their issues, clarify more complex eligibility concerns and ensure the scheme commenced with major employers registered. A broader engagement approach followed, which included group webinars to build knowledge of the scheme and make employers aware of their obligations under the legislation. Following the scheme's commencement, our engagement focus changed to one of providing support to employers to complete their returns and education to workers about managing their membership with the scheme.

DATA-DRIVEN APPROACH

We used a data-driven approach to engagement to successfully segment stakeholder groups to ensure communication was targeted based on organisation type. We utilised a range of industry databases to identify potentially liable employers in the industry. Through these data sources we made contact with over 700 organisations to raise scheme awareness and encourage compliance. We will continue this approach in the 2021-22 financial year to reach other potentially liable employers in the industry.

COMMUNICATION CHANNELS

We met one-on-one with over 30 large employers throughout Queensland to deliver key messages and identify potential issues before the scheme commenced. We also met with 16 peak bodies and associations to establish contacts and communication channels. Stakeholder communication kits were disseminated through these channels to distribute information across the wider sector.

We distributed nine e-newsletters between August 2020 and March 2021 to stakeholder and employer contacts. These newsletters allowed us to share resources, provide answers to frequently asked questions and deliver timely updates about the implementation of the scheme. These frequent updates were well received, with an average open rate of 65%.



DIGITAL ENGAGEMENT

Due to ongoing restrictions on travel as a result of COVID-19, establishing a strong digital presence to engage with stakeholders online was key to ensuring the scheme commenced with high employer compliance.

A series of videos were produced that provided an overview of the scheme for employers and workers. These videos have been viewed over 5,000 times and were published on QLeave's YouTube channel, website and shared through stakeholder networks.

Between November 2020 and March 2021, we delivered 17 general education group webinars to over 700 employer contacts. In March and April 2021, we delivered weekly employer webinars to support the first quarterly return process. Employers were able to ask questions at the end of each webinar which provided a more personal engagement opportunity. Both webinars were recorded and made available on QLeave's YouTube channel and website, and have been viewed over 1,400 times.

QLeave's website is our primary communication channel for providing detailed information to workers, employers and stakeholders in the community services industry. To assist employers with determining eligibility for their workers, an online assessment tool was developed and made available on our website to complement eligibility information. Throughout 2020-21, visits to community services web pages steadily increased, with over 48,000 visits and 32,401 users.

In June 2021, the scheme emailed over 65,000 workers registered with the scheme through the first quarterly return process to welcome them to the scheme, and to provide information about their registration and how portable long service leave works. In 2021-22 we will continue to engage digitally with industry workers when we launch a new online portal where they can access information about their membership with the scheme and long service leave entitlements.



FINANCIAL PERFORMANCE

The scheme has had a solid beginning financially, resulting in a positive operating result, following its first six months in operation.

SUMMARY OF FINANCIAL PERFORMANCE AND POSITION

The scheme returned a net addition to fund of \$2.7 million; with total income of \$21.8 million, derived from portable long service leave levies; less total expenditure of \$19.1 million, which includes the initial recognition of portable long service leave scheme benefits of \$18.1 million.

The statement of financial position reflects the scheme's sound financial status with a net asset position of \$2.7 million at the end of its first financial year. This indicates that the scheme has an appropriate level of assets to cover all liabilities including future claims.

The scheme is 121.2% funded.

INVESTMENT PORTFOLIO

The scheme will engage an investment advisor to develop an investment strategy to support the investment objectives set by the Board.

Subsequently, a diversified investment policy statement and fund portfolio will be setup during the 2021-22 financial year, where it is anticipated the scheme will commence receiving investment income, to further boost its financial status.

It is expected that investment markets should continue to perform well during 2021-22, notwithstanding expected intermittent lockdowns; which may prove to hinder continued economic growth until sufficient levels of vaccine rollout is achieved.

EXPLANATIONS OF SIGNIFICANT BUDGET VERSUS ACTUAL VARIANCES

Portable long service leave levies is behind budget by \$2.7 million due to the initial levy income budget being based on a higher than actuals aggregate of annual wages across the assumed community services industry workforce.

Supplies and services are under budget by \$1.3 million due an adjusted QLeave agency fee for service, driven by a lower than anticipated demand for contact centre services; and 3 compliance officers not yet recruited.

