

annual report **2019-2020**

Building and Construction Industry (Portable Long Service Leave) Authority



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



CUSTOMERS FIRST

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



IDEAS INTO ACTION

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



UNLEASH POTENTIAL

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



BE COURAGEOUS

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



EMPOWER PEOPLE

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

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

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

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LETTER OF COMPLIANCE

The Honourable Grace Grace MP Minister for Education and Minister for Industrial Relations PO Box 15033 CITY EAST QLD 4002 25 August 2020

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2019-20 and financial statements for the Building and Construction Industry (Portable Long Service Leave) Authority. I certify that this Annual Report complies with:

- → the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2019, 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

Peta Irvine

CHAIRPERSON

Building and Construction Industry (Portable Long Service Leave) Authority

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ABOUT THE AUTHORITY

QLeave was established in 1992 to administer the portable long service leave scheme for workers and employers in Queensland's building and construction industry. Introduction of the scheme was long fought for, and is central to QLeave staff's understanding of the Authority's purpose and to the organisation's culture.

As of 30 June 2020, the Scheme had 298,041 workers, and 22,044 employers registered. Since 1992, long service leave payments totalling \$1.067 billion have been paid to industry workers. In the 2019-20 financial year, long service leave claims of \$116.9 million were paid by QLeave to over 17,500 workers. We also reached a significant milestone; over \$1 billion in long service leave claims paid to workers in the building and construction industry since 1992.

To maintain the long-term sustainability of the scheme, Queensland Parliament passed an actuarially recommended increase to QLeave's levy rate to 0.35% from 1 July 2020. Public consultation seeking feedback on the increase commenced in May 2019 and in response to feedback, the actuary's recommendation to also include GST did not progress. As part of the changes, the tiered levy rate for construction projects with a total cost of work over \$1.169 billion was removed.

QLeave also collects the Building and Construction Work Health and Safety levy, for Workplace Health and Safety Queensland, and the Construction Skills Queensland levy, to provide industry training. The levies collected by QLeave contribute to retaining and growing the capability of workers in the building and construction industry in line with the Queensland Government objective to create jobs in a strong economy.

The COVID-19 pandemic has, and will continue to have, a significant impact on QLeave's investment funds, registered members, and levy payers both directly and indirectly through the broader market, people, and economic effects. The Board is focussed on the interests of the building and construction industry and is working to ensure their needs are being met through payment of financial hardship claims for workers with five years' service and approval of payment plans for cashflow impacted levy payers.

The Community Services Industry (Portable Long Service Leave) Bill 2020 was passed by the Queensland Parliament on 17 June 2020. Prior to commencement QLeave will enter into inter-jurisdictional agreements to recognise service performed in other states and to support the introduction of Regulations needed to operationalise the scheme.

The replacement of QLeave's core information technology system continued through the year. The current system is end of life, hampers working from home arrangements required as part of our pandemic response and makes QLeave susceptible to cybersecurity attacks. The design of the new system will contribute to achieving our strategic goal of providing responsive and excellent customer service. This initiative has necessitated a substantial review of our processes to ensure optimal customer service delivery and improved business efficiency.

Efficiency and outcome improvements were also supported through a structural realignment separating client services and compliance teams. This enabled greater focus on our compliance activities ensuring that the payment of levies, that support the sustainability of the scheme, is distributed fairly and equitably across all eligible industry projects. It also enabled increased use of data to support decision-making in the organisation.

The introduction of the *Human Rights Act 2019* reinforce the human rights considerations that form part of our decision-making and complaints management at QLeave. This means that complaint handlers identify and consider all relevant human rights when assessing and responding to complaints.

We welcomed the appointment of a new Board and the commencement of a new Finance, Audit and Risk Management Committee. We worked in consultation with the new board to develop the QLeave Strategic Plan 2020-2024 which focuses on how we work collectively to ensure the needs of current and future workers will be met.

At the core of this new plan, are clearly defined values that drive our business activities and secure scheme sustainability into the future. We are committed to responsible administration and excellence in customer service to support an ethical business balanced with innovation. QLeave aims to be an organisation where all staff know and understand the importance of their contribution and the part they play in their team and feel recognised for it. We are building a workplace where people are excited, inspired and hopeful because they feel empowered, trusted and valued.

We would like to express our appreciation to our Minister, the Honourable Grace Grace MP, and the Government for continuing to ensure legislative provisions support long service leave benefits for the building and construction 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. A special thank you to our outgoing board members for their efforts and service over the years.

Peta Irvine

CHAIRPERSON

Helen Sharpley

ACTING GENERAL MANAGER

OBJECTIVES AND PERFORMANCE INDICATORS

GOALS	STRATEGY	MEASURES	ACHIEVED
Effective systems and technology that provide confidence	 → 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 	 → 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 	 → Achieved → Not achieved - continued role as supplier to the CRM project by providing staff expertise, integration with cloud systems and data migration analysis and reporting for all stakeholders. → Achieved
Excellence in customer engagement and service delivery	 → Develop multi-channel communications in conjunction with customers and stakeholders → Drive inter jurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	 → Commence adhoc and annual cyclic surveying of our customers- Workers, Employers and Levy Payers → 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 → Remove barriers in communicating interstate migration of members to create seamless customer experience 	 → Achieved → Achieved → Elements of accreditation delivered → Progressing – expected completion by June 2021 → Progressing – expected completion by June 2021
A customer focussed workforce that is engaged, resilient and results oriented	 → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	→ Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded	 → Achieved → Capability building of managers progressing → Achieved
Maintain responsible investment strategies to support levy stability	→ 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	 → Accrued Benefits Reserve Index in a range of 105-120% → Targeted levy compliance activity 	 → Q1 Achieved 113.84% → Q2 Achieved 116.02% → Q3 97.93%* → Q4 99.91%* → Achieved

^{*}The plunge in the equity market in March 2020 had a significant impact on the investment values and subsequently the ABRI. A new State Investment Advisory Board (SIAB) will develop an investment strategy to support the investment objectives set by the Board. An agreement for this arrangement is not yet in place and has been delayed due to the pandemic. QLeave management is taking action to avoid realising the investment losses to date, as it is anticipated the investment values will recover over time supporting an ABRI within range.

CUSTOMER SERVICE DELIVERY

PERFOR	MANCE MEASURES	2015-16	2016-17	2017-18	2018-19	2019-20
	Workers registered	290,306	303,578	337,854	367,414	298,041
	Employers registered	19,957	18,037	18,621	20,421	22,044
	Number of claims paid	13,922	14,894	14,532	19,146	17,558
9	Value of claims paid	\$98m	\$98.6m	\$97.8m	\$126.8m	\$116.9m
\uparrow	Capped weekly rate of pay	\$1,960	\$1,980	\$1,980	\$1,980	\$1,980
?	Missing service requests	1,522	1,667	2,117	3,060	4,431
()	Worker claims – % online	79.3%	88.2%	89.0%	87.4%	92.6%
√ ®√>	Employer reimbursement – % online	80.7%	89.6%	87.8%	82.8%	93.7%
②	Worker service returns – % lodged online	86%	94%	92.6%	93.3%	92.7%
\$	Levies collected	\$82,750,000	\$84,206,000	\$76,555,000	\$75,909,000	\$90,707,827
-\\'_	Works notified	33,980	35,519	35,078	30,351	29,307
	% Works notified online	69%	87%	98%	94%	100%

VALUE OF CLAIMS PAID TO DATE (\$ BILLION)





We are committed to delivering services that exceed the expectations of our customers and stakeholders. This commitment is driven by our strategic goal, to provide excellence in customer engagement and service delivery.

In 2019-20 we received over 72,000 calls where we focused on building rapport with our customers to maintain effective customer relationships, satisfy members' needs, and make entitlements easily accessible. We continued to undertake business activities as legislated by the *Building and Construction Industry (Portable Long Service Leave) Act 1991.* In this reporting period, activities included ad-hoc and annual surveying of our customers (workers, employers and levy payers), ensuring entitlements were accessible for workers, levies were paid and employers were compliant.

Customer service activities included the annual review and monitoring of worker records where service had not been recorded in the previous four financial years; data matching to ensure member data was up to date; and collaborating with interstate schemes to monitor records, to ensure interstate workers received their entitlements. Through reviewing and monitoring records our client service team ensured that workers facing potential cancellation of their membership could access their entitlements, that interstate workers were not at risk of losing their entitlements, and that inconsistencies in member data were rectified to prevent confusion and concern about entitlements and registrations. Ultimately, this valuable process provides a reliable and consistent customer experience for QLeave stakeholders.

To ensure progress against our strategic objective of enhanced client services, we seek customer feedback at every opportunity. This feedback informs future focus areas for training and business planning. In 2019-20 we received survey feedback from over 4,500 workers, employers and levy payers which advised:

- \rightarrow 95% of workers were satisfied with the online claims process
- \rightarrow 96% of workers were satisfied with how long it took their claim to be paid
- \rightarrow 93% of levy payers found it easy to pay the levy online
- ightarrow 100% of levy payers who contacted QLeave, regarding notification and payment, were satisfied with the service they received
- ightarrow 88% of customers who phoned QLeave were satisfied with the service they received
- \rightarrow 92% of employers were satisfied with the online return process

Long service leave payments were made to:

- \rightarrow registered workers, under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*
- ightarrow registered employers who received reimbursement of long service leave benefits paid directly to their employees under the *Industrial Relations Act 2016*
- \rightarrow long service leave schemes in other states and territories in reimbursement of claims paid to workers for work performed in Queensland.

In 2019-20 we focused on progressing the implementation of our new business systems including an upgraded customer portal, a Customer Relationship Management (CRM) solution and improved content management. In the development of this system, business processes were reviewed to improve business efficiency and ensure optimal customer service delivery.

CONNEXT will provide customers with more options in transacting and will streamline customer service activities. It will simplify work processes for client service staff, integrating customer information to enhance service delivery and customer engagement. This new system will allow QLeave to build and maintain long-term relationships with our customers, contributing directly to our strategic goal; providing responsive, excellent customer service.

In the last quarter of 2019-20, a chatbot was introduced to the QLeave website to improve the customer experience online. The chatbot can be used by customers to help find answers to frequently asked questions, guide them to further information online and collect customer feedback. We look forward to seeing improved customer satisfaction and ease of navigation through the site from implementing this tool. Customer feedback generated will also provide insight into improvements to our communications with customers to enhance customer service delivery.

QLeave introduced a range of measures through our COVID-19 Safe Plan to ensure the health and safety of staff and customers who visit our Northgate office. A new front counter area, fitted with Perspex screening and enabling social distancing was installed. An online booking system was also introduced for customers to make appointments to meet with our staff.

In response to the COVID-19 emergency, our legislation was amended by Queensland Parliament to allow workers, experiencing financial hardship, early access to their long service entitlements. QLeave registered workers with at least five years of recorded industry service can now apply for payment of all, or part, of their long service entitlement. These payments are available until 31 December 2020 and workers need to meet a set of criteria that was outlined in the amended legislation.

As we move into a new financial year, we will continue to embrace technologies that will provide value-added services for our customers. We will support staff capability and performance by providing them with learning opportunities that build confidence in staff and great customer service.

COMPLIANCE REPORT

To ensure fairness and equity of the scheme, compliance initiatives focussed on the accuracy of building and construction work notifications, identification of unregistered employers and ensuring all eligible service is recorded for workers.

A comprehensive review of high value projects was completed. This identified a number of construction works where the final (actual) project cost varied significantly from the initial (estimated) cost of work notified to QLeave. This process lead to the collection of an additional \$3.5 million in portable long service leave levy.

Investigations into identifying building and construction work that had not been notified to QLeave, and no levy had been paid, resulted in \$6.75 million of additional levy collected. Penalty interest charges of \$417,000 was applied for non-compliance.

In 2019-20, we processed 4,431 missing service requests for workers whose employers had not recorded their eligible service. This process also identified 1,198 unregistered employers who were not complying with their obligations.

Compliance initiatives were complimented by ongoing education and awareness programs to maximise the industry's understanding of their legislative requirements.

ENGAGING WITH STAKEHOLDERS

QLeave's priorities are focused on developing a strong and credible organisation that is readily recognised within the building and construction industry as accessible, equitable and fair.

In 2019-20 QLeave met face-to-face and through digital engagement with stakeholders across Queensland. We presented at training sessions, construction sites, supported industry awards and participated in trade displays. A highlight of the year was hosting our first pop-up event in North Queensland, allowing us to connect with more local workers, employers and levy payers.

We shared information through industry partners: Master Builders, Housing Industry Association, Master Plumbers, Master Concreters, CFMEU, Electrical Trades Union, local councils, Urban Developers Institute and mining and energy organisations.

