



Portable Long Service Authority

Annual Report 2018-19



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Responsible body's declaration

In accordance with the *Financial Management Act 1994 (Vic)*, I am pleased to present the Portable Long Service Benefits Authority's Annual Report for the period ended 30 June 2019.

Julius Roe
Chair, Governing Board





Overview

About us

The Portable Long Service Benefits Authority (the Authority) is an independent statutory body established to administer the *Long Service Benefits Portability Act 2018 (Vic)* (the Act). The Act, together with the *Long Service Benefits Portability Regulations 2019 (Vic)* (Regulations) provides a Scheme for the portability of long service benefits to eligible workers in the community services, contract cleaning and security industries.

The Authority is responsible to a Governing Board appointed by the Victorian Minister for Industrial Relations.

The Authority is responsible for:

- registering employers who employ workers in these sectors;
- maintaining a register of workers and employers for the Scheme;
- undertaking compliance and enforcement activities;
- educating employers and workers of their responsibilities and entitlements under the Scheme;
- ensuring employers under the Scheme submit a quarterly activity return and pay the appropriate levy; and
- paying the appropriate benefit to workers who qualify for it.

The new Scheme was created in response to the Victorian Parliament's Economic, Education, Jobs and Skills Committee inquiry into portability of long service leave entitlements. The Scheme will enable eligible workers in the community services, contract cleaning and security industries to accrue long service benefits based on length of time employed in their respective industry, as opposed to the length of time employed by one employer. The Portable Long Service Benefits Scheme is intended to bring fairness and equity to eligible industry workplaces in Victoria.

← The Victorian Government chose Bendigo as the location of the Authority as part of its commitment to invest in regional Victoria.

Governing Board

The Portable Long Service Benefits Authority has a Governing Board comprising a mix of expert skills, qualifications and experience, including individuals from organisations who represent employers and workers for the three covered industries.



→ Mr Julius Roe, Chair

Julius's career spans 40 years in industrial relations, including as Fair Work Commissioner from 2010 to 2017.

Since July 2017, Julius has been working as a consultant, handling mediation in a diverse range of workplace disputes in the public and private sectors.

Julius has been a leader in vocational education and training policy, including on a number of boards at both state and national level. He was National President of the Australian Manufacturing Workers Union from 2000-2010.

→ Ms Claire Filson, Deputy Chair

Claire has worked extensively in the financial services sector. She has more than 20 years' boardroom experience gained in superannuation and infrastructure businesses.

Before taking a career break to travel in 2010, she was a director on the board of Emergency Services & State Superannuation, a 150,000-member public sector superannuation fund managing \$15 billion.

Claire has a mix of skills spanning law, governance and risk management.

→ Ms Emma King

Emma King joined the Victorian Council of Social Service (VCOSS) as Chief Executive Officer in 2013, providing a strong voice of leadership and advocacy on social justice issues for the community sector.

Emma was previously Chief Executive Officer of the Early Learning Association Australia (formerly Kindergarten Parents Victoria), the peak organisation representing parents and providers of early learning services in Victoria.

Emma also has an extensive background in the public sector and in workforce and education issues, having worked as a Victorian policy adviser, a teacher, and in a range of industrial and training roles at the Victorian Independent Education Union and the Finance Sector Union. Emma's qualifications include a Masters in Industrial and Employee Relations, a Graduate Diploma of Education and a Bachelor of Arts.

Emma represents VCOSS on a range of ministerial advisory groups and committees. She is also the Chair of the Future Social Service Institute, President of the Farnham Street Neighbourhood Learning Centre and Board Member of Mental Health Victoria.

Emma is a regular commentator on social affairs and justice issues.

→ **Ms Kate Marshall**

Kate is Trustee of the Health Services Union. She joined the union in 2015 as Senior Industrial Officer, leading a team of lawyers and industrial staff to assist members in their enquiries.

Before that, she was a Legal Officer with the Construction, Forestry, Mining and Energy Union, Victoria and Tasmania, heading the legal department to run matters before the Fair Work Commission, the Federal Court of Australia and the Federal Circuit Court of Australia.

→ **Mr Tim Piper**

Tim has been Head of the Australian Industry Group's Victorian Branch since 2002. Ai Group advocates on behalf of more than 12,000 businesses in Victoria and over 60,000 around Australia. Tim has had significant engagement with Government at both Federal and State levels, Chairs the Industry Capability Network, and sits on a number of Government bodies.

He was previously Executive Director of the Australian Retailers Association Victoria and practiced as a lawyer in private practice in Australia and the UK.

→ **Ms Rachael Saunders**

In 1988, Rachael established National Protective Services, a leading professional security company specialising in the provision of quality and tailored protective services. National Protective Services assists people to defend their property and people through the provision of security officers, security patrols, alarm and CCTV installation and consultancy.

She is the company's Chief Executive Officer, setting the strategic direction for the business with focus on operations, finance, human resources, sales and marketing.

Rachael is a member of the Board of the Australian Security Industry Association, the peak body for security employers in Australia.

→ **Ms Julie Warren**

Until recently, Julie was the Senior Vice President of the Victorian Trades Hall Council, Julie has considerable understanding of the issues and concerns that are relevant to contract industries.

She has worked for more than 20 years with the National Union of Workers, and has been President of the union's Victoria branch since 2006. In that role, she has been part of a number of valuable changes in strategic direction to adapt the union's purpose and policies to the contemporary workplace.

→ **Ms Linda White**

Linda works with the Australian Services Union (ASU) and is currently the union's Assistant National Secretary, developing the ASU's strategy in the private and community sectors and also works on the union's growth strategy.

She coordinated the ASU's ground-breaking Equal Pay case in the Fair Work Commission. Before joining the ASU, Linda was a senior associate at Maurice Blackburn & Co for 10 years. Her areas of practice included crime, industrial law, personal injuries and criminal injuries.

→ **Mr Joseph Yeung**

Joseph is the inaugural Chief Executive Officer and Registrar of the Portable Long Service Benefits Authority and is a member of the Governing Board.

He is an experienced corporate governance and corporate services professional and was Chief Financial Officer for the Department of Premier and Cabinet from 2017 to 2019.

Prior to working in Victorian Government, Joseph was an Assistant Secretary in Corporate Services Division at the Commonwealth Attorney-General's Department based in Canberra.

Joseph is a Chartered Accountant, holds an MBA (Executive) and is an Australian Lawyer and Victorian Legal Practitioner.