Additionally the scheme setup and implementation costs were under budget by \$707,000. There are continuing system set-up costs expected in 2021-22 to complete the Customer Relationship Management (CRM) system implementation and the new Enterprise Resource Planning (ERP) system upgrade.

The increase in portable long service leave scheme benefits is under budget by \$1.4 million due to a lower than expected provision for scheme benefits per the recent actuarial review.

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM UPGRADE

QLeave commenced a project in 2021 to upgrade its ERP system due to the recent communication from Microsoft deeming the current ERP system, NAV2015 to be 'end of life software' with limited Microsoft support from January 2020.

QLeave has completed the discovery and design phase of this upgrade which presents an opportunity to review finance processes to establish better practice financial activities and maximise the automation capability of the upgraded software; and realise efficiencies. It is anticipated that this project will be completed during 2021-22.

GOVERNANCE

THE BOARD

The Community Services Industry (Portable Long Service Leave) Authority ('the Authority') is governed by a board of directors (the 'Board').

The Board reports to the Honourable Grace Grace MP, Minister for Education, Minister for Industrial Relations and Minister for Racing.

The Community Services 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 performance
- Ensuring that the Authority performs its functions in an appropriate, effective and efficient way.

The Board operates under the provision of the Act and other governing legislation, and with 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 re-appointment. The term of the current Board commenced on 3 September 2020 and is due to expire on 2 September 2023.

The Board consists of eight directors:

- (a) the chairperson
- (b) the deputy chairperson
- (c) three directors representing employers in the community services industry
- (d) three directors representing workers in the community services industry.

The person appointed as deputy chairperson must be appropriately qualified in at least one of the following areas: commerce, economics, finance and / or management.

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

Board directors are selected for their depth of knowledge, expertise and experience in either finance and investment, law, corporate governance and/or the community services industry. The Board is proactive in identifying factors affecting the community services 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. Directors' professional development is focused on enhancing existing skills and ensuring the Board maintains a high standard required by best practice corporate governance frameworks.

The current Board comprised the following directors:

Chairperson:	Glenys Fisher
Deputy Chairperson:	Jennifer Cullen
Employer Representatives:	Belinda Drew, Carly Hanson, Aimee McVeigh
Worker Representatives:	Rebecca Girard, Justine Moran, vacant

Ms Shannon Young was appointed as a worker representative but subsequently resigned in February 2021.

FOCUS FOR THE BOARD 2020-21

The Board held their first Board meeting on 16 September 2020 and the major focus for the newly appointed Board for the 2020-21 year was to:

- undertake an induction program that focused on the strategic and operational considerations of the scheme: an overview of the legislation, risk management framework and risk appetite statement, the actuarial review and target ratios, key Board deliverables to the Minister, and the structure of the organisation and key management personnel
- monitor QLeave's implementation of the scheme which commenced on 1 January 2021
- monitor the scheme's implementation budget
- monitor stakeholder engagement activities undertaken by the scheme
- engage with the Queensland Investment Corporation to develop an understanding of establishing an investment portfolio and consideration of an Investment Strategy
- monitor the actuarial position to ensure the sufficiency of the scheme's funds and the adequacy of the levy rate
- endorse the annual budget prior to seeking the Minister's approval
- endorse the financial statements for Queensland Audit Office certification.

REMUNERATION

The Board is classified as Regulation, Administration and Advice – Level 3 category body under the Remuneration for Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities. Directors are remunerated per meeting attended.

BOARD SECRETARIAT

The Board Secretariat provides professional support services to the General Manager, and governance to the Board including:

- arranging and scheduling Board meetings, setting agendas, circulating papers and reports, attending and minuting meetings
- ensuring that documents presented to the Board are of a high standard to inform decision making
- accurately recording Board considerations in correspondence and minutes and realise decisions and actions arising from Board and Committee meetings.

DIRECTORS OF THE BOARD

→ GLENYS FISHER, CHAIRPERSON

Glenys Fisher resigned from the Queensland Industrial Relations Commission in 2019 after more than 25 years in the role of Industrial Commissioner. During her tenure, she presided over many complex proceedings between employers, employees and unions. Glenys also undertook two pay equity inquiries at the direction of the State Government, resulting in legislative amendments and her presiding over three pay equity cases, including one for community services workers.

Glenys has served on the Boards of two educational institutions, including a period as Chair for one. Most recently, she served as Director of Communitify Queensland Ltd, where she was also a member of the Finance, Audit and Risk Committee.