NORTH QUEENSLAND POP-UP

In November 2019, QLeave hosted our first pop-up event in Townsville. The event allowed us to engage with nearly 100 workers and employers about portable long service leave.

The success of the event highlighted the ongoing need for face-to-face contact in regional areas. We plan to hold these events on an annual basis in all regional centres starting in 2020-21.

WEBSITE VISITS

The QLeave website is the primary communication channel for engaging with our customers and industry stakeholders. In 2019-20, visits to our site steadily increased, with over 225,000 visits. Nearly 40% of these visits were to access QLeave's range of online services.

Over 55% of users access the website via their desktop. Mobile traffic now accounts for approximately 44% of all visits to the QLeave website and continues to grow.

EARLY EDUCATION PROGRAM

QLeave has continued our arrangement with TAFE SkillsTech to promote the scheme to apprentices and trainees enrolled in related industry courses throughout Queensland. Through this relationship, QLeave has presented at over 100 apprentice classes and 40 Certificate IV in Building and Construction and Construction Business Management courses during the year.

This early engagement with apprentices and trade contract licensees establishes an important relationship with workers as they begin their career paths in the industry.

SITE VISITS AND EVENT SPONSORSHIP

In 2019-20 we visited over 120 building and construction sites across Queensland, meeting with industry workers and assisting with enquiries relating to claims, eligibility and recording service.

We continue to generate scheme and brand awareness through the sponsorship of industry events.

Event and workshop attendance was limited from March to June 2020 as a result of the COVID-19 restrictions. QLeave pursued digital opportunities and leveraged existing partnerships to continue to deliver key messages by adopting new ways of working, using video and online meeting platforms to reach workers, employers and levy payers.

FINANCIAL PERFORMANCE

Financially, 2019-20, was a year of two parts, ending more favourably than initial COVID-19 forecasts predicted.

SUMMARY OF FINANCIAL PERFORMANCE AND POSITION

QLeave returned a deficit of \$106.6 million and a balance sheet equity position of \$34.9 million during the 2019-20 financial year.

Total income of \$70.3 million was 52.4% lower than 2018-19. The decrease was mainly due to the net fair value loss on investments of \$143.6 million incurred during the pandemic-driven market downturn in March 2020 offset by a solid recovery performance of \$74.6 million gain over the June quarter where global equities rallied on optimism of reopening economies and better-than-expected economic developments.

The total expenditure of \$176.8 million was 40.6% higher than 2018-19. The increase was due to an addition to the provision for scheme benefits of \$46.9 million. The provision increase was due to the initial impact of the actuarial allowance for all future years missing service.

Fund management fees were higher due to the impact of the QIC competitive neutrality fee introduced by Queensland Treasury from 1 July 2019.

The statement of financial position reflects QLeave's sound financial status with a net asset position of \$34.9 million at the end of the financial year. This indicates that QLeave has an appropriate level of assets to cover all liabilities including future claims. The scheme is now approximately 100% funded. The funding position is estimated to gradually improve when the levy rate increases.

Commencing 1 July 2020, the levy rate will increase from 0.25% to 0.35% on building and construction activities over \$150,000 (excluding GST). The tiered levy rates are to be removed, meaning all notifiable cost of work will be subject to the same levy rate. It is anticipated this legislated change will materially increase income from levies and subsequently income from investments during 2020-21.

Investment markets are expected to continue to recover during 2020-21, notwithstanding any future pandemic activity and geopolitical factors further weakening and delaying global economic recovery until a vaccine is found.

To support industry workers experiencing financial hardship as a result of COVID-19, the Queensland Government legislated amendments to the *Building and Construction Industry (Portable Long Service Leave) Act 1991*, allowing workers early access to their long service leave entitlement under the *Justice and Other Legislation (COVID-19 Emergency Response) Amendment Act 2020.* This legislated change is in effect from 26 May 2020 to 31 December 2020 and did not materially impact the financial statements during 2019-20. There is no material impact anticipated for 2020-21.

STATEMENT OF COMPREHENSIVE INCOME

Classes of transactions, account balances or disclosures	Change	Key drivers
Portable long service leave levies \$90.7m	▲ \$14.8m 19%	Increase due to major projects including Queens Wharf and Cross River Rail
Income from investments \$26.9m	▼ \$20.1m 43%	Lower distribution due to COVID-19
Net fair value loss on investments (\$49.8m)	▲ \$77.7m 318%	The plummet in equity market in the third quarter of 2020 as a result of COVID-19
Other revenue \$2.5m	▲ \$0.7m 38%	Increase mainly due to agency fee charged to CCI scheme for the Initiative Project
Employee expenses (\$6.3m)	▲ \$0.7m 11%	Increase due to salary increment and payment of salaries for executives on extended leave
Supplies and services (\$2.3m)	▼ \$0.7m 24%	Higher cost incurred in prior year at the commencement of the CRM project
Fund management fees (\$6.1m)	▲ \$3.5m 136%	Increase due to QIC introducing competitive neutrality fee for QLeave's investments
Portable long service leave scheme benefits (\$161.2m)	▲ \$46.9m 41%	Movement in provision

STATEMENT OF FINANCIAL POSITION

Classes of transactions, account balances or disclosures	Change	Key drivers		
Total current assets \$976m	▼ \$63m 6%	Decrease in fair value for investments		
Current provision for scheme benefits Non-current provision for scheme benefits \$942m	▲ \$44m 5%	\$161m increase in provision offset by \$117m payments for the year		
Net assets \$35m	▼ \$107m 75%	Decrease mainly due to \$74m reduction in investment value and \$44m increase in provision for scheme benefit		

EXPLANATIONS OF SIGNIFICANT BUDGET VERSUS ACTUAL VARIANCES

Portable long service leave levies income is ahead of budget by \$9.8 million due to higher than expected leviable building activity by \$5.1 billion yielding a budget surplus of \$13 million in levies revenue, including additional retrospective levies compliance income up to \$3.8 million for the year.

Investment income is \$74.6 million behind budget due to pandemic-driven investment losses.

Supplies and services are under budget by \$1.57 million due to efficiency savings and concerted efforts to reduce information technology costs.

Fund management fees are unfavourable by \$3.48 million due to the unbudgeted impact of the QIC competitive neutrality fee.

Portable long service leave benefits are under budget by \$13.1 million due to the removal of 'reminders to claim' campaigns; reducing the advanced claims period to 30 days and lower than expected member claim volumes.

MANAGING THE FINANCIAL EFFECTS OF COVID-19

Management has assessed the existing and anticipated effects of COVID-19 on QLeave's activities under different scenarios with varying assumptions, including actuarial modelling which can be updated to take into account the evolving nature of uncertainties. As the pandemic unfolds, frequent stress testing of projections and identifying factors that would affect solvency and liquidity are reviewed.

There is a wide range of factors taken into account in management's judgments and financial projections including COVID-19 restrictions, government stimulus assistance, the financial health of suppliers and customers, and their effects on expected:

- → building and construction industry building activity and workforce,
- \rightarrow investment markets,
- \rightarrow levies income,
- ightarrow investment income and
- \rightarrow portable long service leave claims.

Other key financial performance indicators including the long-term sustainability of the scheme and information that shows whether there will be sufficient liquidity to continue to meet obligations when they fall due, is continually monitored. To avoid realising investment losses and as risk mitigation for any ensuing liquidity issues, QLeave is exploring an alternative source of financing should the need arise.

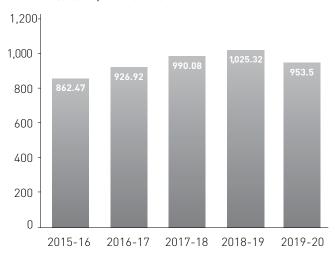
ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM UPGRADE

It is likely the QLeave ERP system will require upgrading during 2020-2021 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.

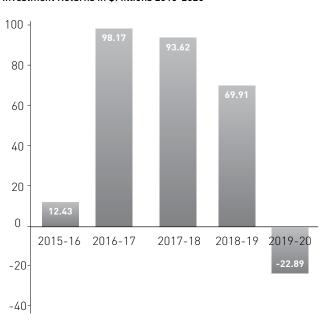
If the current ERP system fails, the consequences would be detrimental to QLeave's service provision and reputation. Therefore while this upgrade is primarily unavoidable, it also presents the opportunity to review finance processes to establish better practice financial activities and maximise the automation capability of the upgraded software; and realise efficiencies.

INVESTMENT MARKET PERFORMANCE

Funds invested in \$Millions 2015-2020

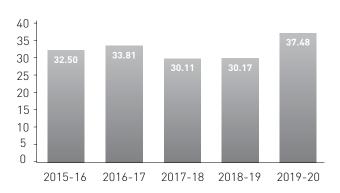


Investment Returns in \$Millions 2015-2020



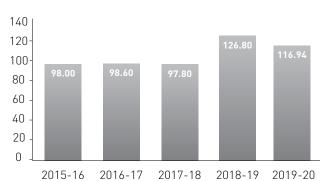
BUILDING ACTIVITY

Value of project levy in \$Billions 2015-2020



LONG SERVICE LEAVE CLAIMS PAID

Value of claims paid in \$Millions 2015-2020



INFORMATION TECHNOLOGY AND INNOVATION

QLeave's technology and information foundations are dependable and data-driven. Enterprise solutions are designed to meet our business needs by leveraging opportunities and enabling innovation. Our technology must reliably enable our business activities, just as our data must be reliable to inform decisions.

We adopt an enterprise approach to technology and information solutions that enables us to operate cohesively and efficiently. This approach is supported by the Information Technology and Innovation Steering Committee (ITISC) that provides governance and endorses the transition and modernisation of QLeave's technology and information as we strive to be responsive and protect our data.

In 2019-20 the Information Communication Technology (ICT) initiatives and activities were:

- → consolidating the QLeave directory service to the Microsoft Azure cloud via the Microsoft Three Australian Data Centres. This centralised the management of users, computers and other objects, authenticating and authorising users and computers to reduce server infrastructure and create redundancy. This initiative was co-funded by Microsoft and QLeave with assistance from a Queensland based vendor
- → managing and implementing the introduction of a new intranet by replacing the Lotus Notes based intranet with SharePoint, a cloud-based, online platform. This strengthened and improved communications for staff across business units and senior management, and improved efficiency in locating policies and procedures by building a central knowledge base with de-centralised publishing access across business units.
 Importantly it supports our staff to remain connected while working from home
- → actively contributing to the CRM project by preparing, responding and reviewing vendor technical requirements for the project team, providing technical assistance with integration and data migration and working with the Project Steering Committee to ensure a best practice approach was employed by the vendors employed to implement the system
- → continuing QLeave's defence-in-depth approach to cyber protection. We enhanced security systems by executing a new enterprise firewall and conducting an external review of the cloud-hosted penetration platform. We initiated the QLeave Information Security Management System (ISMS) project and will leverage the expertise of trusted cybersecurity partners to complement our internal capacity and capability resources to deliver ISMS by September 2020
- → completing the annual ICT Disaster Recovery testing as part of QLeave's Business Continuity testing. We employ a risk-based approach to review controls across QLeave Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) systems
- → implementing an Enterprise ServiceDesk Management (ESM) system to support staff by providing a single portal to log requests for Information Technology and Innovation, People, Culture and Capability and Strategy, Planning and Performance services, including reporting and management functions
- → upgrading QLeave's Web Content Management System to the latest version. We supported the website development for the Community Services Industry scheme and introduced a prompting chatbot to guide visitors around the QLeave website
- ightarrow co-ordinating a digital mailroom function with an external provider to adopt mail scanning, digitisation and the processing of incoming correspondence as part of the QLeave born-digital initiatives
- → upgrading and enhancing the QLeave Telephony as a Service (TaaS) platform to deliver new prompts, call recording capabilities and enhanced telephony platform management
- > retiring the ISDN telecommunication services and replacing this with SIP services to create savings on outbound call costs

INFORMATION PRIVACY

QLeave is committed to protecting the personal information it holds as per its obligations under the *Information Privacy Act 2009 (IP Act)*. The IP Act regulates how personal information is collected, stored, used and disclosed by all Queensland Government agencies and its contracted service providers.

In providing our services we ensure the personal information entrusted to us is managed in a fair, secure and ethical manner

RECORDS MANAGEMENT

QLeave has continued its commitment to quality information and record management using technology to provide new, risk-based policies and practices that support sound decision making, accountability, and compliance. This has continued to reduce our reliance on paper records through automation and digitisation.

