FINANCIAL STATEMENTS

Building and Construction Industry (Portable Long Service Leave) Authority

For the Year Ended 30 June 2022

Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

for the year ended 30 June 2022

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Building and Construction Industry (Portable Long Service Leave) Authority

Statement of Comprehensive Income

for the year ended 30 June 2022

OPERATING RESULT	Note	2022 $'000	2021 $'000 (restated)
Income from continuing operations			
Portable long service leave (PLSL) levies	B1-1	156,430	126,872
Income from investments	B1-2	48,676	91,318
Net fair value (loss) gain on investments	B1-3	(114,468)	104,859
Interest		93	65
Other revenue	B1-4	5,016	3,649
Total income from continuing operations		**95,747**	**326,763**
Expenses from continuing operations			
Employee expenses	B2-1	8,715	6,244
Supplies and services	B2-2	5,359	4,134
Fund management fees		7,399	6,422
Impairment losses	B2-3	45	599
Depreciation and amortisation	B2-4	1,394	746
Portable long service leave (PLSL) scheme benefits	C8	69,348	132,674
Total expenses from continuing operations		**92,260**	**150,819**
Operating result from continuing operations		**3,487**	**175,944**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**3,487**	**175,944**

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 2022

	Note	2022 $'000	2021 $'000 (restated)
Current assets			
Cash and cash equivalents	C1	33,064	25,401
Receivables	C2	22,231	15,488
Investments	C3	1,133,546	1,172,318
Prepayments		564	398
Total current assets		**1,189,405**	**1,213,605**
Non-current assets			
Receivables	C2	11,017	6,181
Property, plant and equipment	C4-1	1,218	1,376
Right-of-use assets	C9-1	4,135	4,511
Intangible assets	C5-1	4,457	3,780
Total non-current assets		**20,827**	**15,848**
Total assets		**1,210,232**	**1,229,453**
Current liabilities			
Payables	C6	7,545	6,737
Provision for employee benefits	C7	1,562	1,175
Provision for scheme benefits	C8	717,400	729,400
Lease liabilities	C9-1	361	337
Total current liabilities		**726,868**	**737,649**
Non-current liabilities			
Provision for employee benefits	C7	121	87
Provision for scheme benefits	C8	263,700	275,300
Provision for makegood		150	150
Lease liabilities	C9-1	5,111	5,472
Total non-current liabilities		**269,082**	**281,009**
Total liabilities		**995,950**	**1,018,658**
Net assets		**214,282**	**210,795**
Equity			
Accumulated surplus		214,282	210,795
Total equity		**214,282**	**210,795**

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 2022

	Accumulated Surplus $'000
Balance at 1 July 2020	34,851
Total comprehensive income for the year originally reported	175,983
Net effect of changes in accounting policies / prior year adjustments (Note E3-1)	(39)
Restated balance at 30 June 2021*	**210,795**
Total comprehensive income for the year	3,487
Balance at 30 June 2022	**214,282**

** Details of balances restated from prior year adjustments are disclosed at Note E3-1*

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 2022

	Note	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows:			
Interest receipts		128	140
Portable long service leave (PLSL) levies		143,917	127,120
Other revenue		5,833	2,249
GST collected from customers		542	380
GST input tax credits from Australian Tax Office (ATO)		887	557
Outflows:			
Employee expenses		(8,281)	(6,298)
Supplies and services		(4,363)	(5,630)
Interest expense - leases		(143)	(151)
Portable long service leave		(93,227)	(70,424)
GST paid to suppliers		(1,278)	(1,052)
GST remitted to ATO		(18)	(9)
Net cash provided by operating activities	CF-1	**43,997**	**46,881**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Investments redeemed		7,928	6,783
Outflows:			
Payments for investments		(35,000)	(42,000)
Investment expenses paid		(7,389)	(6,321)
Payments for intangibles and plant and equipment		(1,537)	(1,899)
Net cash used in investing activities		**(35,998)**	**(43,438)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Outflows:			
Payments for leases		(336)	(313)
Net cash used in financing activities		**(336)**	**(313)**
Net increase in cash and cash equivalents		7,663	3,131
Cash and cash equivalents - opening balance		25,401	22,270
Cash and cash equivalents - closing balance	C1	**33,064**	**25,401**

The accompanying notes form part of these financial statements.