Glenys holds academic qualifications in arts, law and industrial relations, is a Fellow of the Institute of Management and Leaders, and a graduate of the Company Directors course delivered by the Australian Institute of Company Directors.

→ JENNIFER CULLEN, DEPUTY CHAIRPERSON

Jennifer Cullen is Chief Executive Officer of Synapse Australia Limited and has extensive experience providing a comprehensive range of community-based services to support and benefit people with a disability.

She has been a member of the National Disability Insurance Scheme's Independent Advisory Council since 2013, and was a member of the National Disability Carers' Advisory Council from 2013 to 2020. Jennifer is also an Adjunct Associate Professor of James Cook University and Griffith University. In 2020, Jennifer was appointed Doctor of the University, Griffith University.

→ BELINDA DREW, EMPLOYER REPRESENTATIVE

Belinda Drew is Chief Executive Officer of Community Services Industry Alliance (CSIA).

Belinda has experience spanning more than 20 years in social purpose organisations. Belinda's work covers service delivery, social policy, impact investment and organisational governance. In her current role Belinda works in collaboration with community service organisations to support a sustainable and contemporary community services industry into the future.

Belinda has a strong skillset in organisational management and strategic leadership and is committed to finding ways to contribute to fair and just communities across Queensland.

Belinda is also a director on several Boards, including the Chair of Social Enterprise Finance Australia.



→ **CARLY HANSON, EMPLOYER REPRESENTATIVE**

Carly Hanson (LLB, BJus, GDipLegalPrac) has over 20 years' experience in the private and community legal sectors, and in the tertiary education sector. She is passionate about providing advocacy and holistic support to people experiencing vulnerability and disadvantage.

She is currently the Sector Sustainability Coordinator for Community Legal Centres Queensland, the peak membership body for 34 independent not-for-profit services providing free legal and support across Queensland. Carly supports the development of organisational capacity of member organisations, including quality improvement processes, training and innovative and collaborative projects to improve service delivery, governance and professional standards.

Carly also sits on the management committee of Children by Choice, a community organisation providing free counselling services to women and pregnant people.

Carly is a graduate of the Australian Institute of Company Directors.

→ **AIMEE McVEIGH, EMPLOYER REPRESENTATIVE**

Aimee McVeigh is the Chief Executive Officer of Queensland Council of Social Service (QCROSS).

Aimee has significant experience as a community lawyer and human rights advocate. She has worked across private, government, and non-government sectors in Australia, the United States of America and the Philippines.

Aimee established Disability Law Queensland, founded and led the campaign for Queensland to introduce a Human Rights Act, and was a finalist for the 2019 Human Rights Medal from the Australian Human Rights Commission.

Aimee is a graduate of the Australian Institute of Company Directors.

→ **REBECCA GIRARD, WORKER REPRESENTATIVE**

Rebecca Girard is the Industrial Coordinator at the Australian, Municipal, Administrative, Clerical and Services Union (The Services Union) Services and Northern Administrative Branch.

Rebecca has over 15 years' experience working in the industrial relations sector and is skilled in the coordination of service delivery, managing stakeholder engagement, and resolving complex industrial issues.

Rebecca is also a member of the Energy Super Board of Directors and has completed the AIST Trustee Director course. Rebecca has a solid understanding of governance and risk management.



→ **JUSTINE MORAN, WORKER REPRESENTATIVE**

Justine Moran is the Development Coordinator and Social and Community Services Industry Lead at the Australian, Municipal, Administrative, Clerical and Services Union (The Services Union) Services and Northern Administrative Branch.

Justine has worked in the union movement for over 20 years and has extensive experience in developing campaigns to assist workers to realise their goals in the workplace.

Justine was also a representative on the industry taskforce established by the Office of Industrial Relations in 2019.

→ **SHANNON YOUNG, WORKER REPRESENTATIVE**

Shannon Young was the Australian Workers Union (AWU) nominee.

She was an industrial advocate for the AWU and is also an admitted legal practitioner.

Her experience in the provision of industrial advice and representation for workers in the community services industry brought to the Board a sound understanding of the issues facing workers and their employers.

Due to a change in employment, Shannon was required to resign from the Board.



RISK MANAGEMENT

ACTUARIAL REPORTING

A full actuarial assessment is performed every year to investigate the sufficiency of the Authority's funds and the adequacy of the long service leave levy rate, to ensure the scheme's financial viability to perpetuity.