QLeave is committed to meeting its responsibilities under relevant legislation, Queensland State Archives' policies and best practice methods, as outlined in applicable International Standards. This is achieved through the implementation of the following policies:

- → Records Management Policy
- \rightarrow Digital Recordings and Images Policy
- → Records Governance Policy
- → Information Asset Custodian Policy
- ightarrow Digitisation and Disposal Policy

Micro Focus Content Manager, an electronic document and records management system, is used by QLeave to effectively manage and secure its administrative records. It also uses several business management systems to capture, secure and manage its core business.

Disposal of records is conducted by utilising the current retention and disposal schedule authorised by the State Archivist and QLeave's approved QDAN661v1. Record of disposal is captured by the completion of Disposal Approvals, Compliance Declarations, maintaining a Disposal Register and the issuing of a Destruction Certificate when carried out by a third party.

In 2019-20 the records management initiatives and activities were:

- ightarrow providing feedback to State Archives on the Consultation Draft and Guidelines relating to children and vulnerable persons
- ightarrow providing information to State Archives on the number of records managed by QLeave that are more than 25 years' old
- ightarrow attending a session at the State Archives on the capture and management of records for children and vulnerable people
- \rightarrow conducting internal awareness training in records management for all staff
- \rightarrow introducing a Content Manager Super Users' Group for training staff in their recordkeeping obligations and use of the system
- → including a dedicated records management section on QLeave's intranet containing policies, procedures, tip cheats and training videos to assist staff with recordkeeping
- \rightarrow initiating a project to identify folders within the content management system that are no longer required and have met the relevant retention period
- \rightarrow inserting a retention period and closure date on folders in the business system for employer and worker file
- \rightarrow updating policies and procedures and their migration from Lotus Notes to Content Manager (CM)
- \rightarrow increased usage and acceptance of CM for business documents and records to ensure effective and efficient management of all recordkeeping across the business.

GOVERNANCE

THE BOARD

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

- → maintaining responsibility for QLeave's commercial policy and management
- \rightarrow determining the strategic direction
- ightarrow ensuring QLeave achieves and acts in accordance with its goals and carries out the objectives outlined in its corporate plan
- \rightarrow monitoring financial performance
- \rightarrow managing strategic and operational risks
- \rightarrow providing advice and recommendations to the Minister on issues affecting the provision of long service leave in the industry and the operation of the Act
- → ensuring that QLeave performs its functions in an appropriate, effective and efficient way.

The Board operates under the provisions of the Act and other governing legislation and within the scope of the Board Guidelines.

COMPOSITION OF THE BOARD

The Board is appointed for a term of three years and directors are eligible for re-appointment. The term of the current Board commenced on 5 September 2019 and expires on 30 June 2022.

The Board consists of eight directors:

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

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

Board directors are selected for their in-depth knowledge, expertise and experience in either finance and investment, law, corporate governance and/or the building and construction industry. The Board is proactive in identifying factors affecting the building and construction industry, intending to achieve 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 avenues. Directors' professional development is focused on enhancing existing skills, and ensuring the Board maintains the high standards required by best practice, corporate governance frameworks.

The Board comprises the following directors:

Chairperson: Peta Irvine

Deputy Chairperson: Melanie Woodward

Employer Representatives: Penny Cornah, Damian Long, Sue-Ann Fresneda

Worker Representatives: Stephen Baker, Peter Ong, Arturo Menon

FOCUS FOR THE BOARD 2019-20

The major challenges for the Board in the 2019-20 year were:

- \rightarrow determining the level of support that QLeave could extend to workers impacted by the COVID-19 pandemic
- → seeking legislative change to enable the Board to recommend a relaxation of provisions of the Act for workers experiencing financial hardship as a result of the COVID-19 pandemic
- → determining the working capital required to meet financial hardship payments as a result of the COVID-19 pandemic
- \rightarrow actively managing the investment portfolio to prevent the realisation of investment losses due to the downturn in investment markets that resulted from the COVID-19 pandemic
- \rightarrow undertaking a full review of QLeave's Investment Strategy in conjunction with Queensland Investment Corporation, QLeave's fund managers
- \rightarrow managing the actuarial position to ensure sufficient funds and adequacy of the levy rate
- \rightarrow ensuring the Internal Audit Plan and associated frameworks appropriately monitor QLeave's internal controls to ensure they remain effective and adequate to minimise risk
- $\rightarrow\,$ ensuring findings and recommendations of the Internal and External Audit functions are promptly addressed by QLeave management
- ightarrow endorsing the annual budget before seeking Ministerial approval
- ightarrow reviewing and endorsing the wage rate for long service leave claims before seeking Ministerial approval
- \rightarrow endorsing the financial statements for Queensland Audit Office certification.

REMUNERATION

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

BOARD MEETINGS AND DIRECTOR ATTENDANCE AT MEETINGS 2019-20

Director	Board meetings	Out of session Board meetings	Finance Audit and Risk Management Committee
Number of meetings held	4	4	3
Peta Irvine	4	4	1*
Melanie Woodward	2	4	3
Penny Cornah	2	4	3
Damian Long	3	4	3
Sue-Ann Fresneda	4	4	n/a
Stephen Baker	2	2	1*
Peter Ong	3	3	2
Arturo Menon	3	4	3

^{*} attended as an observer

FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established the Finance, Audit and Risk Management Committee, which acts in an advisory capacity to the Board. The Committee supports the work of the Board in fulfilling its corporate governance and oversight responsibilities. The Committee aims to improve the efficiency of the Board by delegating responsibilities to the Committee, where greater attention can be given to specified responsibilities.

The key role of the Committee is to provide reasonable assurance to the Board that QLeave's core business objectives are being achieved efficiently and economically, with an appropriate framework of internal control, risk management and financial controls.

The Committee's responsibilities include those set out under the *Financial Accountability Act 2009*, the *Statutory Bodies Financial Arrangements Act 1982* and *the Financial and Performance Management Standard 2019*. It operates under guidelines, which comply with:

- ightarrow the Queensland Treasury Audit Committee Guidelines
- \rightarrow the Institute of Internal Auditors International Professional Standards.

The Finance, Audit and Risk Management Committee comprises Melanie Woodward (Chairperson), Penny Cornah, Damian Long, Peter Ong and Arturo Menon.

The Committee plays an important role in the integrity of QLeave's financial information and system of internal controls and, encompasses the following areas:

- \rightarrow external audit and financial reporting
- \rightarrow internal audit functions
- \rightarrow risk management and internal controls
- → compliance with a performance management framework
- \rightarrow compliance with legislative and regulatory requirements
- → review of the Board's Investment Strategy
- → monitoring the performance of QLeave's investments in line with the Investment Strategy
- → reviewing and monitoring the performance of QLeave's fund manager.

The Authority's Internal Audit function was undertaken by an external provider, Protiviti, until 31 May 2020, the date of expiration of the contract with QLeave. From 1 June 2020, the internal audit function is provided by BDO Services. The Authority's External Audit function is undertaken by an external provider, William Buck, with oversight by the Queensland Audit Office. Both external providers report to the Board through the Finance, Audit and Risk Management and Committee.

The Finance, Audit and Risk Management and Committee met on three occasions during 2019-20.

The Committee's compliance with its reporting obligations is provided in a report to the Board, under Section 30(5) of the *Financial and Performance Management Standard 2019*.

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

- → oversight of the external audit process and financial statements
- \rightarrow oversight of how the Authority recognises revenue and leases
- \rightarrow a review of the impact of new accounting standards
- \rightarrow oversight of the Internal Audit program
- $\,
 ightarrow\,$ a review of QLeave's tangible and intangible assets
- → oversight of QLeave's risk management framework
- \rightarrow a review of the Investment Strategy
- → oversight the performance of QLeave's investments
- \rightarrow oversight of QLeave's governance framework
- → monitoring of Work, Health and Safety, major projects, key breaches and complaints.

BOARD SECRETARIAT

The Board Secretariat provides professional support services to the General Manager and governance Boards for QLeave including:

- ightarrow arranging and scheduling board meetings, setting agendas, circulating papers and reports, attending and minuting meetings
- \rightarrow ensuring that documents presented to Boards are of a high standard to inform decision making
- \rightarrow accurately recording board considerations in correspondence and minutes and, realising decisions and actions arising from board and committee meetings.

ACTUARIAL REPORTING

To ensure the Scheme's financial viability to perpetuity, a full actuarial assessment is performed every two years. This assessment investigates the sufficiency of the Authority's funds and the adequacy of the rate of long service leave levy. An interim assessment is undertaken every other year. QLeave's actuary is Mercer Consulting. Mercer Consulting works closely with QLeave's Funds Manager, Queensland Investment Corporation.

Mercer Consulting forecasts as accurately as possible, whether investment strategies will continue to generate sufficient funds to meet future commitments for long service leave payments and the long-term sustainability of the Scheme.

An interim actuarial assessment was undertaken in 2019-20 with particular focus on the impact that the COVID-19 pandemic would have on the financial position of the scheme and long service leave entitlements.

The actuarial assessment included assumptions that, as a result of the expected economic impact of the COVID-19 pandemic, differed from previously agreed assumptions. The actuary provided several mid-case scenarios of the financial position, with consideration given to the potential relaxation of the Act to enable the Board to determine financial hardship as a result of COVID-19 pandemic.

EXTERNAL AUDIT

The external audit function is undertaken by William Buck (through the Queensland Audit Office). The external audit program and timetable are presented to the Finance, Audit and Risk Management Committee in April for endorsement and referral to the Board, for approval. The findings, recommendations and audited financial statements are presented to the Committee in August for endorsement. The audited financial statements are referred to the Board for approval and the Queensland Audit Office for certification.

RISK MANAGEMENT

The Board and management of QLeave emphasise the importance of effectively managing risk to sustain the financial strength of QLeave, to provide financial certainty to members now and into the future.

We understand that effective risk management involves identifying the uncertainties facing QLeave and the opportunities to benefit from them, or reduce their impact on the achievement of strategic objectives. Uncertain market conditions have driven QLeave to shore up its approach to risk for the benefit of members.

As a result, the Board and management have committed to increasing their focus on developing a robust approach to developing risk appetite, strategic and operational risk management, and creating a culture of risk awareness at all staff levels. In particular, the Board has undertaken a review of the QLeave's risk appetite to better set the levels of risk the Board is willing to accept, and the highest level of risk QLeave must operate within.

Management and the Board (through the Finance Audit and Risk Management Committee) set clear expectations for enhanced reporting and responsiveness to movements in risk levels. Those expectations have increased QLeave's attention to both financial and non-financial risks and reporting.

QLeave reviewed and enhanced its risk management framework and embraced new technology to manage and report on all risks and improve risk analysis. QLeave has embedded values based on those of the Queensland Public Service which will drive the quality of its risk management and decision making.

We have developed a Fraud and Corruption Control, Issues management, Public Interest Disclosure and Declaration of Interest policy and procedures and provided the relevant training to staff.

COMPLAINTS HANDLING

QLeave aims to resolve complaints quickly at the frontline or the point where the complaint is received. If the complainant is dissatisfied with the outcome of their complaint they may request an internal review. If a complainant remains dissatisfied with the outcome after internal review, they may seek an external review. QLeave will use formal, documented processes to manage complaints. QLeave has developed a new complaints management policy and procedure and established a service desk function to capture, monitor and report on complaints. This will ensure QLeave achieves its objectives to:

- → manage complaints in a consistent, systemic and responsive way
- ightarrow mitigate risk by identifying trends, causes and implementing effective solutions
- → empower staff to resolve complaints promptly, effectively and efficiently.

HUMAN RIGHTS IN COMPLAINTS MANAGEMENT

The introduction of the *Human Rights Act 2019* means that human rights considerations now form part of decision making and complaints management at QLeave. Complaint handlers are required to identify and consider all relevant human rights when assessing and responding to complaints.

QLeave must, and will, act compatibly with human rights and give proper consideration to human rights before making a decision. Every decision, policy or Act of QLeave must be assessed as being compatible with human rights.

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*.

DIRECTORS OF THE BOARD

→ PETA IRVINE - CHAIR, MBA, BA (Hons), DipFinPlan, DipNSL, FAICD

Peta Irvine was appointed to the Board in 2019. She has a wealth of experience in strategy development and alignment, governance and risk, marketing, APRA-regulated entities, corporate and financial performance, investment and insurance, board performance and culture.

Peta holds several non-executive Board positions including the Teachers' Union Health, International House College, International House Foundation, and several committee positions within these organisations. Peta was a non-executive director of Intrust Superannuation Fund for almost 10 years and was Chair of several committees.