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2022 $'000	2021 $'000
Operating surplus	3,487	175,944
Non-cash items included in operating result:		
Depreciation and amortisation expense	1,394	746
Adjustments to investment items:		
Investment income	65,833	(196,106)
Investment expense	7,399	6,321
Changes in assets and liabilities		
(Increase)/decrease in receivables	(11,579)	(1,272)
(Increase)/decrease in prepayments	(166)	70
Increase/(decrease) in payables	808	(1,638)
(Decrease)/increase in PLSL scheme benefits provision	(23,600)	62,900
Increase/(decrease) in accrued employee benefits	421	(84)
Net cash provided by operating activities	**43,997**	**46,881**

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 principal place of business of the Authority is Unit 1, 62 Crockford Street, Northgate QLD 4013.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Authority has prepared these financial statements in compliance with section 39 of the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and comply with the *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 2021.

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 Australian 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 2020-21 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting year.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

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

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

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

A1 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 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 0.35% imposed on building and construction activities over $150,000 (GST exclusive). The Authority is further funded by income earned from the investment of these funds.

For the 2021-22 financial year, the Authority reported to the Minister for Education, Minister for Industrial Relations and Minister for Racing (Hon Grace Grace MP).

The Authority provides scheme administration services on a fee for service basis to the Contract Cleaning Industry (Portable Long Service Leave) Authority and the Community Services Industry (Portable Long Service Leave) Authority.

The Authority also provides levies collection services on a fee for service basis to:
- Workplace Health and Safety Queensland; and
- the Building and Construction Industry Training Fund (Qld) trading as Construction Skills Queensland.

A3 LEGISLATION CHANGES

The building and construction industry portable long service leave levy changed 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:

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

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

This legislated change has materially increased income from levies and subsequently income from investments in 2020-21. This has improved the accrued benefits reserve index to within the Board-approved range ensuring long-term sustainability and solvency of the scheme.

SECTION 2

NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 INCOME FROM LEVIES

	2022 $'000	2021 $'000
Portable long service leave (PLSL) levies	156,430	126,872

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).

B1-2 INCOME FROM INVESTMENTS

	2022 $'000	2021 $'000
Interest from:		
Queensland Treasury Corporation (QTC)	51	72
Distribution from:		
QIC Long Term Diversified Fund	18,508	67,632
QIC Diversified Australian Equities Fund	12,893	9,586
QIC International Equities Fund	13,797	9,010
QIC Short Term Income Fund	2,749	1,634
QIC Cash Enhanced Fund	16	106
QIC Diversified Fixed Interest Fund	662	3,278
Total	**48,676**	**91,318**

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 (LOSS) ON INVESTMENTS

	2022 $'000	2021 $'000
QIC Long Term Diversified Fund		
Earnings	(37,617)	103,865
Less: Distributions	(18,508)	(67,632)
Fair value movement	**(56,125)**	**36,233**
QIC Diversified Australian Equities Fund		
Earnings	(13,944)	45,655
Less: Distributions	(12,893)	(9,586)
Fair value movement	**(26,837)**	**36,069**
QIC International Equities Fund		
Earnings	(9,222)	44,275
Less: Distributions	(13,797)	(9,010)
Fair value movement	**(23,019)**	**35,265**

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.

B1 REVENUE (continued)

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

	2022 $'000	2021 $'000
QIC Short Term Income Fund		
Earnings	(1,339)	1,528
Less: Distributions	(2,749)	(1,634)
Fair value movement	**(4,088)**	**(106)**
QIC Cash Enhanced Fund		
Earnings	(137)	103
Less: Distributions	(16)	(106)
Fair value movement	**(153)**	**(3)**
QIC Diversified Fixed Interest Fund*		
Earnings	(3,583)	679
Less: Distributions	(663)	(3,278)
Fair value movement	**(4,246)**	**(2,599)**
Total fair value movement	**(114,468)**	**104,859**

** All funds were redeemed from the QIC Diversified Fixed Interest Fund and proceeds invested into the QIC Cash Enhanced Fund on the 13th April 2022.*

B1-4 OTHER REVENUE

	2022 $'000	2021 $'000
Revenue from contracts with customers		
Fees for service	5,011	3,565
Other	5	84
Total	**5,016**	**3,649**

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; and
- Community Services Industry (Portable Long Service Leave) Authority.