Business Units within the Authority



The **Executive, Governance, Legal and Secretariat Business Unit** is responsible for establishing good governance, delivering sound legal advice to the Authority as well as facilitating the efficient and effective running of the Governing Board and Audit and Risk Committee.



The **Financial Services Business Unit** underpins our organisation's operations and the Chief Financial Officer who leads the Financial Services Business Unit has specific responsibilities under the *Financial Management Act 1994 (Vic)*.



The **Client Service and Operations Business Unit** is the largest business unit within the Authority and delivers our core Registry and Enforcement functions to the public.



The **Facilities, Information and Technology Business Unit** underpins our core operations and manages key vendors which support our network infrastructure and telephony systems.



Our people are our greatest asset. Without our people, we have no capability to fulfil our statutory obligations under the Act. The **People and Culture Business Unit** supports the growth and development of our people and culture.



As a new scheme in Victoria, it is vital that we communicate and engage with employers and eligible workers across the covered sectors. It is equally important that as a regulator, we assist eligible employers and workers to understand their obligations under the Portable Long Service Benefits Scheme. The **Communications and Engagement Business Unit** has responsibilities to deliver these core functions.

Our vision

Delivering a quality Portable Long Service Benefits Scheme to protect the benefits of those who are entitled to them.

Our purpose

Administering an effective Portable Long Service Benefits Scheme in the sectors we serve by prudent, sustainable investment and supporting all stakeholders, including employers and workers alike, as well as educate and enforce every stakeholder's role and interest in the Scheme.

Our values



Responsiveness We are approachable and provide timely, useful and accurate information.



Integrity We have unbiased and honest interactions.



Impartiality We are fair and consistent in our application of the law.



Accountability We fulfil our objectives in a clear, transparent and responsible manner.



Respect We respect our stakeholders, each other and ourselves.



Leadership We seek to have a positive influence and to empower others.



Human rights We administer the law and deliver decisions, advice and policy that respect and support everyone's human rights.

Our objectives

The Authority's primary objectives are to:

- **Fulfil our legislative obligations** by effectively administering and supporting compliance with the *Long Service Portability Act 2018* (Vic).
- **Implement effective responsible budget and investment strategies** which grow levy funds and deliver long-term sustainability.
- **Be clear, consistent, transparent and responsive** in our stakeholder communications which encourages registration, levy payments and ensures that eligible workers and employers are aware of their rights and obligations.
- **Maintain a healthy and safe workplace** with a culture that encourages engaged, resilient and solution-focused staff.
- **Implement an innovative, secure, resilient and integrated information technology environment** that supports effective operations now and in the future.
- **Protect the long-term interests of the Authority** through effective regulation using governance, strategic risk management and clear policies and procedures.

The Authority has developed a set of initiatives and activities to support these objectives that will enable it to monitor the progress of key activities within the Authority. Performance measures are published within the Authority's Corporate Plan 2019-20.

Achievements

Key achievements of the Authority since commencement of operations include:

- **The appointment of the Governing Board and Chief Executive Officer** of the Authority.
- **Staff employed by Industrial Relations Victoria** and the completion of extensive training in the legislation and Regulations of the Scheme.
- **The setting of the employer levy** by the Governing Board for each of the community services, contract cleaning and security industries.
- **Putting into place effective systems and processes** to support core operations of the Authority including key policies and procedures to enable good governance and strong controls.
- **Communicating effectively with stakeholders** to ensure that information is available for those affected by the new Scheme.
- **Publishing the Authority's first Corporate Plan for 2019-20** which has set a range of operational performance measures that will allow success to be measured.
- **Establishment of the Authority's head office in Bendigo** and the fit-out of the space.

The Authority has supported the initiative to grow jobs in the region by recruiting from the talented pool of staff, and using suppliers that are available from the local area where possible. From 1 July 2019, the Authority had a dedicated workforce comprising well-trained customer service operators based in our Bendigo offices, each of whom are eager to play their part in supporting this important initiative.

Spotlight on information sessions

Early in the new financial year, the Authority hosted over 55 information sessions across Victoria to help inform eligible employers of the new Portable Long Service Benefits Scheme in Victoria. At these sessions, members of the public met the Authority's Education Officers who provided guidance on the Scheme, the registration process and submission of quarterly returns.

Portland

Where was the event held?

The newly refurbished Portland Library on 28 August 2019.

What was the event designed to achieve?

To inform employers of the new Portable Long Service Benefits Scheme in Victoria and assist eligible employers to register their business with the Authority, as well as guide them through how to submit a quarterly return. It also provided the opportunity to educate employers on determining eligibility of their workers.

Who attended the event?

Attendees were from the community services industry who were keen to provide portability of long service leave to their workers.

What were the main things people attending the event were interested in?

Topics included usability of the employer portal, the type of information required, when first quarterly returns would be due and what happens to money paid into the fund when a worker leaves the industry for more than 4 years. There was also discussion around eligible workers and staff providing corporate services.

What feedback did people give you about the session?

The groups were happy with the information provided and were encouraged to reach out to the Authority for further support moving forward.

Echuca

Where was the event held?

A function centre in Echuca's famous Port precinct, on 5 September 2019.

What was the event designed to achieve?

To educate employers about the new Portable Long Service Benefits Scheme and ensure that they have a strong understanding of their responsibilities under it, as well as the benefits applicable to their workers.

Who attended the event?

Attendees were from the community services and contract cleaning industries.

What were the main things people attending the event were interested in?

Attendees were keen to get a better understanding of the impacts of the Scheme on their organisations.

What feedback did people give you about the session?

Feedback from attendees was generally positive.

What was the highlight of the session?

Seeing the 'aha' moment in the eyes of the community services workers when they realised how the provisions worked.

As a Customer Service Officer with the PLSA, how do you feel about being out in the community speaking to people about the new Portable Long Service Benefits Scheme?

It was great to get out in to the community, meet people in the regions who will be part of the Scheme, and share our knowledge with them.

Long service leave authorities in other jurisdictions

The Authority has developed close working relationships with its counterpart authorities in other Australian jurisdictions such as the Long Service Leave Authority established under the *Long Service Leave (Portable Schemes) Act 2009 (ACT)*, a Scheme similar to Victoria's Scheme operating in the Australian Capital Territory.

During 2019-20, the Authority will look to formalise arrangements through reciprocal arrangements which will enable workers of the respective Schemes to move eligible benefits more seamlessly between different Australian States and Territories.