Peta is currently the Chief Executive Officer of Local Government Managers Australia Qld Inc. She has also held previous positions as General Manager Accommodation, Australian Hotels Association and Manager for Urban Transport Management Unit, Queensland Transport.

Peta holds an MBA, Bachelor of Arts (Hons), Diploma of Financial Planning and Diploma of Neuroscience of Leadership; is a Member of the Australian Institute of Company Directors and Fellow of the Institute of Management and Leadership. She is a member of the NeuroLeadership Institute, Local Government Managers Australia and Women on Boards.

→ MELANIE WOODWARD - FCPA, FGIA, GAICD, DEPUTY CHAIR

Melanie Woodward was appointed to the Board in 2019 and is Chair of the Finance, Audit and Risk Management Committee.

Melanie holds over 25 years' experience in the financial services industry. She is an experienced Director, Chief Financial Officer, company secretary and risk management specialist, with extensive professional experience and significant executive leadership accomplishments.

Melanie was awarded Chief Financial Officer of the Year in the Women in Finance Awards 2018 and is currently the Chief Financial Officer for COSOL Australia Pty Ltd and prior to that Director Operations for Tactical Global Management Limited. She is an Independent Director for Coles Little Athletics Australia and is a member of the Audit and Risk Committee.

Melanie is a Fellow of CPA Australia, a Fellow of Governance Institute of Australia, and is a graduate of the Australian Institute of Company Directors Course.

→ PENNY CORNAH - DipHR, DipHosMgt, DipEventMgt CertIVTrngAssmnt, MAICD - EMPLOYER REPRESENTATIVE

Penny Cornah was first appointed to the Board in 2016 and is a member of the Finance, Audit and Risk Management Committee.

Penny is the Executive Director of the Master Plumbers' Association of Queensland (MPAQ), the peak industry body representing plumbing contractors throughout Queensland.

Penny was appointed as a Director of Master Plumbers' Australia Ltd in 2012 and was Company Secretary from 2016 to 2020.

Penny holds numerous roles that include Chairperson of the Service Trades Council, a statutory body that sits under the Queensland Building and Construction Commission, Director of the Services Trades College, Director of Construction Skills Queensland and a recent appointment to the Australian Building Codes Board as a director.

Penny is the Vice President of the National Association of Women in Construction (Queensland Chapter) and a member of the Women on Tools Committee. She continues to bring a balanced view to the Board, evidenced by her association with organisations that support women in the building and construction industry.

Penny holds industry related certificates and diplomas and is a member of the Australian Institute of Company Directors.

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

Damian Long was first appointed to the Board in 2016 and is a member of the Finance, Audit and Risk Management Committee.

Damian is the Chief Executive Officer of the Civil Contractors Federation Queensland. His previous non-executive experience includes Branch President, Branch Vice President and Branch Treasurer of the Civil Contractors Federation - Queensland Branch.

Damian has over 30 years' construction experience in earthworks, road works structures, residential and industrial subdivision, construction, project and business management. He has a wealth of experience in senior management roles in private organisations, working with the public sector.

Damian is a Director of Construction Skills Queensland (CSQ), Chairperson of the Finance, Risk and Audit Committee (CSQ) and is an adjudicator under the *Building Industry Fairness Act 2017*.

Damian holds a Bachelor of Engineering (Civil) (Hon) and is a graduate of the Australian Institute of Company Directors.

→ SUE-ANN FRESNEDA - BBus, GAICD - EMPLOYER REPRESENTATIVE

Sue-Ann Fresneda was appointed to the Board in 2019. She is the Director of Business Development and Membership for Master Builders Association Queensland. She is also a non-executive Director of Construction Skills Queensland and Construction Income Protection Limited.

Sue-Ann's previous roles have included General Manager Operations (Qld), Advertising Sales Director for NewsCorp and non-executive Director for Building Employees Redundancy Trust.

Sue-Ann brings a broad range of industry experience across commercial, corporate and not-for-profit sectors. Her expertise in business development and innovation is a welcome addition to the Board.

Sue-Ann holds a Bachelor of Business and is a graduate of the Australian Institute of Company Directors.

→ STEPHEN BAKER - DipSuper, Cert IV Frontline Mgt - WORKER REPRESENTATIVE

Stephen Baker was appointed to the QLeave Board in 2019.

Stephen is Branch Secretary for the Australian Workers' Union (AWU) Queensland Branch and has previously held the positions of Queensland Assistant Secretary, Vice President Queensland Branch, Queensland Southern District Secretary, Queensland Vice President, and is a member of the AWU National Executive.

Stephen holds a Diploma of Superannuation, Certificates in Frontline Management, Investment for the Superannuation Industry, Insurance for the Superannuation Industry and RG46 for the Superannuation Industry (ASIC Regulatory Guide 146 Compliance Course covering the provision of financial advice).

Stephen was Director of Labor Companies, Director of AusSafe Super Board and has represented workers on various Work Health and Safety Committees. He is collaborative and maintains a strong focus on workplace health and safety and the strength of people working together for better outcomes.

→ PETER ONG - GAICD - WORKER REPRESENTATIVE

Peter Ong was appointed to the Board in 2019 and is a member of the Finance, Audit and Risk Management Committee.

Peter's current position is State Secretary of the Electrical Trades Union Queensland and Northern Territory (ETU). His role encompasses the overall management of the ETU's financial, political and industrial interests.

Peter has held past positions as Assistant State Secretary and Organiser. He has worked for the ETU for 20 years, aspiring to achieve the best outcomes in wages, conditions and health and safety for workers.

Peter is a non-executive Director of the Construction Industry Redundancy Trust, the Energy Super Fund and previously Electrogroup Training and Apprentices. He is also appointed to the Ministerial Construction Council.

Peter is a graduate of the Australian Institute of Company Directors and has completed the Trustee Director Course with the Australian Institute of Superannuation Trustees.

→ ARTURO MENON - WORKER REPRESENTATIVE

Arturo Menon was appointed to the Board in 2019.

Arturo is the Construction and General Division Southern Regional Coordinator with the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU). He is responsible for overseeing building and construction site visits, monitoring enterprise agreement outcomes and representing the industrial interests of union members in tribunals such as Fair Work Australia.

Arturo is an alternate Director for the Building Employees Redundancy Trust (BERT), a Committee member for BERT Hardship Claims and a Committee member for BUSSQ Insurance Claims. He represents his organisation on industry stakeholder committees and state and local government forums.

Arturo has vast experience in pursuing financial stability for workers through superannuation and redundancy. He holds Certificates in Workplace Health and Safety and Union Recruitment and Organising.

EXECUTIVE MANAGEMENT

The executive management team comprises the General Manager, Director Governance and Corporate Services and Director Compliance and Client Services.

Executive management leads QLeave's strategic, operational, financial performance, and corporate governance functions and significant projects, and ensures quality implementation of recommendations of all in-house committees, and internal and external audits. The Executive support the Board in achieving its strategic objectives and through oversight of the management of strategic and organisational risks.

The General Manager, Helen Sharpley (Acting), is accountable to the Board and to the Minister, and has overall responsibility for:

- \rightarrow undertaking accountable officer responsibilities as set out in State legislation
- \rightarrow implementing the Board's strategic plan in accordance with the government's policy objectives
- \rightarrow administering the Board's investment policies and strategies
- \rightarrow board secretariat
- \rightarrow providing authoritative advice to the Board, the Minster and the Government on matters relevant to QLeave
- → administering the Board's investment policies and strategies
- \rightarrow managing the Authority within legislative and policy frameworks, maintaining a positive organisational culture
- → undertaking appeals and making determinations
- ightarrow facilitating government and industry liaison and providing a nexus between the Board and the organisation
- ightarrow administering collection services for the building and construction industry by collecting the Work Health and Safety levy and the Construction Skills Queensland levy
- \rightarrow administering reciprocal arrangements with similar schemes in other states and territories.

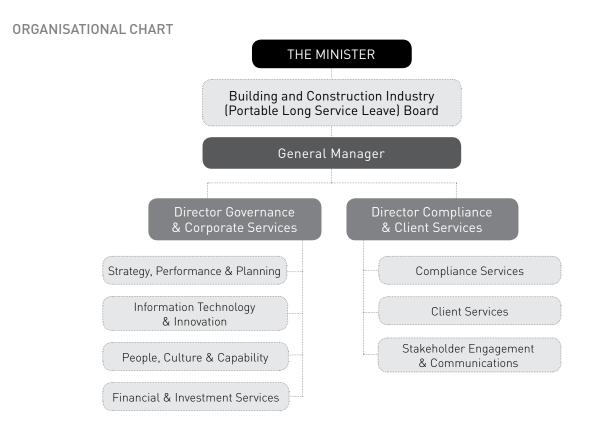
The Director Governance and Corporate Services, Esther Blest (Acting), is responsible for:

- \rightarrow ensuring best practice in the operation of QLeave's business, governance, financial management, performance and reporting functions
- \rightarrow financial management
- → leading the finance team by providing high level financial oversight, reporting and advice regarding organisational budgets, revenue performance and ongoing capacity to meet commitments
- \rightarrow managing human resources including building team capability to nurture a high performing team culture
- \rightarrow leading technology and information systems support to enable the organisation in delivering excellence in customer engagement and service delivery
- ightarrow leading the finance team by providing high level financial oversight, reporting and advice regarding organisational budgets, revenue performance and ongoing capacity to meet commitments
- → shaping corporate strategies in support of QLeave's strategic direction
- ightarrow providing expert analysis and strategic advice to the General Manager on governance, risk, legislation, policy and corporate functions
- → coordinating the internal and external auditing of QLeave
- \rightarrow leading the ongoing review and development of legislation and policy frameworks
- ightarrow negotiating contracts, agreements and memoranda of understanding with other government agencies, ensuring those arrangements are in accordance with legislative requirements and Information Privacy Principles.

The Director Compliance and Client Services, Allison Kessey, is responsible for:

- → providing expert strategic analysis and advice to the General Manager and Boards on Scheme operations, stakeholder engagement and communication and service innovation
- → leading the client service operations of QLeave to ensure the adoption of best practice and the provision of high quality and professional customer engagement and service delivery
- \rightarrow driving ongoing improvements in operational efficiency and client experience with a focus on optimising digital client services
- \rightarrow overseeing corporate communications and publications
- ightarrow overseeing educational and awareness programs through QLeave's Stakeholder Engagement and Communication function, to encourage worker participation in the scheme
- ightarrow ensuring that stakeholder ideas and insights are incorporated into strategy, planning and continuous improvement
- \rightarrow ensuring payments of long service entitlements are made in an accurate and timely manner
- ightarrow ensuring funds are available to meet commitments through levy compliance and collection
- \rightarrow liaising closely with QLeave's provider of actuarial services to ensure that industry insights and trends are incorporated in financial modelling which is used to evaluate and maintain Scheme viability
- \rightarrow capturing and analysing the strategic implications of changes in relevant industries and work patterns, ensuring that QLeave is well positioned to respond in a timely way to trends
- \rightarrow contributing strategically to the ongoing review and development of legislation and policy frameworks.

PEOPLE, CULTURE AND CAPABILITY



WORKFORCE PROFILE

As of 30 June 2020, QLeave had 65.85 full-time equivalents.

The annual permanent separation rate for 2019-20 was 1.75%. No redundancies, early retirements or retrenchment packages were paid during the period.

In 2019-20 QLeave commenced a functional realignment to match business activities with strategic goals. The goal of this realignment was to focus on becoming a data-driven organisation, building on our organisational development, compliance activities, and our finance and investment focus.

STRATEGIC WORKFORCE PLANNING

A focus in 2019-20 was a transformational change to align staff behaviour with our values. Values are an important part of shaping organisational culture. Aligning values and culture increases employee engagement, enhances reputation and increases employee satisfaction. QLeave facilitated workshops to provide staff with the opportunity to contribute to what the organisation's values meant to them and the behaviours that they associated with these values.

As part of this process and to reward staff, reinforce new habits and embed cultural change, a revitalised QLeave reward and recognition program that focuses on aligning the reward criteria to our values has been developed. The program recognises employees that demonstrate the attributes of these values in their work.

We developed a People Strategy that was built on six priority areas. These areas define the practices required to deliver a high-performing workforce; leadership development, capability and performance, health, safety and wellbeing, culture and environment, talent management and organisational development.

During 2019-20, QLeave has continued to invest in building a compliant, customer-focused workforce to meet the future operational and business needs, with an emphasis on future-proofing the organisation. Part of this investment has included the prioritisation of learning and organisational development, with a dedicated position created within the People, Culture and Capability team to lead in this area. To further support QLeave's training needs, we have implemented a new online learning management system.