The Authority provides levy collection services to:
- Workplace Health and Safety Queensland; and
- Building and Construction Industry Training Fund (Qld) trading as Construction Skills Queensland.

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2022 $'000	2021 $'000
Employee benefits		
Salaries and wages	6,439	4,689
Annual leave expense	723	480
Employer superannuation contributions	827	661
Long service leave expense	298	97
Employee related expenses		
Workers compensation premium	23	22
Payroll tax	404	300
Fringe benefits tax	-	(5)
Total	**8,715**	**6,244**
Full-time equivalent (FTE) employees*	88.9	64.6

** FTE data as at 30 June 2022 is based upon the fortnight ending 1 July 2022.*

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

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

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

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

Accounting policy - Workers compensation premiums

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

B2 EXPENSES (continued)

B2-2 SUPPLIES AND SERVICES

	2022 $'000	2021 $'000
Advertising and promotions	122	122
Computer costs [(3)]	1,641	945
Personnel development	64	121
Audit fees [(1)]	63	116
Contractor charges	1,829	1,346
Consultancy charges	653	454
Legal expenses	72	126
Travel costs	13	22
Telecommunication costs	4	4
Printing and photocopying	21	11
Reference materials	50	46
Insurance premiums - QGIF [(2)]	11	8
Motor vehicle costs	12	15
Interest expense on office accommodation lease liabilities	143	151
Building services	108	99
Portable and attractive assets	87	31
Other expenses	466	517
Total	**5,359**	**4,134**

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 - Configuration or customisation costs in a cloud computing arrangement

From 1 July 2021 and applied retrospectively, where configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the services are received. These costs will only be capitalised when the Authority has complete control over the configuration and customisation code as required to meet the definition of intangible assets.

Where the configuration or customisation is not a distinct service from the Authority's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront.

Audit fees

(1) Total audit fees quoted by the Queensland Audit Office relating to the external audit of the 2021-22 financial statements are estimated to be $29,200 (2020-21: $28,600). There are no non-audit services included in this amount.

Insurance premiums - QGIF

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

Computer costs

(3) As a result of a voluntary change in accounting policy for configuration or customisation costs in a cloud computing arrangement, $38,527 of an internally generated software work-in progress asset as at 1 July 2021 has been expensed through opening accumulated surplus, which required expensing this portion of the software acquisitions (including work-in-progress) cost reported in 2020-21; to supplies and services expenses.

B2-3 IMPAIRMENT LOSSES

	2022 $'000	2021 $'000
Trade receivables*	**45**	**599**

** The 2021 loss allowance figure includes the material impairment of a long outstanding instalment project pending commencement.*

Accounting policy - Impairment

Impairment losses may arise on assets held by the Authority from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment.

B2-4 DEPRECIATION AND AMORTISATION

	2022 $'000	2021 $'000
Depreciation - property, plant and equipment	199	193
Depreciation - right-of-use assets	375	376
Amortisation - intangibles	820	177
Total	**1,394**	**746**

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Cash at bank	22,064	14,401
Queensland Treasury Corporation (QTC)		
Deposits at call	11,000	11,000
Total	**33,064**	**25,401**

Accounting policy - Cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

C2 RECEIVABLES

	2022 $'000	2021 $'000
Current		
Trade debtors	21,314	13,615
Less: Loss allowance (1)	(588)	(567)
	20,725	13,048
Accrued revenue	24	9
GST input tax credits receivable	14	148
	38	157
Other debtors	1,467	2,283
Total current receivables	**22,231**	**15,488**
Non-current		
Trade debtors (2)	**11,017**	**6,181**
Total	**33,248**	**21,669**

Accounting policy - Receivables

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

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

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

The trade debtors loss allowance reflects the lifetime expected credit loss method and includes known doubtful debts.

(1) The loss allowance figure includes the material impairment of a long outstanding instalment project pending commencement.

(2) The non-current debtors figure represents the discounted present value of instalment arrangements allowed under Section 82 of the Building and Construction Industry and (Portable Long Service Leave) Act 1991.

C3 INVESTMENTS

	2022 $'000	2021 $'000
QIC - Long Term Diversified Fund	637,172	669,244
QIC - Diversified Australian Equities Fund	179,164	194,403
QIC - International Equities Fund	192,258	202,865
QIC - Short Term Income Fund	60,552	62,301
QIC - Cash Enhanced Fund	64,400	12,383
QIC - Diversified Fixed Interest Fund	-	31,122
Total	**1,133,546**	**1,172,318**

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 fund.