Background to portable long service leave schemes in Australia

Paid long service leave is unique to Australia and New Zealand. In Australia, long service leave has been part of the Australian workplace since the 1860s when it was introduced to allow senior public servants to return to their home country once a decade as a reward for a long period of loyal service with one employer. The extension of long service leave to the private sector occurred in the 1940s through inclusion in private sector awards with entitlements created through the processes of conciliation and arbitration.

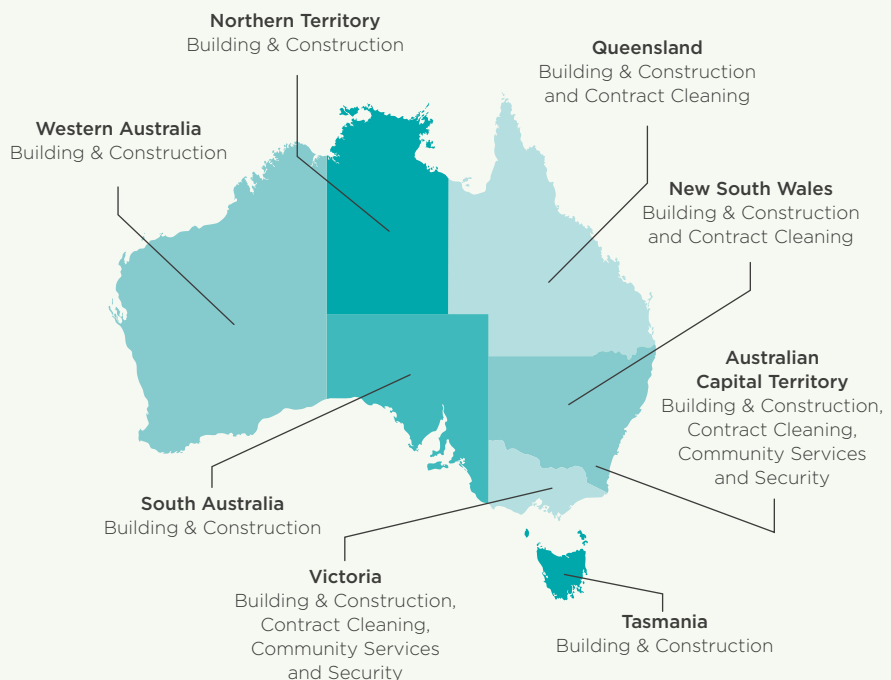
As this traditional characteristic of long service leave made it available only to certain employees who remained with a single employer for a significant amount of time, portability schemes developed in industries where there were unique employment arrangements. This allowed eligible workers continuity in accruing long service leave despite the fact that they may not have spent the mandated length of time with a single employer.

Portability is seen as particularly important for workers in industries whose nature means that workers do not usually work for a single employer for long periods of time but who may be employed over many years on a project basis, or in some other way routine to that industry.¹

Portable long service leave exists in all states and territories in Australia, with the ACT and Victoria including the most industries.

The Portable Long Service Leave Scheme for the construction industry in Victoria is administered by CoINVEST.

The following map shows the existing Portable Long Service schemes in Australia:



→ ¹ Source: Report of the inquiry into the feasibility of, and options for, creating a national long service standard, and the portability of long service leave and other entitlements (26 February 2016), Chapter 2.

Chair and Chief Executive Officer / Registrar's Report

It is with great pleasure that we present the first Annual Report of the Portable Long Service Benefits Authority (the Authority). The Authority was established on 1 November 2018 under the *Long Service Benefits Portability Act 2018* (Vic) (the Act). With strong support from the Minister for Industrial Relations and the Department of Premier and Cabinet's Industrial Relations Victoria Group, the Authority's Portable Long Service Benefits Scheme commenced on 1 July 2019.



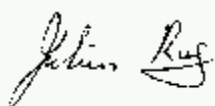
The Portable Long Service Benefits Scheme (the Scheme) allows eligible workers in the community service, contract cleaning and security industries to accumulate long service benefits after working in their industry for seven years, irrespective of the number of employers that they have worked for over that time. This makes it fairer for some of our hardest working Victorians – Victorians who may have worked many years in the same job, in the same place but without being able to accrue any long service benefits.

We have been delighted with the progress of the Authority over the short period of time since establishment, as well as the successful commencement of Scheme operations from 1 July 2019. The Governing Board and staff have worked hard to ensure that the Authority is ready to fulfil its vision of delivering a quality Portable Long Service Benefits Scheme, one that balances the interests of all the different stakeholders of the Authority. The Governing Board, who were appointed in March 2019, held the first Governing Board Meeting in April 2019. Since then, the Governing Board has met regularly to oversee management's establishment of the operations of the Authority. The Authority's management team, together with its staff, has worked hard to establish the Authority's core operations in Bendigo, one of Victoria's important regional centres.

Amidst the intense establishment activity to ensure that Scheme operations commenced smoothly on 1 July 2019, staff and the Governing Board also took the time out to consider goals for the next 12 months. Through this process, the Authority has developed key objectives that are aligned to activities, outcomes and performance targets that will enable us to measure success as well as establish accountabilities. These are outlined in our Corporate Plan for 2019-20.

Under the Scheme, employers and workers are able to register with the Authority through an online registration system and the Authority is rolling out communications to stakeholders right across Victoria. The Authority continues to build, strengthen and further develop relationships with stakeholders who are affected by, or have an interest in, the Portable Long Service Benefits Scheme.

We would like to acknowledge the work done by Industrial Relations Victoria (IRV) in the Department of Premier and Cabinet not just in leading the drafting of the legislation, but also in initial project management to establish the foundational aspects of the Portable Long Service Benefits Authority. We look forward to building on this success to establish full operations in 2019-20 and achieving our vision of delivering a quality portable long service scheme to protect the benefits of those who are entitled to them.



Julius Roe
Chair, Governing Board



Joseph Yeung
CEO and Registrar

Our Performance



Five-year financial summary

The Portable Long Service Benefits Authority (the Authority) commenced operations during the financial year, therefore there is no prior year comparative information.

Summary	2018-19
Total revenue	1,820
Total expenses	301
Net result for the year	1,519
Assets	1,731
Liabilities	212
Net assets	1,519

Current-year financial performance

The Authority achieved a net profit of \$1.5 million for the period ended 30 June 2019, being the first year of the Authority's operations. As this is the first year of reporting, there is no prior year comparative information.