A diverse and inclusive workforce is a priority area for the Queensland Government. QLeave is committed to building a culture of high performance, where our people understand how their role contributes to meeting strategic objectives. This includes providing a safe, inclusive workplace, based on a culture of respect and accountability. QLeave has implemented a new QLeave Inclusion and Diversity Framework that underpins the recruitment process and encourages the attraction and retention of a diverse workforce. Matching the skill set, knowledge, behaviour and attitudes of prospective employees with the QLeave values remains fundamental to our recruitment process.

Further, QLeave is focused on enhancing the capability of current and future leaders. To reinforce this focus in 2019-20, we implemented programs such as LEAD4QLD, facilitated leadership sessions and held succession planning activities. QLeave staff must be accountable and understand the value of their decision making. Training is provided and conducted throughout the organisation to educate staff in this area with employees participating in compliance-based training through the Queensland Ombudsman sessions on Good Decision Making.

QLeave participates in the annual Working for Queensland (WfQ) survey conducted across the Queensland Public Sector. The survey measures employee engagement; inclusion and diversity; and perceptions of their work, manager, team and organisation. QLeave uses the WfQ survey as a mechanism to drive culture changes and improved accountability.

PERFORMANCE MANAGEMENT FRAMEWORK

All eligible employees are allocated personal development plans that focus on the delivery of QLeave's Strategic Plan. The Queensland Public Service Values form the foundation of QLeave's 2020 – 2024 Strategic Plan, which was approved in April 2020.

To ensure continued growth and adoption of our QLeave values, employee development plans are aligned against the Public Service Values.

PUBLIC SECTOR ETHICS AND VALUES

Values, conduct and ethics at QLeave are guided by the framework for Queensland Government employees which includes the public service values, general public services principles in sections 25 and 26 of the *Public Service Act 2008* and ethical requirements, values and standards of conduct in the *Public Service Ethics Act 1994* and the Code of Conduct for the Queensland Public Service. QLeave staff learn about public sector ethics and values during induction and as part of our annual compliance-based training program.

WORKFORCE RETENTION INITIATIVES

QLeave continues to encourage staff to maintain a healthy work-life balance by providing flexible work practices (part-time hours, job sharing, staggered start and finish times); formal working from home arrangements and accrued time provisions.

QLeave's Employee Assistance Program is provided by AccessEAP and continues to be a valuable support to our staff. We continue to focus on staff wellbeing focus with events such as the promotion of suicide awareness training by Mates in Construction, flu shots and celebrations that foster inclusion and diversity.

Conditions of employment for QLeave employees are stipulated under the *Public Service Act 2008*, the *Queensland Public Service Officers and Other Employees Award – State 2015* and *State Government Entities Agreement 2015*. Negotiations for a replacement agreement commenced in 2018. Information about these negotiations was provided to all QLeave employees with staff actively encouraged to participate in the ballot process.



VISION

We each lead and serve to secure long service leave for 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 are provided with equitable and consistent service.

OUR STRATEGIC PRIORITIES



improve service consistency increasing first call resolution as a proportion of total calls by 5%.



use data and a commercially-oriented culture to ensure that the decisions we make support long-term sustainability of the schemes, leading to a 5% increase in the efficiency of compliance activities and a 5% reduction in long-term claims forecast.



build the capability of our people by actioning their agreed development needs.

GOVERNANCE STATEMENT

QLeave 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.

OUR STRATEGIC OBJECTIVES

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 schemes
- → Be a responsive Government by delivering efficient, effective value-add services that make entitlements easily accessible

Building organisational sustainability by:

- → understanding and influencing claims so that we manage the schemes responsibly
- → understanding and influencing levies so that we collect the levies that are intended under our legislation



- → building core competencies to a level that can compete in a market-driven environment
- → actively increasing confidence of our levy payers and employers in QLeave

Maintaining a trustworthy brand by:

- → treating our data as an asset to be protected and valued
- → 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





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



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

^{*} Future year measures will be incorporated when this Plan is reviewed in 2021

MEASURES*

- → improve service consistency increasing first call resolution as a proportion of total calls by 5%
- \rightarrow reduce manual transactions by 50%

- → use data to ensure that the decisions we make support long-term sustainability of the schemes leading to a 5% increase in the efficiency of compliance activities and a 5% reduction in long term claims forecast
- → predict claims using a forecasting model by June 2021
- → achieve 95% completion of strategies in the compliance plan for the specified period
- → 10% increase in positive response from clients surveyed who indicate that that they are adequately informed, updated and consulted by QLeave
- → ISMS implemented by 31 October 2020
- → 100% of performance development plans incorporate KPIs and adoption of values

QLEAVE'S RISKS AND OPPORTUNITIES

RISKS

Financial sustainability

We will be more commercially focused, understanding the drivers of long term sustainability of the schemes.

Customer service

We will build and maintain an effective customer relationship management system to satisfy members' needs and make entitlements easily accessible.

Effective compliance

We will undertake necessary compliance activities to ensure industry complies with portable long service leave laws.

Effective governance

We will establish strong and reliable data governance, and policies and procedures to strengthen corporate governance, manage risk, prevent fraud and corruption and provide continuous business service, to protect QLeave's reputation.

Information technology and security

We will ensure that information is secured, and use information and technology to inform decision-making. We will implement good record keeping. These principles and practices will protect information and prevent unauthorised disclosure.

Stakeholder engagement

We will connect to create collaborative partnerships with stakeholders to ensure the schemes represent the needs of workers, employers and levy payers.

OPPORTUNITIES

We will support the long-term sustainability of the schemes by being conscious of the needs of current and future workers

We will Identify and drive innovative solutions to maximise benefits to members and stakeholders.

We will embrace digital technologies to innovate and continue to provide value added services ensuring accessibility and streamlined functions.

We will continue to develop our staff capability and performance through blended learning opportunities to provide them with the confidence they need to provide great customer service.



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



We challenge, try new things and seek different perspectives.



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





Building and Construction Industry (Portable Long Service Leave) Authority

For the Year Ended 30 June 2020

Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2020

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Building and Construction Industry (Portable Long Service Leave) Authority Financial Statements

For the Year Ended 30 June 2019

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Building and Construction Industry (Portable Long Service Leave) Authority Statement of Comprehensive Income

for the year ended 30 June 2020

-			
OPERATING RESULT	Note	2020 \$'000	2019 \$'000
Income from continuing operations			
Portable long service leave levies Income from investments Net fair value gain on investments Interest Other revenue Total income from continuing operations	B1-1 B1-2 B1-3 B1-4	90,708 26,889 (49,806) 26 2,456 70,273	75,909 47,015 22,865 35 1,780 147,604
		10,213	147,004
Expenses from continuing operations			
Employee expenses Supplies and services Fund management fees Project costs Loss on disposal of plant and equipment Depreciation and amortisation Impairment losses	B2-1 B2-2 B2-4 C4-1 B2-3	6,347 2,295 6,116 247 8 580 32	5,693 3,016 2,589 - 30 151 (62)
Portable long service leave scheme benefits Total expenses from continuing operations	C8	161,215 176,840	114,344 125,761
Operating result from continuing operations OTHER COMPREHENSIVE INCOME		(106,567)	21,843
CITIEN COMI NETIENOIVE INCOME		-	_
TOTAL COMPREHENSIVE (LOSS) / INCOME		(106,567)	21,843

 ${\it The\ accompanying\ notes\ form\ part\ of\ these\ financial\ statements}.$

Building and Construction Industry (Portable Long Service Leave) Authority Statement of Financial Position

as at 30 June 2020

	Note	2020	2019
		\$'000	\$'000
Current assets			
Cash and cash equivalents	C1	22,270	15,074
Receivables	C2	12,727	8,559
Investments	C3	940,996	1,015,324
Prepayments	_	468	859
Total current assets	_	976,461	1,039,816
Non-compatance			
Non-current assets	00	7.070	0.070
Receivables	C2	7,670	2,973
Property, plant and equipment	C4-1 C9-1	1,525	1,658
Right-of-use assets		4,887	-
Intangible assets	C5-1 _	2,101	652
Total non-current assets	_	16,183	5,283
Total assets	_	992,644	1,045,099
	_		
Current liabilities			
Payables	C6	8,375	3,412
Provision for employee benefits	C7	1,274	1,379
Provision for scheme benefits	C8	738,900	442,285
Lease liabilities	C9-1	313	211
Total current liabilities	_	748,862	447,287
Non-current liabilities			
Provision for employee benefits	C7	72	56
Provision for scheme benefits	C8	202,900	455,236
Provision for makegood		150	-
Lease liabilities	C9-1	5,809	1,102
Total non-current liabilities	_	208,931	456,394
	_	•	
Total liabilities	=	957,793	903,681
Net assets	_	34,851	141,418
	=		
Equity		04.674	444.44
Accumulated surplus	_	34,851	141,418
Total equity	=	34,851	141,418

The accompanying notes form part of these financial statements.

Building and Construction Industry (Portable Long Service Leave) Authority Statement of Changes in Equity

for the year ended 30 June 2020

	Accumulated Surplus \$'000
Balance as at 1 July 2018	119,575
Total comprehensive income for the year	21,843
Balance at 30 June 2019	141,418
Total comprehensive income for the year	(106,567)
Balance at 30 June 2020	34,851

The accompanying notes form part of these financial statements.

Building and Construction Industry (Portable Long Service Leave) Authority Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020	2019
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows:		407	0.40
Interest receipts		167	249
Portable long service leave levies Other revenue		82,065 2,243	81,972
GST collected from customers		2,243 266	1,980 206
GST input tax credits from ATO		558	374
Outflows:			
Employee expenses		(6,702)	(5,439)
Supplies and services		1,627	(1,072)
Interest expense - leases		(145)	-
Portable long service leave		(115,642)	(127,039)
GST paid to suppliers		(834)	(575)
GST remitted to ATO Net cash used in operating activities	CF-1	(36,397)	(49,344)
Net cash used in operating activities	CF-1 _	(36,397)	(49,344)
CASH FLOWS FROM INVESTING ACTIVITIES Inflows:			
Investments redeemed		51,273	80,768
Outflows:			
Payments for investments		-	(25,000)
Investment expenses paid		(5,847)	(2,584)
Payments for property, plant and equipment		(1,528)	- (4.005)
Payments for intangibles Net cash generated from investing activities	_	43,898	(1,035) 52.149
Net cash generated from investing activities	_	43,090	52,149
CASH FLOWS FROM FINANCING ACTIVITIES Outflows:			
Payments for leases		(305)	_
Net cash provided by financing activities	_	(305)	
Net increase (decrease) in cash and cash equivalents		7,196	2,805
Cash and cash equivalents - opening balance	_	15,074	12,269
Cash and cash equivalents - closing balance	C1 =	22,270	15,074

The accompanying notes form part of these financial statements.

Building and Construction Industry (Portable Long Service Leave) Authority Statement of Cash Flows

for the year ended 30 June 2020

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2020 \$'000	2019 \$'000
Operating deficit	(106,567)	21,843
Non-cash items included in operating result: Depreciation and amortisation expense Net losses on disposal of property, plant and equipment	580 8	151 -
Adjustments to investment items: Investment income Investment expense	23,055 5,847	(91,007) 2,584
Changes in assets and liabilities (Increase) decrease in receivables Decrease (Increase) in prepayments Increase (decrease) in payables Increase (decrease) in PLSL scheme benefits provision (Decrease) increase in accrued employee benefits Increase (decrease) in lease liabilities	(8,865) 391 4,963 44,279 (88)	27,610 55 1,547 (12,429) 266 36
Net cash provided by operating activities	(36,397)	(49,344)

for the year ended 30 June 2020

SECTION 1

ABOUT THE AUTHORITY AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

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

The principle 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 *Building and Construction Industry (Portable Long Service Leave) Act 1991*. In addition, the financial statements comply with Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2019.

The financial statements are for the Authority as a single entity. With respect to compliance with Australian Accounting Standards and Interpretations, the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit statutory body which commenced operations on 1 July 1992.

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

A1-3 PRESENTATION

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

Comparative information reflects the audited 2018-19 financial statements and has been restated where necessary 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 Acting General Manager at the date of signing the management certificate.

Notes to the Financial Statements for the year ended 30 June 2020

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

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 the Queensland Investment Corporation (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.

Fair value

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

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

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

Present value

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

A2 AUTHORITY OBJECTIVES

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

The Authority is funded by a levy of 0.25% imposed on building and construction activities over \$150,000 and up to \$1.16 billion (GST exclusive). A tiered levy rate for major works is applied for cost of work over \$1.16 billion (GST exclusive). The levy rate is reduced to 0.125% for cost of work between \$1.16 billion to \$5.80 billion (GST exclusive) and no levy over \$5.80 billion (GST exclusive). The Authority is further funded by income earned from the investment of these funds.