The Authority's actuary, Mercer Consulting, forecasts 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.

The purpose of the actuarial review is to:

- Examine the expected financial position of the scheme in relation to the long service leave entitlements accrued up to 30 June 2021
- Perform projections of the scheme's financial position
- Determine the theoretical long term levy rate assuming that the scheme was neither in surplus or deficit
- Recommend the future levy rate having regard to the current and expected future financial position of the scheme.

As the scheme commenced on 1 January 2021, this is the first actuarial review for the scheme. While the scheme was under consideration, Mercer Consulting undertook an actuarial assessment of the initial employer levy rate.

Given that the scheme has only recently commenced, it has been necessary to make assumptions of the size and characteristics of the initial scheme membership.

INTERNAL AUDIT

The scheme's Internal Audit function is fully outsourced to BDO.

The Internal Audit Program has adopted an integrated approach on the issues of Governance, Risk Management and Compliance. The focus of the program for 2020-21 included:

- CRM health check
- CFO assurance
- Fraud and corruption control (FCC) review and development of a FCC plan
- Business impact analysis
- Information security management system
- Risk appetite statement



RISK MANAGEMENT COMMITTEE

QLeave's Risk Management Committee meets every month. The Risk Management Committee reports to the Building and Construction Industry Board through the Finance, Audit and Risk Management Committee.

The role of the Risk Management Committee is to:

- Monitor the effectiveness of the risk management framework and implement improvements
- Identify emerging risks and changes to existing risks
- Identify themes from incidents, events, complaints and issues
- Discuss key strategies to mitigate strategic and operational risks
- Foster a positive, risk-aware culture across QLeave.

A report from the Finance Audit and Risk Management Committee is provided to the Community Services Industry Board each meeting.

EXTERNAL AUDIT

The external audit function is undertaken by William Buck (QLD) as a contract auditor for the Queensland Audit Office. The external audit program and timetable are presented to the Board in April for approval. In August, the findings, recommendations and audited financial statements are presented to the Board for approval and Queensland Audit Office for certification.

RECORDKEEPING

The minutes and documentation of each Board meeting are recorded and copies are provided to Queensland State Archives, under the provision of the *Public Records Act 2002*.





**PORTABLE
LONG SERVICE
LEAVE**

VISION

We each lead and serve to secure long service leave for eligible workers of today and tomorrow.

PURPOSE

We will honour the work of our members by administering the scheme responsibly; so their long service leave is secure and easily accessible and they receive equitable and consistent service.

STRATEGIC PRIORITIES

- 1 Developing a culture of legislative compliance to ensure consistent service delivery, for a better customer and staff experience
- 2 Launching digital services that improve access for customers and uptake of self-service by 30 June 2022
- 3 Creating opportunities for staff to learn and grow by filling key positions, and implementing succession plans and cross-skill programs by 31 December 2021

GOVERNANCE STATEMENT

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

The scheme contributes to Unite and Recover, the Queensland Government’s objectives for the community by:

- **Safeguarding our health** - we safeguard workers’ long service leave entitlements no matter how many employers they work for, to enable them to take planned leave for rest, recreation and health purposes
- **Backing small business** - we administer long service leave on behalf of industry, enabling employers to get on with running their small business
- **Backing our frontline workers** - we deliver frontline services state-wide to provide portable long service leave to industry workers

THE SCHEME’S RISKS & OPPORTUNITIES

RISKS

- Financial sustainability**
We will assess liability and eligibility consistently and plan for the impact of the changing nature of work on the scheme.
- Client service**
We will build systems and platforms to satisfy stakeholder needs and ensure entitlements are easily accessible.
- Effective compliance**
We will undertake activities that ensure industry compliance with portable long service leave legislation.
- Effective governance**
We will establish policies and procedures that strengthen corporate and data governance, manage risk, prevent fraud and corruption and provide continuous business service, to protect the scheme’s reputation.
- Information technology and security**
We will ensure that information and technology is secured and used to inform decision-making. We will implement good record keeping and protect information to prevent unauthorised disclosure.
- Stakeholder engagement**
We will collaborate with stakeholders to ensure the scheme represents their needs.