The net profit of \$1.5 million relates to grant funding received from the Department of Health and Human Services to assist with the establishment and introduction of the Scheme, with a focus on the Community Services sector. This grant funding will be used in the 2019-20 financial year.

During the 2018-19 financial year, an additional \$0.3 million of grant funding was also received from the Department of Premier and Cabinet to fund the recruitment and salaries of the Governing Board and the Chief Executive Officer, the initial head office occupancy lease in Bendigo and the financial statements audit fee for 2018-19 financial year to the Victorian Auditor-General's Office.

Financial position - balance sheet

The Authority ended the period with net assets of \$1.5 million, which related to the grant funding received from the Department of Health and Human Services, but not expended as at the balance sheet date of 30 June 2019.

As this is the first year of reporting, there is no prior year comparative information.

The Authority's output performance

Within the Victorian Budget 2018/19 Service Delivery Budget Paper No. 3, a key output initiative was for the Government to establish a portable long service leave scheme for the community services, contract cleaning and security industries.

As at 30 June 2019, this output initiative was achieved with the Authority established and in readiness for operation on 1 July 2019. Specific key achievements of the Authority include the following:

- **The appointment of the Governing Board and Chief Executive Officer** of the Authority.
- **Staff employed by Industrial Relations Victoria** and the completion of extensive training in the legislation and Regulations of the Scheme.
- **The setting of the employer levy** by the Governing Board for each of the community services, contract cleaning and security industries.
- **Putting into place effective systems and processes** to support core operations of the Authority including key policies and procedures to enable good governance and strong controls.
- **Communicating effectively with stakeholders** to ensure that information is available for those affected by the new Scheme.
- **Publishing the Authority's first Corporate Plan for 2019–20** which has set a range of operational performance measures that will allow success to be measured.
- **Establishment of the Authority's head office in Bendigo** and the fit-out of the space.



The Authority's objectives, indicators and progress

The Authority had one output associated performance measure within the Victorian Budget 2018/19. This section reports the Authority's progress on the achievement of these objectives and on the trends of quantifiable results.

Performance measures	Unit of Measure	2018/19 actual result	2018/19 target (BP3)
Workers registered under the Portable Long Service Benefits Scheme	Number	0 ¹	5,000

→ ¹ The Authority commenced full operations on 1 July 2019, therefore the 2018/19 target of 5,000 workers was not achieved.



Financial Statements

for the period ended 30 June 2019

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Understanding the financial statements

Comprehensive Operating Statement

- The Comprehensive Operating Statement measures our performance over the period and shows if a surplus or deficit has been made in delivering products and services. This statement includes all sources of income, less all expenses incurred in earning that income.
- For the period ending 30 June 2019, the Authority made a net profit for the year of \$1.5 million.

Balance Sheet

- The Balance Sheet sets out our net accumulated financial worth at the end of the financial period. It shows the assets we own as well as liabilities or claims against those assets.
- Both assets and liabilities are expressed as current or non current. Current assets or current liabilities are expected to be converted to cash receipts or outlays within the next twelve months. Non current assets or liabilities are longer-term.
- Equity is total capital, and reserves and accumulated profits that have been reinvested in the business over the period.

Statement of Changes in Equity

- The Statement of Changes in Equity shows the changes in equity from last year to this year.
- As this is the inaugural year, the total overall change in equity during the financial period comprises the net result for the period.

Cash Flow Statement

- The Cash Flow Statement summarises our cash receipts and payments for the financial period and the net cash position at the end of the period. It differs from the Comprehensive Operating Statement in that it excludes non-cash expenses such as the accruals taken into account in the Comprehensive Operating Statement.
- For the period ending 30 June 2019, the Authority's net cash flow related to funding from Government, that covered all outgoing expenditure.

Notes to the financial statements

- The Notes to the financial statements provide further information about how the financial statements are prepared as well as additional information and detail about specific items within them.
- The Notes also describe any changes to accounting standards, policy or legislation that may affect the way the statements are prepared. Information in the Notes is particularly helpful if there has been a significant change from the previous year's comparative figures.

Statutory Certificate and Auditor General's Report

- These provide the reader with a written undertaking that the financial statements fairly represent the Authority's financial position and performance for the financial period ended 30 June 2019. The Report from the Auditor General provides an independent view and outlines any issues of concern.

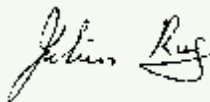
Statutory Certification

We certify that the attached financial statements for the Portable Long Service Benefits Authority (the Authority) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the accompanying notes, presents fairly the financial transactions during the financial period ended 30 June 2019 and the financial position of the Authority as at 30 June 2019.

At the date of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 14 August 2019.



Julius Roe
Chair
Portable Long Service
Benefits Authority



Joseph Yeung
Chief Executive Officer
and Registrar
Portable Long Service
Benefits Authority



Peter Leersen
Chief Financial Officer
Portable Long Service
Benefits Authority



Independent Auditor’s Report

To the Board of the Portable Long Service Benefits Authority

Opinion	<p>I have audited the financial report of the Portable Long Service Benefits Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the period then ended • statement of changes in equity for the period then ended • cash flow statement for the period then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2019 and its financial performance and cash flows for the period then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor’s Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board’s responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor’s responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board’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 authority’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. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the authority 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.

MELBOURNE
15 August 2019



Timothy Maxfield
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

For the period ended 30 June 2019	Notes	2019 (\$'000)
Revenue		
Government grants	2.1	1,820
Total revenue		1,820
Expenses		
Operating and administration expenses	3.2	133
Employee benefits	3.3.1	168
Total expenses		301
Net result for the year		1,519
Total comprehensive result for the year		1,519

↑ The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.



Balance Sheet

As at 30 June 2019	Notes	2019 (\$'000)
Assets		
Current assets		
Receivables	4.1	1,731
Total current assets		1,731
Total assets		1,731
Liabilities		
Current liabilities		
Payables	4.2	160
Employee benefits	3.3.2	52
Total current liabilities		212
Total liabilities		212
Net assets		1,519
Equity		
Accumulated funds		1,519
Total equity		1,519

↑ The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 30 June 2019	Accumulated funds (\$'000)	Total (\$'000)
Balance at 1 July 2018	-	-
Net result for the year	1,519	1,519
Balance at 30 June 2019	1,519	1,519

↑ The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the period ended 30 June 2019	Notes	2019 (\$'000)
Cash Flows from Operating Activities		
Receipts		
Receipts from Government		100
GST received from the ATO ¹		4
		104
Payments		
Payments to suppliers and employees		(104)
		(104)
Net cash inflows from operating activities	5.1.1	-
Net increase in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year		-

↑ The above Cash Flow Statement should be read in conjunction with the accompanying notes.