For the 2019-20 financial year, the Authority reported to the Minister for Education and Minister for Industrial Relations (Hon Grace Grace MP).

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

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

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements

for the year ended 30 June 2020

A3 LEGISLATION CHANGES

Justice and Other Legislation (COVID-19 Emergency Response) Amendment Act 2020 (Amendment Act)

To support industry workers that are experiencing financial hardship as a result of the COVID-19 pandemic, the Queensland Government has legislated amendments to the *Building and Construction Industry (Portable Long Service Leave) Act 1991*, allowing workers early access to their long service leave entitlement.

A summary of the legislated change is listed below:

- These payments will only be available from 26 May 2020 until 31 December 2020;
- Only five years of service is needed to make a financial hardship payment claim;
- This is a financial hardship payment, not a leave claim and therefore no public holidays will be paid as part of this claim;
- · A worker can claim to use the balance of their leave entitlements, without their membership being cancelled;
- · All five years of service to the industry must have been accrued in Queensland, with QLeave (not interstate); and
- Workers must meet the criteria for financial hardship set out under the Amendment Act and have supporting documentation to prove they are experiencing financial hardship.

This legislated change did not materially impact the financial statements during 2019-20. There is no material impact anticipated for 2020-21.

The building and construction industry portable long service leave levy is changing from 1 July 2020

Following a public consultation process started in May 2019, the Governor in Council passed the Building and Construction Industry (Portable Long Service Leave) (Levy Changes) Amendment Regulation 2020 on 5 March 2020 enabling the following changes to the levy:

Commencing 1 July 2020, the levy rate will increase from 0.25% to 0.35% on building and construction activities over \$150,000 (excluding GST). The tiered levy rates will be removed, meaning all notifiable cost of work will be subject to the same levy rate.

This change was recommended by the Actuary to support the long-term financial sustainability of the scheme.

It is anticipated this legislated change will materially increase income from levies and subsequently income from investments in 2020-21. We expect this will improve the accrued benefits reserve index to within the Board-approved range to ensure long-term sustainability and solvency of the scheme

for the year ended 30 June 2020

SECTION 2

NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 INCOME FROM LEVIES

Portable long service leave levies

2020 2019 \$'000 \$'000 90,708 75,909

Accounting policy - Income from levies

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

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

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

Legislative changes effective 1 July 2014 allows a tiered rate where the cost of work is more than \$1.16 billion (GST exclusive).

B1-2 INCOME FROM INVESTMENTS

	2020 \$'000	2019 \$'000
Interest from:		
Queensland Treasury Corporation (QIC)	138	205
Distribution from:		
QIC Long Term Diversified Fund	10,814	24,723
QIC Diversified Australian Equities Fund	5,747	9,464
QIC International Equities Fund	7,714	9,374
QIC GFI Inflation Plus Fund	-	1,872
QIC Short Term Income Fund	948	925
QIC Cash Enhanced Fund	187	452
QIC Diversified Fixed Interest Fund	1,341	-
Total	26,889	47,015

Accounting policy - Income from investments

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

B1-3 NET FAIR VALUE GAIN ON INVESTMENTS

	2020 \$'000	2019 \$'000
QIC Long Term Diversified Fund	Ψ 000	ΨΟΟΟ
Earnings	(12,134)	38,459
Less: Distributions	(10,814)	(24,723)
Fair value movement	(22,948)	13,736
QIC Diversified Australian Equities Fund		
Earnings	(13,147)	14,389
Less: Distributions	(5,747)	(9,464)
Fair value movement	(18,894)	4,925
QIC International Equities Fund		
Earnings	215	14,465
Less: Distributions	(7,714)	(9,374)
Fair value movement	(7,499)	5,091

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.

The net fair value movement on investments is disclosed in Note D1-4.

for the year ended 30 June 2020

B1 REVENUE (continued)

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

	2020 \$'000	2019 \$'000
QIC GEI Inflation Plus Fund	φ 000	\$ 000
Earnings	177	(45)
Less: Distributions	-	(1,872)
Fair value movement	177	(1,917)
QIC Short Term Income Fund		
Earnings	785	1,732
Less: Distributions	(948)	(925)
Fair value movement	(163)	807
QIC Cash Enhanced Fund		
Earnings	161	675
Less: Distributions	(187)	(452)
Fair value movement	(26)	223
QIC Diversified Fixed Interest Fund		
Earnings	888	_
Less: Distributions	(1,341)	-
Fair value movement	(453)	-
Total fair value movement	(49,806)	22,865

B1-4 OTHER REVENUE

	2020 \$'000	2019 \$'000
Revenue from contracts with customers		
Fees for service	2,411	1,776
Other	45	4
Total	2,456	1,780

Accounting policy - Fees for service

Services are provided over 12 month periods, and customers simultaneously receive and consume the benefits provided during these periods. The Authority invoices fees for services rendered, and recognises revenue, after the service delivery periods per the agreements.

The Authority provides scheme administration services to the;

• Contract Cleaning Industry (Portable Long Service Leave) Authority;

The Authority provides levies collection services to;

- Workplace Health and Safety Queensland; and
- Building and Construction Industry Training Fund (Qld) trading as Construction Skills Queensland.

Refer to Note C2 for disclosures about receivables arising from contracts with customers.

for the year ended 30 June 2020

B2 EXPENSES		
B2-1 EMPLOYEE EXPENSES		
	2020	2019
	\$'000	\$'000
Employee benefits		
Salaries and wages	4,995	4,176
Annual leave expense	504	505
Employer superannuation contributions	653	620
Long service leave expense	(109)	94
Employee related expenses		
Workers' compensation premium	18	12
Payroll tax	261	277
Fringe benefits tax	25	9
Total	6,347	5,693
_		

Accounting policy - Wages, salaries and annual leave

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

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

Accounting policy - Superannuation

Full-time equivalent employees

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

69

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

68

<u>Defined benefit plan</u> - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the Authority at the specified rate following completion of the employee's service each pay period. The Authority's obligations are limited to those contributions paid.

Accounting policy - Workers' compensation premiums

The Authority pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

for the year ended 30 June 2020

B2 EXPENSES (continued)

B2-2 SUPPLIES AND SERVICES		
	2020	2019
	\$'000	\$'000
	4.40	400
Advertising and promotions	146	139
Computer costs	754	552
Personnel development	104	79
Audit fees (1)	18	8
Contractor charges	283	423
Consultancy charges	117	183
Legal expenses	125	39
Travel costs	63	31
Telecommunication costs	21	83
Printing and photocopying	10	13
Reference materials	37	48
General administration	-	421
Insurance premiums - QGIF (2)	6	5
Lease expenses	57	526
Interest expense	145	-
Building services	99	97
Portable and attractive assets	10	83
Other expenses	300	11
Internally generated software research		
costs	-	275
Total	2,295	3,016

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.

Accounting policy - Lease expenses

Lease expenses include printing services and motor vehicles. Refer to Note C9 for breakdown of lease expenses and other lease disclosures.

Audit fees

(1) Total audit fees quoted by the Queensland Audit Office relating to the external audit of the 2019-20 financial statements are estimated to be \$28,000 (2019: \$27,000). There are no non-audit services included in this amount.

Insurance premiums - QGIF

Depreciation and amortisation were

incurred in respect of:

(2) The Authority's risks are insured through the Queensland Government Insurance Fund and premiums are paid on a risk assessment basis.

2019

\$'000

2020

\$'000

B2-3 DEPRECIATION AND AMORTISATION

Plant and equipment	580	151
Software	-	-
Total	580	151
B2-4 PROJECT COSTS		
B2-4 1100201 00010		
	2020	2019
	\$'000	\$'000
Employee expenses	65	-
Supplies and services	182	-
Total	247	

Accounting policy - Project costs

The Authority undertook a number of continuous improvement projects during the 2019-20 financial year. Project costs include employee expenses and supplies and services incurred for the projects. Costs incurred that are expense in nature are disclosed here. Costs incurred that are capital in nature have been capitalised:

Internally generated software - Note C5-1

Notes to the Financial Statements for the year ended 30 June 2020

SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS			Accounting policy - Cash and cash equivalents
	2020 \$'000	2019 \$'000	For the purposes of the statement of financial position and the Statement of Cash Flows, cash assets include all
Cash at bank Queensland Treasury Corporation (QTC)	9,770	5,074	cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.
Deposits at call	12,500	10,000	
Total =	22,270	15,074	
C2 RECEIVABLES			Accounting policy - Receivables
CZ RECEIVABLES	2020	2019	Accounting policy - Receivables
	\$'000	\$'000	Receivables are measured at amortised cost which
			approximates their fair value at reporting date.
Current			
Trade debtors	11,826	7,880	Trade debtors are recognised at the amounts due at the
Less: Loss allowance	(18)	(18)	time of project notification. An instalment arrangement
	11,808	7,862	may be approved to applicants in accordance with Section 82 of the Building and Construction Industry (Portable Long
Accrued revenue	12	14	Service Leave) Act 1991. Trade debtors are presented as
GST payable	24	14	current assets unless collection is not expected for more
	36	28	than 12 months after reporting date.
Other Debtors	883	669	Other debtors generally arise from the Authority acting on a fee for service basis for other agencies. Income for providing
Total current receivables	12,727	8,559	these services is in accordance with agency agreements.
=			Terms are a maximum of one month, no interest is charged,
Non-current			no security is obtained and no loss allowance is provided for.
Trade debtors*	7,670	2,973	
Total	20,397	11,532	

^{*} The non-current trade debtors figure represents the discounted present value of instalments allowed under Section 82 of the *Building and* Construction Industry and (*Portable Long Service Leave*) Act 1991.

for the year ended 30 June 2020

C3 INVESTMENTS

2020 \$'000	2019 \$'000
569,399	585,220
149,854	164,010
159,738	160,568
-	39,786
18,995	47,476
12,362	18,264
30,647	-
940,996	1,015,324
	\$'000 569,399 149,854 159,738 - 18,995 12,362 30,647

Accounting policy - Investments

The Authority's investments are stated at fair value through profit or loss and are limited to unlisted unit trusts managed by QIC Limited. The fair value of these investments were estimated using market approach based on unit price of the the relevant trust at reporting date. The unit price is derived based on observable market data for underlying investments held by the trust.

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2020 \$'000	2019 \$'000
Plant and equipment at cost	2,680	2,223
Less: Accumulated depreciation	(1,155)	(953)
Plant and equipment work-in-progress*	-	388
Carrying amount at 30 June	1,525	1,658
Represented by movements in carrying amo	ount:	
Carrying amount at 1 July	1,658	1,427
Acquisitions (including upgrades)*	467	24
Acquisitions work-in-progress *	(388)	388
Disposals	(8)	(30)
Depreciation expense	(204)	(151)

^{*} The 2018-19 plant and equipment work-in-progress comprise the fit out costs for the Authority's ground floor tenancy. Works were completed and commissioned July 2019.

1,658

1,525

C4-2 RECOGNITION AND ACQUISITION

Accounting policy - Recognition

Carrying amount at 30 June

Basis of capitalisation and recognition thresholds

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

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

Expenditure on plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the Authority. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Accounting policy - Cost of acquisition

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

C4-3 MEASUREMENT USING HISTORICAL COST

Accounting policy

Plant and equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment is not materially different from their fair value.

for the year ended 30 June 2020

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-4 DEPRECIATION EXPENSE

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

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

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

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

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

Depreciation Rates

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

Plant and equipment	Useful life
Computer equipment	5 years
Office equipment	5 years
Tenancy fit out	15 years*
Office accommodation	15 years*

^{*} The Authority's office accommodation lease has a fifteen year term which includes the renewal option of an additional five years.

C4-5 IMPAIRMENT

Accounting policy

Indicators of impairment and determining recoverable amount

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

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

Recognising impairment losses

An impairment loss is recognised immediately in the statement of comprehensive income.

Reversal of impairment losses

Impairment losses are reversed through income.

for the year ended 30 June 2020

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2020 \$'000	2019 \$'000
Software Less: Accumulated amortisation Internally generated software	3,130 (3,130)	3,130 (3,130)
work-in-progress* Carrying amount at 30 June	2,101 2,101	652 652

Represented by movements in carrying amount:

 Carrying amount at 1 July
 652

 Acquisitions work-in-progress *
 1,449
 652

 Carrying amount at 30 June
 2,101
 652

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 \$2.21 million. It is anticipated this software will be commissioned and amortised during the 2020-21 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. See note B2-4.