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2022 $'000	2021 $'000
Plant and equipment at cost	2,764	2,723
Less: Accumulated depreciation	(1,546)	(1,347)
Carrying amount at 30 June	**1,218**	**1,376**
Represented by movements in carrying amount:		
Carrying amount at 1 July	1,376	1,525
Acquisitions (including upgrades)	41	43
Depreciation expense	(199)	(192)
Carrying amount at 30 June	**1,218**	**1,376**

C4-2 RECOGNITION AND ACQUISITION

Accounting policy - Recognition

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.

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 or revalued amount of each asset, less any estimated residual value, 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 to the Authority.

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:

Property, plant and equipment	Useful life
Computer equipment	5 years
Office equipment	5 years
Tenancy fit out	10 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 property, 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

For assets measured at cost, an impairment loss is recognised immediately in the statement of comprehensive income.

Reversal of impairment losses

For assets measured at cost, impairment losses are reversed through income.

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2022 $'000	2021 $'000
Software	8,228	6,679
Less: Accumulated amortisation	(4,016)	(3,307)
Internally generated software work-in-progress*	245	408
Carrying amount at 30 June	**4,457**	**3,780**
Represented by movements in carrying amount:		
Carrying amount at 1 July	3,780	2,101
Acquisitions (including work-in-progress)*	1,496	1,856
Amortisation expense	(820)	(177)
Carrying amount at 30 June	**4,457**	**3,780**

* *As a result of a voluntary change in accounting policy for configuration or customisation costs in a cloud computing arrangement, $38,527 of an internally generated software work-in progress asset as at 1 July 2021 has been expensed through opening accumulated surplus, which required expensing this portion of the software acquisitions (including work-in-progress) cost reported in 2020-21; to supplies and services expenses.*

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 $0.24 million. It is anticipated this software will be commissioned and amortised during the 2022-23 financial year in accordance with the following accounting policies.

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

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

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

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

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

From 1 July 2021 and applied retrospectively, where configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the services are received. These costs will only be capitalised when the Authority has complete control over the configuration and customisation code as required to meet the definition of intangible assets.

Where the configuration or customisation is not a distinct service from the Authority's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront.

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

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

	2022 $'000	2021 $'000
Trade creditors	5,408	4,803
Accrued charges	2,137	1,934
Total	**7,545**	**6,737**

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 unsecured and generally settled on 30 day terms.

C7 PROVISION FOR EMPLOYEE BENEFITS

	2022 $'000	2021 $'000
Current		
Accrued annual leave	781	583
Provision for long service leave	781	592
Total	**1,562**	**1,175**

Movement in current long service leave provision:

	2022 $'000	2021 $'000
Balance at 1 July	592	686
Additional provision recognised	361	117
Reductions in provision from payments	(172)	(211)
Balance at 30 June	**781**	**592**
Non-current		
Provision for long service leave	**121**	**87**

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.

C8 PROVISION FOR SCHEME BENEFITS

	2022 $'000	2021 $'000
Current		
Provision for Scheme benefits expected to be settled within 12 months	141,600	127,500
Provision for Scheme benefits expected to be settled after 12 months	575,800	601,900
Total *	**717,400**	**729,400**
Non-current		
Provision for Scheme benefits	**263,700**	**275,300**
Total	**981,100**	**1,004,700**
Movement in provisions		
Balance at 1 July	1,004,700	941,800
Additional provision recognised	69,348	132,674
Reductions in provisions from payments	(92,948)	(69,774)
Balance at 30 June	**981,100**	**1,004,700**

Accounting policy - Provisions

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

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

Scheme eligible members as at 30 June 2022 were 319,020 (2020-21: 321,326).

* *The total current provision of $717.4 million (2020-21: $729.4 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority expects to pay $141.6 million (2020-21: $127.5 million) over the next 12 months.*

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

Key Estimates and Judgements: Provision

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

Mercer Consulting (Australia) Pty Ltd was re-appointed by the Authority on 8 April 2021. The latest actuarial assessment of the scheme's liabilities by Mercer Consulting (Australia) Pty Ltd dated 4 May 2022 was prepared utilising 31 January 2022 worker data based on a number of assumptions.