→ ¹ Goods and Services Tax paid to the ATO is presented on a net basis.

Notes to the financial statements for the period ended 30 June 2019

Note 1: About this report

Introduction

This note outlines the basis of preparation and compliance information relating to the financial statements.

Structure

1.1 Basis of Preparation

1.1 Basis of Preparation

General

This financial report of the Portable Long Service Benefits Authority (the Authority) is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

The Authority is a not-for-profit entity for the purpose of preparing the financial statements. Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, revenue and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid. This financial report has been prepared on a going concern basis.

These financial statements were authorised for issue by the Governing Board of the Authority on 14 August 2019. The Authority's reporting period is from 18 March 2019 to 30 June 2019.

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which the Authority operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Authority's functional and presentation currency.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Authority's operational cycle.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollar.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Accounting estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in applying AASs that have significant effects on the financial statements and estimates relate to:

- employee benefits provisions (Note 3.3);
- accrued expenses (Note 4.2); and
- contingent assets and contingent liabilities (Note 6.2).

Notes to the financial statements for the period ended 30 June 2019

Note 2: Funding delivery of our services

Introduction

This note presents the sources and amounts of income to the Authority, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

Income is recognised to the extent it is probable the economic benefits will flow to the Authority and the income can be reliably measured at fair value.

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Income from transactions

2.2.1 Grants

	Notes	2019 (\$'000)
2.1 Summary of income that funds the delivery of our services		
Government grants		1,820
		1,820

Income is recognised net of goods and services tax (GST) to the extent it is probable the economic benefits will flow to the Authority and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.2 Income from transactions

2.2.1 Grants

Department of Health and Human Services	1,519
Department of Premier and Cabinet	301
	1,820

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Authority without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Note 3: The cost of delivering our services

Introduction

This note provides information about how the Authority's funding is applied in delivering services and outputs, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

Structure

3.1 Summary of expenses incurred in the delivery of our services

3.2 Operating and administration expenses

3.3 Employee benefits

3.3.1 Employee benefits – comprehensive operating statement

3.3.2 Employee benefits – balance sheet

	Notes	2019 (\$'000)
3.1 Summary of expenses incurred in the delivery of our services		
Operating and administration expenses	3.2	133
Employee benefits	3.3.1	168
		301

Expenses are recognised net of goods and services tax (GST), except where the amount of GST is not recoverable from the ATO. In these circumstances, the GST is recognised as part of an item of expense.

Notes to the financial statements for the period ended 30 June 2019

	Notes	2019 (\$'000)
3.2 Operating and administration expenses		
Recruitment costs		80
Other operating and administration expenses		53
		133

Recruitment costs includes costs incurred to recruit the Governing Board of the Authority and the Chief Executive Officer.

Other operating and administration expenses include costs relating to the occupancy agreement with the Department of Jobs, Precincts and Regions for the Authority's office premises in Bendigo, and the external audit fee with the Victorian Auditor-General's Office that are expensed as incurred.

3.3 Employee benefits

3.3.1 Employee benefits - comprehensive operating statement

Employee benefits in the Comprehensive Operating Statement are a major component of operational expenses and include all costs related to employment, including wages and salaries, superannuation and leave entitlements. The majority of employee expenses in the Comprehensive Operating Statement are salaries and wages.

Salaries and wages		109
Annual leave		22
Long service leave		29
Superannuation		8
		168

The amount recognised in the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Authority to the relevant superannuation plans in respect to the services of the Authority's staff. Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Authority is required to comply with.

3.3.2 Employee benefits – balance sheet

As part of operations, the Authority provides for benefits accruing to employees but payable in future periods in respect of annual leave, long service leave and related on-costs for services rendered to the reporting date.

Current provisions

Employee benefits – annual leave:

Unconditional and expected to be wholly settled within 12 months	17
Unconditional and expected to be paid after 12 months	2

Employee benefits – long service leave:

Unconditional and expected to be wholly settled after 12 months	27
	46

On-costs relating to employee benefits:

Unconditional and expected to be wholly settled within 12 months	3
Unconditional and expected to be wholly settled after 12 months	3
	6

Total current provisions for employee benefits	52
-------------------------------------------------------	-----------

Total provision for employee benefits	52
----------------------------------------------	-----------

Employee numbers at the end of financial year	9
-----------------------------------------------	---

Notes to the financial statements for the period ended 30 June 2019

3.3.2 Employee benefits – balance sheet (continued)

Wages and salaries, annual leave and accrued days off

Liabilities for wages, salaries, annual leave and accrued days off to be wholly settled within 12 months of the reporting date are measured at their nominal values. Employee benefits which are not expected to be wholly settled within 12 months are measured at the present value. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave

Current liability – unconditional Long Service Leave (LSL) (representing 7 or more years of continuous service) is disclosed as a current liability even where the Authority does not expect to wholly settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability for LSL are measured at:

- present value – component that the Authority does not expect to wholly settle within 12 months; and
- nominal value – component that the Authority expects to wholly settle within 12 months.

Non-current liability – conditional LSL (representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the required years of service. Conditional LSL is required to be measured at present value.

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee benefit on-costs

Employee benefit on-costs, including superannuation, payroll tax and workers compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Note 4: Other assets and liabilities

Introduction

This note sets out other assets and liabilities that arise from the Authority's operations.

Structure

4.1 Receivables

4.1.1 Movement in provision for impaired receivables

4.2 Payables

4.2.1 Ageing analysis of contractual payables

2019
(\$'000)

4.1 Receivables

Receivables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Current receivables

Statutory:

Amount owing from the Victorian Government	1,720
--------------------------------------------	-------

GST receivables	11
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Total receivables	1,731
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Receivables consist of:

- Statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits recoverable.

Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

4.1.1 Movement in provision for impaired receivables

As at 30 June 2019, there were no impaired receivables and no provision made as recoverability of the grant invoices to the Victorian Government is high.

Notes to the financial statements for the period ended 30 June 2019

2019
(\$'000)

4.2 Payables

Payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Current payables

Contractual:

Accrued expenses	160
------------------	-----

Total payables	160
-----------------------	------------

Payables consists of:

→ Contractual payables include items such as accrued expenses.