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

^{*} Internally generated software work-in-progress comprises the development costs of a new customer relationship management software solution to replace the current end of life software.

Notes to the Financial Statements for the year ended 30 June 2020

C5 INTANGIBLES AND AMORTISATION EXPENSE (continued)

C5-4 IMPAIRMENT

Accounting policy

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Authority, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

C6 PAYABLES

	2020 \$'000	2019 \$'000
Trade creditors	5,334	1,527
Accrued charges	3,041	1,885
Total	8,375	3,412

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

C7 PROVISION FOR EMPLOYEE BENEFITS

	2020	2019
	\$'000	\$'000
Current		
Accrued annual leave	588	456
Provision for long service leave	686	923
Total	1,274	1,379

Movement in current long service leave provision:

Balance at 1 July Additional provision recognised Reductions in provision from payments Balance at 30 June	923 99 (336) 686	812 295 (184) 923
Non-current Provision for long service leave	72	56

Accounting policy - Long service leave

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

for the year ended 30 June 2020

C8 PROVISION FOR SCHEME BENEFIT	s		Accounting policy - Provisions
	2020 \$'000	2019 \$'000	Provisions are recorded when the Authority has a present obligation, either legal or constructive as a result of a past
Current			event. They are recognised at the amount expected at
Provision for Scheme benefits expected to be settled within 12 months	130,300	130,073	reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is
Provision for Scheme benefits expected to be settled after 12 months	608,600	489,216 **	expected after 12 or more months, the obligation is discounted to the present value using an appropriate
Total *	738,900	619,289	discount rate.
Non-current			
Provision for Scheme benefits	202,900	278,232 **	
Total	941,800	897,521	
Movement in provisions			
Balance at 1 July	897,521	909,950	Payments for long service leave claims are assessed and
Additional provision recognised	161,215	114,344	calculated in accordance with the Building and Construction
Reductions in provisions from payments	(116,936)	(126,773)	Industry (Portable Long Service Leave) Act 1991 and
Balance at 30 June	941,800	897,521	regulations.

Scheme eligible members as at 30 June were 298,041 (2019: 367,414).

- * The total current provision of \$738.9 million (2019: \$442.29 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority expects to pay \$130.3 million (2019: \$130 million) over the next 12 months.
- ** 2019 comparitives have been restated to reflect current year actuarial adjustments and methodologies used to refine the model to be more exact in accordance with the requirements of AASB101 Presentation of Financial Statements.

The liability has been recorded as both a current liability and a non-current liability in accordance with AASB 101 Presentation of Financial Statements and AASB 137 Provisions, Contingent Liabilities and Contingent Assets whereby the current liability represents any amount of Scheme benefits liability for which the Authority does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Key Estimates and Judgements: Provision

The long service leave liability of the Scheme was determined via actuarial assessment as required by the *Building and Construction Industry (Portable Long Service Leave) Act 1991* at intervals of at least every two years to investigate the sufficiency of the Authority's funds and the adequacy of the levy rate. 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 7 July 2020 was prepared utilising 21 February 2020 worker data based on a number of assumptions.

The major actuarial assumptions used were:

- The long-term investment return of 4.7% per annum net of management fees (2019: 5.0% per annum).
- The rate of wage increase of 2.3% per annum (2019: 3.0% per annum).
- The average weekly wage rate for long service leave claims of \$1,513 (2019: \$1,477). A capped rate of \$1,980 per week applies to all claims from 1 July 2019 (2019: \$1,980).
- The expenses of administering the Scheme of \$9.29M based on the 2019-20 Budget (2019: \$7.05M based on 0.02% of leviable contract values).
- Workers are defined as active if they have earned service credits within the financial year ending 30 June 2020 and inactive if they
 have not earned any service credits in the same period.
- Current active workers accrue 165 days service credits per annum and new workers 75 days service credits per annum in their first year.
- Total leviable building contract values per annum of \$32 billion (2019: \$30.17 billion).
- Estimated inflation rate on building costs per annum of 5.2% based on the cost of inputs (2019: 4.6%).
- Rate of labour productivity per annum of 1.8% (2019: 1.2%).
- Loading for unreported service of 5% on the total Scheme liabilities (2019: 1.5%)

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

for the year ended 30 June 2020

C9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

A new accounting standard AASB 16 Leases came into effect in 2019-20, resulting in significant changes to the Authority's accounting for leases for which it is lessee. The transitional impacts of the new standard are disclosed in Note E3-1.

C9-1 LEASES AS LESSEE

Right-of-use assets

Office accomodation	2020 \$'000	
Opening balances at 1 July	5,263	
Additions	-	
Depreciation charge	(376)	
Disposals/derecognition	-	
Closing balance at 30 June	4,887	
Lease Liabilities	2020 \$'000	2019 \$'000
Current		
Lease incentive	-	86
Lease liabilities	313	125
Non-current		
Lease incentive	-	1,102
Lease liabilities	5,809	_
Total	6,122	1,313

Accounting policy - Leases as lessee

The Authority measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognitions.

The lease payments are recognised as expenses on a straight-line basis over the term of the leases.

An asset is considered low value where it is expected to cost less than \$10,000 when new. The Authority has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets.

When measuring the lease liability, the Authority uses its incremental borrowing rate where the interest rate implicit in the leases cannot be readily determined, which is the case for the Authority's leases. To determine the incremental borrowing rate, the Authority uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Details of leasing arrangements as lessee

(i) Office accommodation

The office accommodation lease has a fifteen year term ending on 3 May 2033. This term includes the renewal option of an additional five years as it is reasonably certain that QLeave will exercise that option. From 2019-20 onward, these leases have been brought on as right-of-use assets and lease liabilities per above.

(ii) Printing services

The Authority has a photocopier lease which has variable lease payments that depend on the volume of usage. The usage-based payments are recognised as lease expenses in Note B2-2 when incurred. They are not expected to vary materially from year to year. The Authority's printing services lease is exempt from recognition due to the five year lease term ending within 12 months of the date of the initial application of the Standard. From 2019-20 onward, the costs for these services will continue to be expensed as supplies and services when incurred.

(iii) Motor vehicles

The Department of Housing and Public Works (DHPW) provides the Authority with access to motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than leases because DHPW has substantive substitution rights over the assets. From 2019-20 onward, the costs for these services will continue to be expensed as supplies and services when incurred. Refer Note B2-2.

(iv) Amounts recognised in profit or loss	2020 \$'000	2019 \$'000
Interest expense on office accomodation lease liabilities	145	-
Breakdown of 'Lease expenses' included in Note B2-2 - Expenses relating to office accomodation leases	-	479
- Expenses relating to printing services leases	41	33
- Expenses relating to motor vehicles leases	16	14
(v) Total cash outflow for leases	202	526

2018-19 disclosures under AASB 117

	\$'000
Operating lease commitments at 30 June 2019	
Within 1 year	480
Later than 1 year but not later than 5 years	1,951
Later than 5 years	5,303
	7,734

Notes to the Financial Statements for the year ended 30 June 2020

SECTION 4

NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

What is fair value?

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

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

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

Fair value measurement hierarchy

Details of individual assets and liabilities measured under each category of fair value are set out in the tables at Note D1-3.

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.

There were no transfers of assets between fair value hierarchy levels during the period.

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

Financial Assets

Investments

QIC Long Term Diversified Fund

QIC Diversified Australian Equities Fund

QIC International Equities Fund

QIC GFI Inflation Plus Fund

QIC Short Term Income Fund

QIC Cash Enhanced Fund

QIC Diversified Fixed Interest Fund Total

Fund
d

Lev	Level 1		vel 2	Lev	rel 3	Total Carr	ying amount
2020	2019	2020	2019	2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	569,399	585,220	-	-	569,399	585,220
-	-	149,854	164,010	-	-	149,854	164,010
-	-	159,740	160,568	-	-	159,740	160,568
-	-	-	39,786	-	-	-	39,786
-	-	18,995	47,476	-	-	18,995	47,476
-	-	12,362	18,264	-	-	12,362	18,264
-	-	30,647	-	-	-	30,647	-
-	-	940,997	1,015,324	-	-	940,997	1,015,324

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION

		2020 \$'000	2019 \$'000
QIC Long Term Diversified Fund	Carrying amount at 1 July	585,220	561,411
	Plus Earnings Contributions	(12,134)	38,459
	Distributions Reinvested Less	10,814	36,690
	Distributions Redemptions	(10,814) -	(24,723) (25,000)
	Redemptions - Fees Carrying amount at 30 June	(3,687) 569,399	(1,617) 585,220
QIC Diversified Australian Equities Fund	Carrying amount at 1 July Plus	164,010	145,848
	Earnings Contributions	(13,147) -	14,389 -
	Distributions Reinvested Less	5,747	13,657
	Distributions Redemptions	(5,747)	(9,464) -
	Redemptions - Fees Carrying amount at 30 June	(1,009) 149,854	(420) 164,010
QIC International Equities	Carrying amount at 1 July	160,568	142,852
Fund	Plus Earnings	215	14,465
	Contributions Distributions Reinvested	- 7,714	- 13,048
	Less Distributions Redemptions	(7,714)	(9,374)
	Redemptions - Fees	(1,044)	(423)
	Carrying amount at 30 June	159,739	160,568
QIC GFI Inflation Plus Fund	Carrying amount at 1 July Plus	39,786	39,753
	Earnings Contributions	177 -	(45) -
	Distributions Reinvested Less	-	2,057
	Distributions Redemptions	(39,858)	(1,872) - (107)
	Redemptions - Fees Carrying amount at 30 June	(105)	(107) 39,786
QIC Short Term Income Fund	Carrying amount at 1 July	47,476	44,806
	Plus Earnings	785	1,732
	Contributions Distributions Reinvested Less	949	- 1,987
	Distributions Redemptions	(948) (29,000)	(925)
	Redemptions - Fees	(267)	(124)
	Carrying amount at 30 June	18,995	47,476

for the year ended 30 June 2020

D1 FAIR VALUE MEASUREMENT (continued)

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

		2020 \$'000	2019 \$'000
QIC Cash Enhanced Fund	Carrying amount at 1 July	18,264	45,414
	Plus		
	Earnings	161	675
	Contributions	9,000	25,000
	Distributions Reinvested	186	705
	Less		
	Distributions	(186)	(452)
	Redemptions	(15,000)	(53,000)
	Redemptions - Fees	(63)	(78)
	Carrying amount at 30 June	12,362	18,264
QIC Diversified Fixed Interest Fund	Carrying amount at 1 July	-	-
	Plus		
	Earnings	888	-
	Contributions	29,858	-
	Distributions Reinvested	1,341	-
	Less		
	Distributions	(1,341)	-
	Redemptions	-	-
	Redemptions - Fees	(99)	-
	Carrying amount at 30 June	30,647	-
		•	
	Total Carrying Amount at 30 June	940,996	1,015,324

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	2020 \$'000	2019 \$'000
Financial assets			
Financial assets measured at amortised cost: Cash and cash equivalents	C1	22,270	15,074
Receivables	C2	20,397	11,532
Financial assets at fair value through profit or loss:			
QIC Long Term Diversified Fund		569,399	585,220
QIC Diversified Australian Equities Fund		149,854	164,010
QIC International Equities Fund		159,739	160,568
QIC GFI Inflation Plus Fund		-	39,786
QIC Short Term Income Fund		18,995	47,476
QIC Cash Enhanced Fund		12,362	18,264
QIC Diversified Fixed Interest Fund		30,647	
	C3	940,996	1,015,324
Total		983,663	1,041,930
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	C6	8,375	3,412

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

for the year ended 30 June 2020

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	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 C6) and payments for long service leave claims (Note C8).
Market risk	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. Price Risk is the risk that the 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.	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.
	Interest rate risk is the risk that the fair value of future cash flows of a 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) subject to variable interest rates.

(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 debtor 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	The Authority manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee, supplier and Scheme recipient obligations as they fall due.
		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.
Market risk	Price sensitivity analysis	To manage the risk of a decline in portfolio value due to adverse movements in market price the QIC investment structure remains diversified and includes three capital funds and three liquidity funds.
	Interest rate sensitivity analysis	The Authority does not undertake any hedging in relation to interest risk. The Authority's Investment Policy Statement is reviewed annually to ensure investment objectives are aligned with the Authority's strategic plan and that an appropriate asset allocation exists to give expected returns for given levels of risk over time.
		The pandemic-driven plunge in the equity market in March 2020 had a significant impact on investment values. QLeave will be guided by the State Investment Advisory Board (SIAB) who will develop an investment strategy to support the investment objectives set by the Board. An agreement for this arrangement is not yet in place and has been delayed due to the COVID-19 pandemic.

for the year ended 30 June 2020

D2 FINANCIAL RISK DISCLOSURES (continued)

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. The Authority has included a loss allowance on trade receivables (Note C2).