OPPORTUNITIES

- We will support the long-term sustainability of the scheme by being conscious of the needs of current and future workers.
- We will identify and drive innovative solutions to maximise benefits to clients.
- We will embrace digital technologies to provide value-added services that ensure accessibility and streamlined functions.
- We will continue to develop our staff capability and performance to provide a better customer experience.

OUR VALUES

Customers first
We are fair and consistent, seek to understand and to make decisions for the long term

Empower people
We are all leaders, who thrive on learning and sharing knowledge

OUR STRATEGIC OBJECTIVES

Delivering efficient, effective, value-add services for all our members

- being a responsive Government by delivering efficient, effective value-add services that make entitlements easily accessible for all members
- providing education on eligibility, liability and access to long service leave so small businesses can recover and thrive
- providing timely and consistent eligibility and liability decisions to industry stakeholders
- supporting our industries by seeking feedback to inform future efficiencies

Building organisational sustainability

- creating an agile and flexible workforce that maintains service levels during peak periods and ensures succession management
- using data and behavioural approaches to improve compliance and engagement
- actively increasing the confidence of levy payers and employers in the scheme

Maintaining a trustworthy brand

- developing a culture of legislative compliance to ensure consistent service delivery, for a better customer and staff experience
- treating our data as an asset to be protected and valued
- acting ethically, fairly and equitably in all stakeholder interactions
- incorporating feedback loops that ensure stakeholder-valued outcomes are delivered

MEASURES

- 100% of new registrations receive a welcome pack within three months of registering with the scheme

MEASURES

- register 58,000 workers with the community services industry portable long service leave scheme by 1 January 2022

MEASURES

- achieve ISMS attestation by 30 September 2021
- 80% of feedback received from stakeholder satisfaction surveys that suggests business improvements is actioned by 30 June 2022

Unleash potential

We want to improve and deliver beyond the expectations of our stakeholders

Ideas into action

We challenge, try new things and seek different perspectives

Be courageous

We feel safe to be vulnerable, to speak up, to pursue opportunities and to fail



FINANCIAL STATEMENTS

**Community Services Industry
(Portable Long Service Leave) Authority**
For the Year Ended 30 June 2021

Community Services Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2021

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Community Services Industry (Portable Long Service Leave) Authority

Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	2021 \$'000
OPERATING RESULT		
Income from continuing operations		
Portable long service leave levies	B1-1	21,828
Interest		5
Total income from continuing operations		<u>21,833</u>
Expenses from continuing operations		
Supplies and services	B2-1	1,030
Increase in portable long service leave scheme benefits	C4	18,104
Total expenses from continuing operations		<u>19,134</u>
Operating result from continuing operations		<u>2,699</u>
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME		<u><u>2,699</u></u>

The accompanying notes form part of these financial statements.

Community Services Industry (Portable Long Service Leave) Authority

Statement of Financial Position

as at 30 June 2021

	Note	2021 \$'000
Current assets		
Cash and cash equivalents	C1	10,660
Receivables	C2	11,278
Total current assets		<u><u>21,938</u></u>
Non-current assets		
Intangible assets	C5-1	53
Total non-current assets		<u><u>53</u></u>
Total assets		<u><u>21,991</u></u>
Current liabilities		
Payables	C3	1,192
Provision for scheme benefits	C4	4,000
Total current liabilities		<u><u>5,192</u></u>
Non-current liabilities		
Provision for scheme benefits	C4	14,100
Total non-current liabilities		<u><u>14,100</u></u>
Total liabilities		<u><u>19,292</u></u>
Net assets		<u><u>2,699</u></u>
Equity		
Accumulated surplus		2,699
Total equity		<u><u>2,699</u></u>

The accompanying notes form part of these financial statements.

Community Services Industry (Portable Long Service Leave) Authority
Statement of Changes in Equity

for the year ended 30 June 2021

	Accumulated surplus \$'000
Balance as at 1 July 2020	-
Total comprehensive income for the year	2,699
Balance at 30 June 2021	<u><u>2,699</u></u>

The accompanying notes form part of these financial statements.

Community Services Industry (Portable Long Service Leave) Authority
Statement of Cash Flows

for the year ended 30 June 2021

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2021 \$'000
<i>Inflows:</i>		
Interest receipts		5
Portable long service leave levies		10,659
<i>Outflows:</i>		
Portable long service leave		(4)
Net cash provided by operating activities	CF-1	<u>10,660</u>
Net increase in cash and cash equivalents		10,660
Cash and cash equivalents - opening balance		-
Cash and cash equivalents - closing balance	C1	<u><u>10,660</u></u>

The accompanying notes form part of these financial statements.