The contractual payables are unsecured and are usually paid within 30 days of recognition.

Accrued expenses are recognised when the Authority, as a result of a past event, has a present obligation that can be estimated reliably, and it is probable that a payment will be required to settle the obligation.

The amount recognised as accrued expenses is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

4.2.1 Ageing analysis of contractual payables

The ageing at 30 June 2019 includes accrued expenses. Statutory payables are excluded.

	Maturity Dates					
	Carrying Amount	Nominal Amount	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
2018-2019						
Supplies and services	160	160	160	-	-	-
	160	160	160	-	-	-

Note 5: Financing our operations

Introduction

This note provides information on the balances related to the financing of the Authority, including financial commitments at year-end. The Authority's recurrent operations are generally financed from cash flows from operating activities (see Cash Flow Statement).

Structure

5.1 Cash and cash equivalents

5.1.1 Reconciliation of net result to cash flow from operating activities

5.2 Commitments for expenditure

5.2.1 Operating commitments

5.2.2 Other commitments

	2019 (\$'000)
5.1 Cash and cash equivalents	
5.1.1 Reconciliation of net result to cash flow from operating activities	
Net result for the year	1,519
Movements in assets and liabilities	
Decrease/(increase) in receivables	(1,731)
(Decrease)/increase in payables	160
(Decrease)/increase in employee benefits	52
Net cash inflows from operating activities	-

Cash flows arising from operating activities are disclosed inclusive of GST.

Notes to the financial statements for the period ended 30 June 2019

2019
(\$'000)

5.2 Commitments for expenditure

5.2.1 Operating commitments

Commitments for future expenditure include operating commitments arising from contracts which are disclosed at their nominal value and inclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

Operating commitments in nominal values including GST as at 30 June 2019 totalled \$1.3 million. This amount is represented by one contract for the provision of licensed software, maintenance, support and cloud hosting managed services for a period of three years from 1 July 2019. Operating expenditure commitments under this contract are due and payable as follows:

Operating expenditure commitments

Not later than one year	479
Later than one year and not later than five years	957
Total operating expenditure commitments	1,436
Less GST recoverable	131
Total operating expenditure commitments (excluding GST)	1,305

5.2.2 Other commitments

The Authority has an operating lease in place for the Head Office building in Bendigo that expires in 2022.

Lease payments over the remaining periods of the lease including GST, are expected to be as follows:

Operating lease on head office building

Not later than one year	259
Later than one year and not later than five years	469
Total other commitments	728
Less GST recoverable	66
Total other commitments (excluding GST)	662

Note 6: Risks, contingencies and valuation judgements

Introduction

The Authority is exposed to risks from both its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section presents information on the Authority's financial instruments, contingent assets and liabilities.

Structure

- 6.1** Financial instruments specific disclosures
 - 6.1.1** Financial instruments: categorisation
 - 6.1.2** Financial risk management objectives and policies
- 6.2** Contingent assets and contingent liabilities

6.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of financial instruments

The principal financial instruments comprise of payables (excluding statutory payables).

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Authority recognises the following liabilities in this category:

- Payables (excluding statutory payables).

Impairment of financial assets

The Authority assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the Authority applies professional judgement in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

Notes to the financial statements for the period ended 30 June 2019

6.1.1 Financial instruments: categorisation

The carrying amounts of the contractual financial assets and financial liabilities by category are disclosed below:

2018-2019	Contractual financial assets - receivables and cash (\$'000)	Contractual financial liabilities - at amortised cost (\$'000)	Total (\$'000)
Contractual financial liabilities			
Payables			
Trade payables ⁽ⁱ⁾	-	160	160
Total contractual financial liabilities	-	160	160

⁽ⁱ⁾ The total amounts disclosed exclude statutory payables.

6.1.2 Financial risk management objectives and policies

The activities of the Authority expose it to a variety of financial risks, market risk, credit risk and liquidity risk. This note presents information about the Authority's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Governing Board of the Authority has the overall responsibility for the establishment and oversight of the risk management framework. The overall risk management program seeks to minimise potential adverse effects on the financial performance of the Authority. The Authority uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis for credit.

Risk management is carried out by the Authority's management under policies approved by the Governing Board of the Authority. The Governing Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk and non-derivative financial instruments, and investment of excess liquidity.

The main risks that the Authority is exposed to through its financial instruments are as follows:

(a) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Authority's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Authority's exposure to market risk is primarily through interest rate risk. There is insignificant exposure to foreign exchange risk and other price risk.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(i) Interest rate risk

The Authority has minimal exposure to interest rate risk through its holding of other financial assets.

(ii) Other price risk

The Authority has no significant exposure to other price risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Authority as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from receivables.

The Portable Long Service Benefits Scheme commenced on 1 July 2019, therefore currently has no exposure to credit risk from receivables. From 1 July 2019, the Authority will minimise concentrations of credit risk by undertaking transactions with a large number of customers who must pay a levy for eligible workers for long service leave in the contract cleaning, security and community services industries. The Authority will therefore not be materially exposed to any individual customer.

(c) Liquidity risk

Liquidity Risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's policy is to settle financial obligations within 30 days and in the event of a dispute make payments within 30 days from the date of resolution.

The Authority manages liquidity risk by maintaining adequate reserves of cash and by continuously monitoring actual cash flows against forecast cash flows of the Authority.

Interest rate exposure of financial instruments

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Authority does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

6.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of this note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There were no material contingent assets or liabilities at 30 June 2019.

Notes to the financial statements for the period ended 30 June 2019

Note 7: Other disclosures

Introduction

This note provides information on other disclosures that impact the Authority.