The major actuarial assumptions used were:
- The long-term investment return of 5.0% per annum net of management fees (2020-21: 3.8% per annum).
- The rate of wage increase of 2.5% per annum (2020-21: 2.5% per annum).
- The average weekly wage rate for long service leave claims of $1,572 (2020-21: $1,572). A capped rate of $1,980 per week applies to all claims from 1 July 2021 (2020-21: $1,980).
- The expenses of administering the Scheme of $9.8M based on the 2021-22 annual administration budget values (2020-21: $9.14M).
- Workers are defined as active if they have earned service day credits within the financial year ended 30 June 2021 or had a registration date after 30 June 2021. Workers are defined as inactive if they have not earned any service day credits within 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.
- Loading for unreported service of 5% on the total Scheme liabilities (2020-21: 5%).
- The provision has been discounted using a rate of 5.0% (2020-21: 3.8%) reflecting the long-term rate of return on the Authority's assets to determine the present value.

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 January each year.

C9 LEASES

C9-1 LEASES AS LESSEE

Right-of-use assets

Office accomodation	**2022 $'000**	**2021 $'000**
Opening balances at 1 July	4,511	4,887
Depreciation charge	(376)	(376)
Closing balance at 30 June	**4,135**	**4,511**

Lease Liabilities	**2022 $'000**	**2021 $'000**
Current		
Lease liabilities	361	337
Non-current		
Lease liabilities	5,111	5,472
Total	**5,472**	**5,809**

Accounting policy - Leases as lessee

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 making good 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 gives rise to a depreciation expense and is subject to impairment.

The element of lease payment that represents the interest portion is recognised as an expense at Note B2-2.

When measuring the lease liability, the Authority uses its incremental borrowing rate as the discount 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.

Disclosures - Leases 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) Amounts recognised in profit or loss		**2022 $'000**	**2021 $'000**
Interest expense on office accommodation lease liabilities	B2-2	**143**	**151**
(iii) Payments for leases		**336**	**313**

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

	Level 1		Level 2		Level 3		Total Carrying amount	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial Assets	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Investments								
QIC Long Term Diversified Fund	-	-	637,172	669,244	-	-	637,172	669,244
QIC Diversified Australian Equities Fund	-	-	179,164	194,403	-	-	179,164	194,403
QIC International Equities Fund	-	-	192,258	202,865	-	-	192,258	202,865
QIC Short Term Income Fund	-	-	60,552	62,301	-	-	60,552	62,301
QIC Cash Enhanced Fund	-	-	64,400	12,383	-	-	64,400	12,383
QIC Diversified Fixed Interest Fund	-	-	-	31,122	-	-	-	31,122
Total	-	-	**1,133,546**	**1,172,318**	-	-	**1,133,546**	**1,172,318**

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION

		2022 $'000	2021 $'000
QIC Long Term Diversified Fund	Carrying amount at 1 July	669,244	569,399
	Plus		
	Earnings	(37,617)	103,865
	Contributions	10,000	-
	Distributions Reinvested	18,508	67,632
	Less		
	Distributions	(18,508)	(67,632)
	Redemptions	-	-
	Redemptions - Fees	(4,455)	(4,020)
	Carrying amount at 30 June	**637,172**	**669,244**
QIC Diversified Australian Equities Fund	Carrying amount at 1 July	194,403	149,854
	Plus		
	Earnings	(13,944)	45,655
	Contributions	-	-
	Distributions Reinvested	12,893	9,586
	Less		
	Distributions	(12,893)	(9,586)
	Redemptions	-	-
	Redemptions - Fees	(1,295)	(1,106)
	Carrying amount at 30 June	**179,164**	**194,403**
QIC International Equities Fund	Carrying amount at 1 July	202,865	159,739
	Plus		
	Earnings	(9,222)	44,276
	Contributions	-	-
	Distributions Reinvested	13,797	9,010
	Less		
	Distributions	(13,797)	(9,010)
	Redemptions	-	-
	Redemptions - Fees	(1,385)	(1,150)
	Carrying amount at 30 June	**192,258**	**202,865**
QIC Short Term Income Fund	Carrying amount at 1 July	62,301	18,995
	Plus		
	Earnings	(1,339)	1,528
	Contributions	-	42,000
	Distributions Reinvested	2,749	1,634
	Less		
	Distributions	(2,749)	(1,634)
	Redemptions	-	-
	Redemptions - Fees	(410)	(222)
	Carrying amount at 30 June	**60,552**	**62,301**
QIC Cash Enhanced Fund	Carrying amount at 1 July	12,383	12,362
	Plus		
	Earnings	(137)	103
	Contributions	52,324	-
	Distributions Reinvested	16	106
	Less		
	Distributions	(16)	(106)
	Redemptions	-	-
	Redemptions - Fees	(169)	(82)
	Carrying amount at 30 June	**64,400**	**12,383**