Community Services Industry (Portable Long Service Leave) Authority

Statement of Cash Flows

for the year ended 30 June 2021

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of operating result to net cash provided by operating activities

	2021
	\$'000
Operating surplus/(deficit)	2,699
<i>Changes in assets and liabilities</i>	
Increase/(decrease) in PLSL scheme benefits provision	18,100
(Increase)/decrease in receivables	(11,278)
(Increase)/decrease in intangible assets (work-in-progress)	(53)
Increase/(decrease) in payables	1,192
Net cash provided by operating activities	<u><u>10,660</u></u>

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

SECTION 1

ABOUT THE AUTHORITY AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Community Services Industry (Portable Long Service Leave) Authority (Authority) was established under the *Community Services Industry (Portable Long Service Leave) Act 2020* from 22 June 2020. The entity did not trade between 22 June 2020 to 30 June 2020.

The principal place of business of the Authority 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 39 of the *Financial and Performance Management Standard 2019*.

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 *Community Services Industry (Portable Long Service Leave) Act 2020*. In addition, the financial statements comply with Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2020.

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 the 22 June 2020 following the assent of the *Community Services Industry (Portable Long Service Leave) Act 2020*.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note E3.

A1-3 PRESENTATION DETAILS

Currency and rounding

Amounts included in the financial statements are in Australian dollars and 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

There is no comparative information available as 2020-2021 is the first year of operation.

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 Acting General Manager of 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 reporting date which are measured at their present 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.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

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 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 community services industry in accordance with the *Community Services Industry (Portable Long Service Leave) Act 2020*.

The Authority is funded by a levy imposed on worker wages, currently 1.35%.

The Contract Cleaning Industry (Portable Long Service Leave) Authority (CCI Authority) approved a loan facility of up to \$1,000,000 to initially fund the implementation costs of the Authority; budgeted to be \$1,000,000. It is unlikely the Authority will require this facility going forward.

For the 2020-21 financial year, the Authority reported to the Minister for Education, Minister for Industrial Relations and Minister for Racing (Hon Grace Grace MP).

The Authority does not employ staff. The Acting General Manager of the Authority is the person appointed as the Acting General Manager of the Building and Construction Industry (Portable Long Service Leave) Authority (BCI or QLeave) and manages the business of the Authority. QLeave provides the Authority with the staff and administrative support services that it requires to carry out its functions. Costs shown in the statement of comprehensive income under supplies and services represents QLeave's fee for these services.

A3 LEGISLATION

Community Services Industry (Portable Long service Leave) Act 2020

The *Community Services Industry (Portable Long Service Leave) Act 2020*, received assent on the 22 June 2020. The provisions in the Act, not in italics, commenced upon assent, including the appointment of the Board of Directors by the Queensland Governor in Council on the 9 September 2020 for a three year term. The Board held its inaugural meeting on the 16 September 2020.

The italicised provisions in the Act relate to the actual portable long service leave scheme, which commenced on 1 January 2021 allowing sufficient time for employers and workers to prepare for the commencement of the scheme.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

SECTION 2

NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 INCOME FROM LEVIES

	2021 \$'000
Portable long service leave levies	<u>21,828</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 2021, has been estimated and accrued based on levies received year to date and specifically the average of the quarter return period, January to March 2021.

B2 EXPENSES

B2-1 SUPPLIES AND SERVICES

	2021 \$'000
QLeave fees ⁽¹⁾⁽²⁾⁽³⁾	<u>1,030</u>

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.

QLeave fees

(1) The Authority, under agreement, pays to QLeave a fee for the administrative services that it requires to carry out its functions effectively and efficiently, including the collection of levies. This fee includes the initial implementation costs of the scheme.

Audit fees

(2) The total audit fees quoted by the Queensland Audit Office relating to the external audit of the 2020-21 financial statements are estimated to be \$19,800. There are no non-audit services included in this amount. The audit fees are included in the QLeave fees.