Structure

- 7.1 Responsible persons
- 7.2 Remuneration of executives
- 7.3 Related parties
- 7.4 Events occurring after the balance date
- 7.5 Auditors remuneration
- 7.6 Australian Accounting Standards issued that are not yet effective

7.1 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

The following lists the responsible persons for the Authority during the year:

Name	Title	Period of appointment	
		From	To
The Hon. Tim Pallas MP	Minister for Industrial Relations	08 Apr 2019	30 Jun 2019
Julius Roe	Director (Chair)	08 Apr 2019	30 Jun 2019
Claire Filson	Director (Deputy Chair)	08 Apr 2019	30 Jun 2019
Emma King	Director	08 Apr 2019	30 Jun 2019
Kate Marshall	Director	08 Apr 2019	30 Jun 2019
Timothy Piper	Director	08 Apr 2019	30 Jun 2019
Rachael Saunders	Director	08 Apr 2019	30 Jun 2019
Julie Warren	Director	08 Apr 2019	30 Jun 2019
Linda White	Director	08 Apr 2019	30 Jun 2019
Joseph Yeung	Director and Chief Executive Officer	18 Mar 2019	30 Jun 2019

Remuneration

The number of Responsible Persons whose remuneration from the Authority was within the specified bands were as follows:

2019	
Income band (\$):	No
0-9,999	7
10,000-19,999	1
70,000-79,999	1
Total Numbers	9

Remuneration received, or due and receivable, during 2018/19 by Responsible Persons including the Chief Executive Officer from the Authority in connection with the management of the Authority was \$122,593.

7.2 Remuneration of executives

Being a new Authority that commenced full operations on 1 July 2019, there is no total remuneration payable to executives, other than the Chief Executive Officer listed under responsible persons in Note 7.1.

7.3 Related Parties

The Authority is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Authority include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Notes to the financial statements for the period ended 30 June 2019

Significant transactions with government-related entities

During the year, the Authority had the following government-related entity transactions (exclusive of GST):

	2019 (\$'000)
Amounts recognised as revenue in the Comprehensive Operating Statement	
Entity and nature of transaction	
Department of Premier and Cabinet	301
Department of Health and Human Services	1,519
	1,820
Amounts recognised as an expense in the Comprehensive Operating Statement	
Entity and nature of transaction	
Department of Jobs, Precincts and Regions	49
	49

Key management personnel

Key management personnel (as defined in AASB 124 Related Party Disclosures) are those persons having authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly. Key management personnel of the Authority includes the Portfolio Minister, all Directors and the Chief Executive Officer as listed under responsible persons in Note 7.1.

Compensation of key management personnel^{(a)(b)}

Short-term employee benefits	113
Post-employment benefits	9
Other long-term benefits	1
Total	123

^(a) The Authority did not employ any KMPs as a contractor through an external service provider during the reporting period.

^(b) The compensation detailed above excludes the salaries and benefits the Portfolio Minister receives.

Transactions with key management personnel and other related parties

Outside of normal citizen type transactions with the Authority, there were no related party transactions that involved key management personnel and their close family members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

7.4 Events occurring after the balance date

There have been no matters and/or circumstances that have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

7.5 Auditors Remuneration

Remuneration for auditing the financial statements of the Authority excluding GST has been set at \$8,000 by the Victorian Auditor-General's Office. No other benefits were received, or are receivable, by the Victorian Auditor-General's Office.

Notes to the financial statements for the period ended 30 June 2019

7.6 Australian Accounting Standards issued that are not yet effective

As at 30 June 2019, the following applicable standards and interpretations had been issued but were not mandatory for the financial period ending 30 June 2019. The Authority has not and does not intend to adopt these standards early.

Standard/ Interpretation (1)	Summary
<p><i>AASB 1059 Service Concession Arrangements: Grantor</i></p>	<p>This standard prescribes the accounting treatment of public private partnership (PPP) arrangements involving a private sector operator providing public services related to a service concession asset on behalf of the State, for a specified period of time. For social infrastructure PPP arrangements, this would result in an earlier recognition of financial liabilities progressively over the construction period rather than at completion date. For economic infrastructure PPP arrangements that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet.</p>
<p><i>AASB 16 Leases</i></p>	<p>The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the Balance Sheet, which has an impact on net debt.</p>
<p><i>AASB 15 Revenue from Contracts with Customers</i></p>	<p>The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.</p>
<p><i>AASB 1058 Income of Not-for-Profit Entities</i></p>	<p>AASB 1058 standard will replace AASB 1004 <i>Contributions</i> and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective. The restructure of administrative arrangement will remain under AASB 1004.</p>
<p><i>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p>	<p>This standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and clarifies circumstances when a contract with a customer is within the scope of AASB 15.</p>

Effective date	Effective date for the entity	Estimated impact
1/1/20	1/7/19	Based on a preliminary assessment by the Authority, there will be no impact as the Authority has not entered into any PPP arrangements.
1/1/19	1/7/19	Based on a preliminary assessment by the Authority, there will be an estimated \$0.6 million increase to both assets and liabilities on the balance sheet (net impact of \$nil). This represents an operating lease that is currently in place for the office building.
1/1/19	1/7/19	Based on a preliminary assessment by the Authority, the changes in revenue recognition under AASB 15 will have no impact on the timing and amount of revenue recorded in the financial statements. The full impact of the additional disclosures on service revenue and contract modification will also have no impact.
1/1/19	1/7/19	Based on a preliminary assessment by the Authority, there will be no impact on the financial statements. Grants funds received over the next 3 years to partially offset the operational costs of the Authority are not based on an enforceable agreement that have specific obligations.
1/1/19	1/7/19	Based on a preliminary assessment by the Authority, there will be no significant impact.

Notes to the financial statements for the period ended 30 June 2019

Standard/ Interpretation (1)	Summary
<i>AASB 2018-8 Amendments to Australian Accounting Standards - Right of use asset</i>	This standard amends various AASB standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.
<i>AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material</i>	This standard amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine the definition of material in AASB 10 <i>Events after the Reporting Period</i> , include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.

Notes:

⁽¹⁾ For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

The following accounting pronouncements are also issued but not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- *AASB 2017-4 Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments*
- *AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation*
- *AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*
- *AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015 - 2017 Cycle*
- *AASB 2018-2 Amendments to Australian Accounting Standards - Plan Amendments, Curtailment or Settlement*
- *AASB 2018-3 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements*

Effective date	Effective date for the entity	Estimated impact
1/1/19	1/7/19	Based on a preliminary assessment by the Authority, there will be no significant impact.
1/1/20	1/7/20	Based on a preliminary assessment by the Authority, there will be no significant impact.