Credit risk exposure

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

		2020	2019
Category	Note	\$'000	\$'000
Financial assets			
Trade receivables	C2	20,397	11,532

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. They represent the contractual maturity of financial liabilities, calculated on undiscounted cash flows relating to the liabilities at reporting date.

	2020	Contractual maturity		2019	Con	tractual mat	urity	
	Total	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years
Financial liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	8,375	8,375	-	-	3,412	3,412	-	-

D2-5 MARKET RISK

The following market sensitivity analysis reflects the outcome to profit and loss if investment unit price would change by +/- 10% applied to the carrying amount as at 30 June 2020 (2019: +/- 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 \$94.1 million (2019: \$30.46 million). if there was a +/- 10% fluctuation in investment markets. This is attributable to the Authority's exposure to investments held with QIC's Growth Fund, Diversified Australian Equities Fund, International Equities Fund, GFI Inflation Plus Fund, Bond Plus Fund and Cash Enhanced Fund.

+ / - 10%		2020 Market rate risk					
	Carrying	- Sens	sitivity	+ Sensitivity			
Financial instruments	amount	Profit	Equity	Profit	Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000		
QIC - Long Term Diversified Fund	569,399	(56,940)	(56,940)	56,940	56,940		
QIC - Diversified Australian Equities Fund	149,854	(14,985)	(14,985)	14,985	14,985		
QIC - International Equities Fund	159,740	(15,974)	(15,974)	15,974	15,974		
QIC - Short Term Income Fund	18,995	(1,899)	(1,899)	1,899	1,899		
QIC - Cash Enhanced Fund	12,363	(1,236)	(1,236)	1,236	1,236		
QIC - Diversified Fixed Interest Fund	30,647	(3,065)	(3,065)	3,065	3,065		
Potential impact	940,999	(94,100)	(94,100)	94,100	94,100		

+ / - 3%		2019 Market rate risk				
	Carrying	- Sens	sitivity	+ Sensitivity		
Financial instruments	amount	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	
QIC - Long Term Diversified Fund	585,220	(17,557)	(17,557)	17,557	17,557	
QIC - Diversified Australian Equities Fund	164,010	(4,920)	(4,920)	4,920	4,920	
QIC - International Equities Fund	160,568	(4,817)	(4,817)	4,817	4,817	
QIC - GFI Inflation Plus Fund	39,786	(1,194)	(1,194)	1,194	1,194	
QIC - Short Term Income Fund	47,476	(1,424)	(1,424)	1,424	1,424	
QIC - Cash Enhanced Fund	18,264	(548)	(548)	548	548	
Potential impact	1,015,324	(30,460)	(30,460)	30,460	30,460	

for the year ended 30 June 2020

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-5 MARKET RISK (continued)

The following interest rate sensitivity analysis reflects the outcome to profit and loss if interest rates would change by +/- 1% from year end rates applicable to the Authority's cash assets. These fluctuations in interest rates are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$223,000 (2019: \$151,000) if there was a +/- 1% fluctuation in investment markets.

+ / - 1%		2020 Interest rate risk				
	Carrying	- Sensitivity		+ Sensitivity		
Financial instruments	amount	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents	22,270	(223)	(223)	223	223	
Potential impact		(223)	(223)	223	223	

+ / - 1%		2019 Interest rate risk			
	Carrying - Sensitivity		sitivity	+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	15,074	(151)	(151)	151	151
Potential impact		(151)	(151)	151	151

D3 CONTINGENCIES

As at 30 June 2020, there were no contingent assets or liabilities.

D4 COMMITMENTS

Capital expenditure commitments

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2020 \$'000	2019 \$'000
Major plant and equipment		
Not later than 1 year	-	46
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	-	46
•		
Intangibles		
Not later than 1 year	105	636
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	105	636

D5 EVENTS OCCURRING AFTER THE REPORTING DATE

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

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impact of new and amended Australian accounting standards and interpretations with future effective dates are either not applicable to the Authority's activities or have no material impact on the Authority.

Notes to the Financial Statements for the year ended 30 June 2020

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 2019-20 and 2018-19. 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 Board Director during the year ended 30 June 2020.

Ms Peta Irvine Chair

Ms Melanie Woodward Deputy Chair

Mr Stephen Baker Worker Representative (AWU)
Ms Penny Cornah Employer Representative (MPAQ)
Ms Sue-Ann Fresneda Employer Representative (QMBA)
Mr Damian Long Employer Representative (CCF Qld)
Mr Arturo Menon Worker Representative (CFMEU)
Mr Peter Ong Worker Representative (ETU)

KMP remuneration policies - Chair and Directors

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.

Annual remuneration expenses for the Chair and Directors is intended to include all meetings, with no additional payments for Committee meetings and comprise the following components:

<u>Short term employee expenses</u> including: annual salary amounts paid in twelve equal instalments or as appropriate to align with that part of the year representing their KMP occupation.

KMP remuneration policies - General Manager

Annual remuneration expenses for the General Manager comprise the following components:

<u>Short term employee expenses</u> include salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;

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

<u>Post-employment expenses</u> include amounts expensed in respect of employer superannuation obligations.

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

Remuneration expenses

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

for the year ended 30 June 2020

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration expenses (continued)

2019-20

	Short term expe		Long term employee expenses	Post- employment expenses	Termination benefits	Total
Position	Monetary expenses \$'000	Non- monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Helen Sharpley - Acting General Manager	206	-	9	20	-	235
Ms Peta Irvine	5	-	-	-	-	5
Ms Melanie Woodward	4	-	-	-	-	4
Mr Stephen Baker	4	-	-	-	-	4
Ms Penny Cornah	4	-	-	-	-	4
Ms Sue-Ann Fresneda	4	-	-	-	-	4
Mr Damian Long	4	-	-	-	-	4
Mr Arturo Menon	4	-	-	-	-	4
Mr Peter Ong	4	-	-	-	-	4
Total Remuneration	239	-	9	20	-	268

2018-19

	Short term employee expenses		Long term employee expenses	Post- employment expenses	Termination benefits	Total
Position	Monetary expenses \$'000	Non- monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Helen Sharpley - Acting General Manager (from 29/01/2019)	89	-	28	8	-	125
Julie Dahl - General Manager (to 22/10/2018)	98	-	4	10	-	112
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Adam Stoker	4	-	-	-	-	4
Ms Kirsty Augustine	4	-	-	-	-	4
Mr Stephen Baker	2	-	-	-	-	2
Ms Penny Cornah	4	-	-	-	-	4
Mr Damian Long	4	-	-	-	-	4
Mr Wally Trohear	4	-	-	-	-	4
Mr Rohan Webb	4	-	-	-	-	4
Total Remuneration	219	-	32	18	-	269

Board attendance fees were paid directly to Ms P Irvine, Ms M Woodward and Mr D Long. Board attendance fees were paid to the nominated organisation for Ms P Cornah (Master Plumbers Association of Queensland), Ms S Fresneda (Master Builders Association of Queensland), Mr S Baker (Australian Workers Union), Mr Peter Ong (Electrical Trades Union) and Mr Arturo Menon (Construction, Forestry, Maritime, Mining and Energy 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 transactions with Directors and their related entities were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

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

for the year ended 30 June 2020

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

Accounting standards applied for the first time

Three new accounting standards were applied for the first time in 2019-20:

- AASB 1058 Income of Not-for-Profit Entities
- AASB 15 Revenue from Contracts with Customers
- AASB 16 / eases

The adoption of AASB 15 and AASB 1058 has no impact to the Authority. The effect of adopting AASB 16 *Leases* is detailed in note E3-1. No other accounting standards or interpretations that apply to the Authority for the first time in 2019-20 have any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2019-20.

E3-1 AASB 16 LEASES

The Authority applied AASB 16 Leases for the first time in 2019-20. The Authority applied the 'modified retrospective transition method' and has not restated comparative information for 2018-19, which continue to be reported under AASB 117 Leases and related interpretations.

Under AASB 16, the office accommodation operating leases as defined by the current AASB 117, with commitments shown at Note D4, will be reported on the statement of financial position as right-of-use assets and lease liabilities.

The nature and effect of changes resulting from the adoption of AASB 16 are described below.

1. Definition of a lease

AASB 16 introduced new guidance on the definition of a lease.

For leases and lease-like arrangements existing at 30 June 2019, the Authority elected to apply the 'practical expedient approach' to grandfather the previous assessments made under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease,* about whether those contracts contained leases. Arrangements were reassessed under AASB 16 where no formal assessment has been done in the past or where lease agreements were modified on 1 July 2019.

Amendments to former operating leases for motor vehicles

In 2018-19, the Authority held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised motor vehicles through the QFleet program.

Effective 1 July 2019, the framework agreements that govern QFleet were amended with the result that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

From 2019-20 onward, the costs for these services are expensed as supplies and services expenses when incurred. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

2. Changes to lessee accounting

Previously, the Authority classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.

The distinction between operating and finance leases no longer exist for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases, leases of low value assets and leases with lease terms ending within 12 months of the date of initial application of the Standard, are now recognised on balance sheet as lease liabilities and right-to-use assets.

The Authority's printing services lease is exempt from recognition due to the five year lease term ending within 12 months of the date of the initial application of the Standard. From 2019-20 onward, the costs for these services will continue to be expensed as supplies and services when incurred.

for the year ended 30 June 2020

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

E3-1 AASB 16 LEASES (continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the Authority is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Authority under residual value guarantees
- the exercise price of a purchase option that the Authority is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

The discount rate used is the Authority's weighted average incremental borrowing rate on 1 July 2019 was 2.53%.

Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

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

Right-of-use assets

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- less any existing lease incentives and lease smoothing (straight-lining) liabilities at or before the commencement date
- initial direct costs incurred, and
- the initial estimate of restoration costs (make good costs)

The Authority has initially recognised its right-of-use assets at cost, consisting of the initial amount of the associated lease liability, plus an estimate of costs to be incurred in dismantling and removing the underlying asset to the condition required by the terms and conditions of the leases, less any existing lease incentives and lease smoothing (straight-lining) liabilities. The right-of-use asset will give rise to a depreciation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right to use the underlying asset rather that the underlying asset itself.

3. Transitional impact

Former operating leases as lessee

- The Authority's office accommodation leases are now recognised on the statement of financial position as right-of-use assets and lease liabilities.
- On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the Authority's incremental borrowing rate at 1 July 2019.
- The Authority's weighted average incremental borrowing rate on 1 July 2019 was 2.53%.
- The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- New right-of-use assets were tested for impairment on transition and none were found to be impaired.
- On transition, the Authority used the 'practical expedient approach' to:
 - not recognise right-of-use assets and lease liabilities for leases that end within 12 months of the date of initial application.
 - exclude initial direct costs from the measurement of right-to-use assets; and
 - use hindsight when determining the lease term.

The following table summarises the on-transition adjustments to asset and liability balances at 1 July 2019 in relation to former operating leases.

	\$.000
Right-of-use assets - Office accommodation	5,263
Lease liabilities	(6,427)
Accrued lease payments (from straight-lining of operating lease expenses)	126
Lease incentives liability	1,188
Make good provision	(150)
Accumulated surplus	

Building and Construction Industry (Portable Long Service Leave) Authority

Notes to the Financial Statements for the year ended 30 June 2020

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

E3-1 AASB 16 LEASES (continued)

4. Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2020

	\$.000
Total undiscounted operating lease commitments at 30 June 2019	7,734
- discounted using the incremental borrowing rate at 1 July 2020 (2.53%)	(1,277)
Present value of operating lease commitments	6,457
- less internal-to-government arrangement that are no longer leases	-
- less leases with remaining lease term of less that 12 months	(30)
- add/less other adjustments	-
Finance lease liabilities at 30 June 2019	
Lease liabilities at 1 July 2020	6,427

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 BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

for the year ended 30 June 2020

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 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 Building and Construction Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2020 and of the financial position of the Authority at the end of that year.

We acknowledge responsibility under s.7 and s.23 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 2020

P Irvine Chair

25 August 2020



INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2020, 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 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the Chair and the General Manager.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 2020:

- 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.

26 August 2020

Sri Narasimhan as delegate of the Auditor-General

Queensland Audit Office Brisbane

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Colnvest

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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.

terpreter

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.







Building and Construction Industry (Portable Long Service Leave) Authority

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