Insurance premiums - QGIF

(3) 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. The insurance premiums - QGIF are included in the QLeave fees.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

**SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION**

C1 CASH AND CASH EQUIVALENTS

	2021
	\$'000
Cash at bank	<u><u>10,660</u></u>

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

	2021
	\$'000
Trade debtors	255
Less: Loss allowance	<u>-</u>
	255
Accrued revenue*	10,914
GST input tax credits receivable	<u>108</u>
	11,022
Other Debtors	1
Total	<u><u>11,278</u></u>

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 the fourth quarter levy revenue accrual.

C3 PAYABLES

	2021
	\$'000
Trade creditors	<u><u>1,192</u></u>

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.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

C4 PROVISION FOR SCHEME BENEFITS

	2021
	\$'000
Current	
Provision for scheme benefits expected to be settled within 12 months	1,000
Provision for scheme benefits expected to be settled after 12 months	3,000
Total *	<u><u>4,000</u></u>
Non-current	
Provision for scheme benefits	<u><u>14,100</u></u>
Total	<u><u>18,100</u></u>
Movement in provisions	
Balance as at 1 July	-
Additional provision recognised	18,104
Reduction in provision from payments	<u>(4)</u>
Balance as at 30 June	<u><u>18,100</u></u>

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.

Payments for long service leave claims are assessed and calculated in accordance with the Community Services Industry (Portable Long Service Leave) Act 2020 and regulations.

Scheme eligible members as at 30 June were 69,929.

* The total current provision of \$4 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 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 Community Services Industry (Portable Long Service Leave) Act 2020 at intervals of at least every two years to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave levy. The Authority ensures an independent actuarial assessment is undertaken in accordance with legislation.

Mercer Consulting (Australia) Pty Ltd was appointed by the Authority on 8 April 2021. The latest actuarial assessment of the scheme's liabilities by Mercer Consulting (Australia) Pty Ltd dated 9 July 2021 was prepared utilising 8 June 2021 worker data based on a number of theoretical and Board-approved assumptions.

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

- The long-term investment return of 3.8% per annum net of management fees.
- The rate of wage increase of 2.5% per annum.
- The prescribed award wage rate of \$1,341.82 from 1 July 2021.

The provision has been discounted using a rate of 3.8% reflecting the long-term rate of return on the Authority's assets to determine the present value.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2021 \$'000
Software	-
Less: Accumulated amortisation	-
Internally generated software work-in-progress*	53
Carrying amount at 30 June	53

Represented by movements in carrying amount:

Carrying amount at 1 July	-
Acquisitions (including work-in-progress)*	53
Disposals	-
Amortisation expense	-
Carrying amount at 30 June	53

* Internally generated software acquisitions (including work-in-progress) comprises the development costs of a new customer relationship management software solution.

C5-2 RECOGNITION AND MEASUREMENT

Accounting policy

At 30 June the Authority has recorded internally generated software work-in-progress with a carrying amount of \$53,455. It is anticipated this software will be commissioned and amortised during the 2021-22 financial year in accordance with the following accounting policies.

Intangible assets of the Authority comprise purchased software and internally generated software. Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any training costs are expensed as incurred.

There is no active market for any of the Authority's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below.

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

C5-3 AMORTISATION EXPENSE

Accounting policy

All intangible assets of the Authority have finite useful lives and are amortised on a straight line basis over the estimated useful life to the Authority. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of the Authority's intangible assets is zero.

Useful life

Key estimate: For each class of intangible asset the following useful lives are used:

Intangible asset	Useful life
Software purchased	5 years
Software internally generated	5 years

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

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.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

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	2021 \$'000
Financial assets		
Financial assets measured at amortised cost:		
Cash and cash equivalents	C1	10,660
Receivables	C2	11,278
Total financial assets		<u>21,938</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
Payables	C3	1,192
Total financial liabilities		<u>1,192</u>

No financial assets and financial liabilities have been offset and presented in the statement of financial position.

D2-2 FINANCIAL RISK MANAGEMENT

(a) Risk exposure

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	The risk that 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	The risk that 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 C3) and payments for long service leave claims (Note C4).
Market risk	<i>Interest rate risk</i> is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market interest rates.	The Authority is exposed to interest rate risk through cash and cash equivalents (Note C1) which is subject to variable interest rates.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-2 FINANCIAL RISK MANAGEMENT (continued)

(b) Risk measurement and management strategies

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

Risk exposure	Measurement method	Risk management strategies
Credit risk	Aging analysis	The Authority manages credit risk through the use of a <i>debtor management strategy</i> . 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	The Authority manages liquidity risk through the use of a <i>liquidity management strategy</i> . 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.
Market risk	Interest rate sensitivity analysis	QLeave as the Authority's service provider, will engage an investment advisor to develop an investment strategy to support the investment objectives set by the Board. Subsequently, a diversified investment policy statement and fund portfolio will be setup during the 2021-22 financial year.