D1 FAIR VALUE MEASUREMENT (continued)

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

		2022 $'000	2021 $'000
QIC Diversified Fixed Interest Fund	Carrying amount at 1 July	31,122	30,647
	Plus		
	Earnings	(3,583)	680
	Contributions	25,000	-
	Distributions Reinvested	663	3,278
	Less		
	Distributions	(663)	(3,278)
	Redemptions	(52,324)	-
	Redemptions - Fees	(215)	(205)
	Carrying amount at 30 June	**-**	**31,122**
	Total Carrying Amount at 30 June	**1,133,546**	**1,172,318**

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	2022 $'000	2021 $'000
Financial assets			
Cash and cash equivalents	C1	33,064	25,401
Financial assets measured at amortised cost:			
Receivables	C2	33,248	21,669
Financial assets at fair value through profit or loss:			
QIC Long Term Diversified Fund		637,172	669,244
QIC Diversified Australian Equities Fund		179,164	194,403
QIC International Equities Fund		192,258	202,865
QIC Short Term Income Fund		60,552	62,301
QIC Cash Enhanced Fund		64,400	12,383
QIC Diversified Fixed Interest Fund		-	31,122
	C3	1,133,546	1,172,318
Total financial assets		**1,199,857**	**1,219,388**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	C6	7,545	6,737
Total financial liabilities		**7,545**	**6,737**

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

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: price risk, interest rate risk and currency 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. *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 not exposed to *currency risk*.	 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. 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 Policy Statement so as to meet the expected liabilities.
Market risk	Price sensitivity analysis Interest rate 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 two liquidity funds. 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.

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:

Category	Note	2022 $'000	2021 $'000
Financial assets			
Trade receivables	C2	33,248	21,669

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.

	2022	Contractual maturity			2021	Contractual maturity		
	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	**7,545**	7,545	-	-	**6,737**	6,737	-	-

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 2022 (2020-21: +/- 10%). 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 $113.4 million (2020-21: $117.2 million) if there was a +/- 10% fluctuation in investment markets. This is attributable to the Authority's exposure to investment returns on funds held with QIC.

+ / - 10%		**2022 Market rate risk**			
	Carrying	- Sensitivity		+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
QIC - Long Term Diversified Fund	637,172	(63,717)	(63,717)	63,717	63,717
QIC - Diversified Australian Equities Fund	179,164	(17,916)	(17,916)	17,916	17,916
QIC - International Equities Fund	192,258	(19,226)	(19,226)	19,226	19,226
QIC - Short Term Income Fund	60,552	(6,055)	(6,055)	6,055	6,055
QIC - Cash Enhanced Fund	64,400	(6,440)	(6,440)	6,440	6,440
Potential impact	**1,133,546**	**(113,354)**	**(113,354)**	**113,354**	**113,354**

+ / - 10%		**2021 Market rate risk**			
	Carrying	- Sensitivity		+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
QIC - Long Term Diversified Fund	669,244	(66,924)	(66,924)	66,924	66,924
QIC - Diversified Australian Equities Fund	194,403	(19,440)	(19,440)	19,440	19,440
QIC - International Equities Fund	202,865	(20,287)	(20,287)	20,287	20,287
QIC - Short Term Income Fund	62,301	(6,230)	(6,230)	6,230	6,230
QIC - Cash Enhanced Fund	12,383	(1,238)	(1,238)	1,238	1,238
QIC - Diversified Fixed Interest Fund	31,122	(3,112)	(3,112)	3,112	3,112
Potential impact	**1,172,318**	**(117,232)**	**(117,232)**	**117,232**	**117,232**

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 $331,000 (2020-21: $254,000) if there was a +/- 1% fluctuation in investment markets.

+ / - 1%		**2022 Interest rate risk**			
	Carrying	- Sensitivity		+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	33,064	(331)	(331)	331	331
Potential impact		**(331)**	**(331)**	**331**	**331**

+ / - 1%		**2021 Interest rate risk**			
	Carrying	- Sensitivity		+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	25,401	(254)	(254)	254	254
Potential impact		**(254)**	**(254)**	**254**	**254**

D3 CONTINGENCIES

As at 30 June 2022, 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:

	2022	**2021**
	$'000	**$'000**
Intangibles		
Not later than 1 year	82	887
Total	**82**	**887**

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.

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 2021-22 and 2020-21. Further information about these positions can be found in the body of the Annual report under the section relating to The Board.

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

The following persons held the position of Board Director during the year ended 30 June 2022.

Ms Peta Irvine	Chair
Ms Teresa Hamilton (appointed 7 April 2022)	Deputy Chair
Ms Melanie Woodward (resigned 31 August 2021)	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 (BERT)
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:

Short term employee expenses 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:

Short term employee expenses 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;

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

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

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

Remuneration expenses

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

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration expenses (continued)

2021-22

Position	Short term employee expenses	Long term employee expenses	Post-employment expenses	Total
	Monetary expenses $'000	$'000	$'000	$'000
Mr Brett Bassett - General Manager (appointed 11 October 2021)	166	4	17	187
Ms Helen Sharpley - Acting General Manager (resigned 8 October 2021)	109	2	7	118
Ms Peta Irvine	6	-	-	6
Ms Teresa Hamilton (appointed 7 April 2022)	1	-	-	1
Ms Melanie Woodward (resigned 31 August 2021)	1	-	-	1
Mr Stephen Baker	5	-	-	5
Ms Penny Cornah	5	-	-	5
Ms Sue-Ann Fresneda	5	-	-	5
Mr Damian Long	5	-	-	5
Mr Arturo Menon	5	-	-	5
Mr Peter Ong	5	-	-	5
Total Remuneration	**310**	**6**	**24**	**340**

2020-21

Position	Short term employee expenses	Long term employee expenses	Post-employment expenses	Total
	Monetary expenses $'000	$'000	$'000	$'000
Ms Helen Sharpley - Acting General Manager	216	12	23	251
Ms Peta Irvine	6	-	-	6
Ms Melanie Woodward	4	-	-	4
Mr Stephen Baker	5	-	-	5
Ms Penny Cornah	5	-	-	5
Ms Sue-Ann Fresneda	5	-	-	5
Mr Damian Long	4	-	-	4
Mr Arturo Menon	5	-	-	5
Mr Peter Ong	5	-	-	5
Total Remuneration	**255**	**12**	**23**	**290**

Board attendance fees were paid directly to Ms P Irvine, Ms M Woodward, Mr D Long and Ms T Hamilton. 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 P Ong (Electrical Trades Union) and Mr A Menon (Building Employees Redundancy Trust).

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.

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

Accounting standards applied for the first time

No Australian Accounting Standards or interpretations have been applied to the Authority for the first time in 2021-22.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2021-22.

E3-1 CONFIGURATION OR CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT

1. Summary of change in accounting policy

The Authority has voluntarily changed its accounting policy in 2021-22 after completing a full analysis of the Authority's previously capitalised software in response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision released in March 2021.

The Authority's new accounting policy now considers where the software code resides, whether it is identifiable and whether the Authority has the power to both obtain economic benefits from the software and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

a) Where the configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the services are received.

b) Where the configuration or customisation is not a distinct service from the Authority's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront.

Any software that qualifies as an intangible asset is recognised and accounted for in accordance with the Authority's existing accounting policies on software assets in Note C5-1, which have not changed.

The changes have been applied retrospectively with an adjustment of comparative opening balances at 1 July 2021.

2. Impact of changes

As a result of this voluntary change in accounting policy for configuration or customisation costs in a cloud computing arrangement, $38,527 of an internally generated software work-in progress asset as at 1 July 2021 has been expensed through opening accumulated surplus, which required expensing this portion of the software acquisitions (including work-in-progress) cost reported in 2020-21; to supplies and services expenses (refer Note B2-2).

The net impacts are summarised in the table below.