D2-3 CREDIT RISK DISCLOSURES

Credit risk management practices

The Authority typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before that point if information indicates that the Authority is unlikely to receive the outstanding amounts in full.

Credit risk exposure

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

Category	Note	2021 \$'000
Financial assets		
Receivables	C2	<u>11,278</u>

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to the Authority's receivables.

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	2021	Contractual maturity		
	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
Payables	<u>1,192</u>	<u>1,192</u>	-	-

D3 CONTINGENCIES

As at 30 June 2021, there were no contingent assets or liabilities.

D4 EVENTS OCCURRING AFTER THE REPORTING 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 impact of new and amended Australian Accounting Standards and Interpretations with future effective dates are either not applicable to the Authority's activities or have no material impact on the Authority.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

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 2020-21. 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 2021.

Mr Glenys Fisher	Chair
Ms Jennifer Cullen	Deputy Chair
Ms Belinda Drew	Employer Representative - Community Services Industry Alliance
Ms Rebecca Girard	Worker Representative - The Services Union
Ms Carly Hanson	Employer Representative - Community Legal Centres Queensland
Ms Aimee McVeigh	Employer Representative - Queensland Council of Social Services
Mr Justine Moran	Worker Representative - The Services Union
Ms Shannon Young*	Worker Representative - Australian Workers Union (9 September 2020 - 10 February 2021)

*Following the resignation of Ms Shannon Young as Worker Representative, the recruitment of a replacement member is underway.

KMP remuneration policies

Board members remuneration is guided by 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 and paid in accordance with the remuneration assessment approved by Cabinet.

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.

Short term employee expenses represent board attendance fees, paid following each meeting attended.

2020-21

Position	Short term employee expenses		Long term employee expenses	Post employment expenses	Termination benefits	Total
	Monetary expenses \$	Non-monetary expenses \$	\$	\$	\$	\$
Ms Glenys Fisher	1,560	-	-	-	-	1,560
Ms Jennifer Cullen	1,200	-	-	-	-	1,200
Ms Belinda Drew	1,200	-	-	-	-	1,200
Ms Rebecca Girard	1,200	-	-	-	-	1,200
Ms Carly Hanson	1,200	-	-	-	-	1,200
Ms Aimee McVeigh	900	-	-	-	-	900
Ms Justine Moran	1,200	-	-	-	-	1,200
Ms Shannon Young	600	-	-	-	-	600
Total Remuneration	9,060	-	-	-	-	9,060

Ms G Fisher and Ms J Cullen were paid for committee attendance. All other Directors were paid to their respective organisations.

Performance payments

No KMP remuneration packages provide for performance or bonus payments.

Community Services Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2021

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 *Community Services Industry (Portable Long Service Leave) Act 2020* in respect of payment of levies for their own business undertakings in community services work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.

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

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2020-21.

Accounting standards applied for the first time

As a new entity, all Australian Accounting Standards or Interpretations that apply to the Authority were adopted for the first time in 2020-21.

E4 TAXATION

The activities of the Authority are exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Authority. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note C2).

The collection of levies is not subject to GST.

E5 CLIMATE RISK DISCLOSURE

The Authority has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

Current Year Impacts

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

**CERTIFICATE OF THE COMMUNITY SERVICES INDUSTRY
(PORTABLE LONG SERVICE LEAVE) AUTHORITY**

for the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* 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 Community Services Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2021 and of the financial position of the Authority at the end of that year.

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



H Sharpley
Acting General Manager

25 August 2021



G Fisher
Chair

25 August 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of the Community Services Industry (Portable Long Service Leave) Authority

Report on the audit of the financial report

Opinion

I have audited the financial report of the Community Services 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 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, 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 Acting General Manager.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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 2019 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. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- 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

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Sri Narasimhan
as delegate of the Auditor-General

31 August 2021

Queensland Audit Office
Brisbane

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PUBLIC AVAILABILITY

This annual report can be viewed online at www.qleave.qld.gov.au

Copies of this report are available from:

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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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(Portable Long Service Leave) Authority

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