Balances as at 1 July 2021	**$'000**
Intangible assets	(39)
Accumulated surplus	(39)
Expenses for 2020-21	
Supplies and services	39
Cash outflows for 2020-21	
Supplies and services (outflows from operating activities)	39
Payments for intangibles (outflows from investing activities)	(39)

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.

BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

Management Certificate

for the year ended 30 June 2022

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Building and Construction Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2022 and of the financial position of the Authority at the end of that year.

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

B Bassett
General Manager

30 August 2022

P Irvine
Chair

30 August 2022

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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 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 2022, 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 2022, 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 board 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.

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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.

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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 2022:

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.

mluwinga

30 August 2022

Martin Luwinga
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

APPENDIX 1: GLOSSARY

The meanings of the following acronyms and/or abbreviations used in this report are listed below.

APRA	Australian Prudential Regulation Authority
ATO	Australian Taxation Office
AWU	Australian Workers' Union
BA	Bachelor of Arts
BBus	Bachelor of Business
BEng	Bachelor of Engineering
BERT	Building Employees' Redundancy Trust
CCF Qld	Civil Contractors Federation Queensland Limited
Cert IVFrontlineMgt	Certificates in Frontline Management
CFMEU	Construction, Forestry, Maritime, Mining and Energy Union
CPA	Certified Practicing Accountant
CRM	Customer Relationship Management
CSQ	Construction Skills Queensland
DFV	domestic and family violence
DipFinPlan	Diploma of Financial Planning
DipNSL	Diploma of Neuroscience of Leadership
DipSuper	Diploma of Superannuation
ELT	Executive Leadership Team
ERP	Enterprise Resource Planning
ETU	Electrical Trades Union
EVP	Employer Value Proposition
FAICD	Fellow of the Australian Institute of Company Directors
FBT	Fringe Benefits Tax
FCPA	Fellow of CPA Australia
FGIA	Fellow of Governance Institute of Australia
FTE	Full-time equivalent
GAICD	Graduate of the Australian Institute of Company Directors Course
GST	Goods and Services Tax
Hons	Honours
ICT	Information Communication and Technology
i.e.	that is
IFRIC	International Financial Reporting Interpretations Committee
IP	Information Privacy
ISMS	Information Security Management System
KMP	Key Personnel Management
LLB	Bachelor of Laws
MAICD	Member of the Australian Institute of Company Directors
MBA	Master of Business Administration

MP	Member of Parliament
MPAQ	Master Plumbers' Association of Queensland
PLSL	Portable Long Service Leave
QAO	Queensland Audit Office
QIC	Queensland Investment Corporation
QGIF	Queensland Government Insurance Fund
Qld	Queensland
QMBA	Master Builders' Association Queensland
QTC	Queensland Treasury Corporation
RAP	Reconciliation Action Plan
SaaS	Software as a Service
SLT	Senior Leadership Team
TAFE	Technical and Further Education

INTERSTATE SCHEMES

VICTORIA
CoInvest
Level 6, 478 Albert Street
East Melbourne VIC 3002
Telephone: (03) 9664 7677 or 1300 264 683
Email: info@coinvest.com.au
www.coinvest.com.au

NEW SOUTH WALES
Long Service Corporation
32 Mann Street
Gosford NSW 2250
Telephone: 13 14 41
Email: info@longservice.nsw.gov.au
www.longservice.nsw.gov.au

SOUTH AUSTRALIA
Portable Long Service Leave
155 Fullarton Road
Rose Park SA 5067
Telephone: (08) 8332 6111
Email: hello@portableleave.org.au
www.portableleave.org.au

AUSTRALIAN CAPITAL TERRITORY
Long Service Leave Authority
Unit 1, 28 Thynne Street
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Telephone: (02) 6247 3900
Email: construction@actleave.act.gov.au
www.actleave.act.gov.au

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TasBuild Ltd
Level 3, 6 Bayfield Street
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My Leave
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Email: info@ntbuild.com.au
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OPEN DATA
For 2021-22, QLeave had no expenditure to report on overseas travel. For information on the Queensland Language Services Policy and consultancies expenditure, this can be accessed at www.qld.gov.au/data.

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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ISSN 1837-056X

GOVERNMENT BODY
See additional information published on our website at www.qleave.qld.gov.au/about-us/corporate-publications.

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

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