Appendices

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Appendix 4: Our People	Page 54
Appendix 5: Statutory Compliance and Other Information	Page 57

Appendix 1: Disclosure index

The PLSA's annual report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to help identify the department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page
Ministerial Directions and Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant ministers	3
FRD 22H	Purpose, functions, powers and duties	3, 7, 11
FRD 8D	Objectives, indicators and outputs	8, 16-17
FRD 22H	Key initiatives and projects	8-9, 16
FRD 22H	Nature and range of services provided	3, 51
Management and structure		
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Financial and other information		
FRD 8D	Performance against output performance measures	16-17
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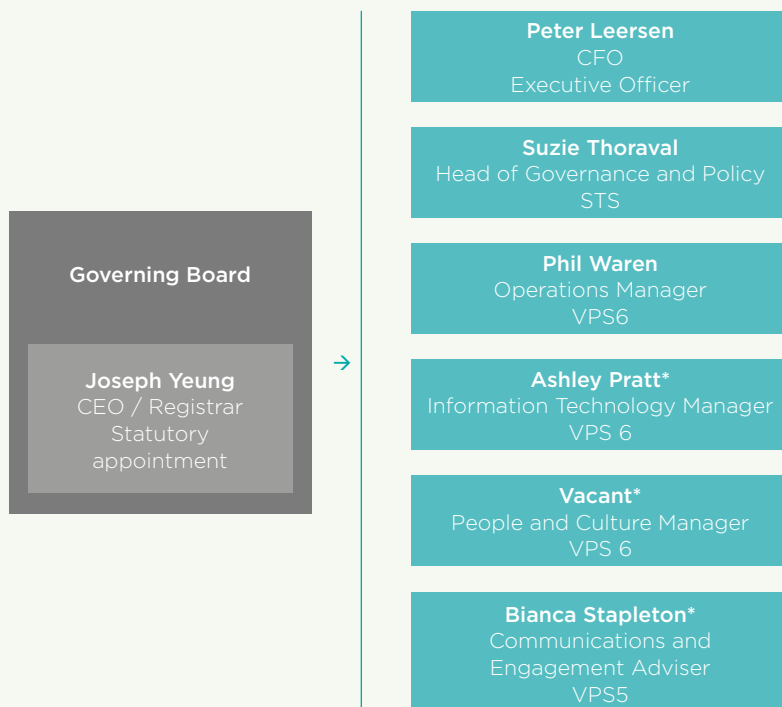
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Appendix 2: Functions and services



*These staff commenced employment with the Portable Long Services Benefits Authority after 30 June 2019.

Appendix 3: Governance

Governing Board

The Portable Long Service Benefits Authority (the Authority) has a Governing Board that is accountable to the Minister for Industrial Relations.

In accordance with the *Long Service Benefits Portability Act 2018 (Vic)*, the Governing Board:

- sets the levy to be paid by employers and contract workers
- is responsible for the governance, strategic planning and risk management of the Authority
- advises the Minister on agreements for corresponding schemes across Australia and
- may perform functions and exercise the powers of the Authority that it deems appropriate.

The following table indicates Director attendance at governing board meetings for the Authority.

GOVERNING BOARD MEETINGS		BOARD OF DIRECTORS	
DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED	
Julius Roe	3	3	
Claire Filson	3	3	
Emma King	3	2	
Kate Marshall	3	3	
Timothy Piper	3	3	
Rachael Saunders	3	3	
Julie Warren	3	2	
Linda White	3	3	
Joseph Yeung	3	3	

Note: The number of meetings includes ordinary meetings, special meetings and resolutions outside of meetings.

Audit and Risk Management Committee

The Audit and Risk Committee is established by the Governing Board and in accordance with the Standing Directions for the Minister for Finance (2018) under the *Financial Management Act 1994 (Vic)* (the Standing Directions). It provides independent assurance and advice to the Governing Board and Chief Executive Officer/Registrar on the effectiveness of the Authority’s financial management systems and controls, performance and stability, compliance with laws and regulations and risk management.

The Audit and Risk Committee comprises four members, at least one of which must be independent from the Governing Board and the Authority. The Committee is governed by a charter detailing its role and responsibilities consistent with the Standing Directions and best practice corporate governance principles.

At its May 2019 Governing Board meeting, the Governing Board appointed the following Audit and Risk Committee members:

- Claire Filson (Chair)
- Rachael Saunders
- Julie Warren

The first Audit and Risk Committee meeting was held on 17 July 2019. Subsequent to the 2018–19 financial year, the Committee will appoint the fourth independent member during the 2019/20 financial year.

Internal audit

The *Financial Management Act 1994* (Vic) and the associated Standing Directions for the Minister for Finance (2018) specify standards for governance, including oversight and assurance responsibilities for audit committees and internal audit. To ensure compliance with these obligations and to assure strategic and risk aligned internal controls, in 2019/20, the Authority will establish its internal audit function in accordance with the three lines of defence model, integrating and aligning assurance processes from multiple sources, which is widely considered to be the better practice model for an assurance environment.

The Authority will appoint an internal auditor to undertake the Authority's internal audit program. Working closely with management, the Governing Board and the Audit and Risk Committee, the first task of the appointed Internal Auditor will be to create a risk-aligned strategic internal audit plan.

The internal audit service provider will report directly to the Authority's Audit and Risk Committee with the results of audits and monitoring of management actions to address audit findings and recommendations undertaken by the Committee.

Financial management compliance

In accordance with section 8(3)(d) of the *Financial Management Act 1994* (Vic) and Standing Directions 1.5, the Assistant Treasurer has granted the Authority an exemption for the 2018/19 financial year.

Conflicts of interest

The Authority has a Conflict of Interest Policy for the Governing Board and for employees. These policies set out obligations in relation to managing conflicts of interest. The Policies ensure that there is a clear, transparent and accountable process in place to manage actual and perceived conflicts of interest which facilitates the Authority's compliance with section 81 of the *Public Administration Act 2004* (Vic) and section 45 of the *Long Service Benefits Portability Act 2018* (Vic) in relation to pecuniary interests.

Appendix 4: Our people

During the 2018/19 financial year, the Portable Long Service Benefits Authority (the Authority)'s focus on people was the recruitment of key roles. The Chief Executive Officer/Registrar (CEO) commenced in March 2019. The Governing Board was appointed in April 2019 and had its first Governing Board meeting on 15 April 2019.

Prior to commencing full operations, key management positions were put into place by a project team within the Department of Premier and Cabinet managed by Industrial Relations Victoria including the Chief Financial Officer, Head of Governance and Policy and the Operations Manager. Customer Service and Education staff were recruited from the Bendigo region and completed training ready to commence operations on 1 July 2019. These positions were initially employed by the Department of Premier and Cabinet and transferred to the Authority on 1 July 2019.

As at 30 June 2019, there were 9 responsible persons for the Authority, being the CEO and the other Governing Board members.

There were 20.22 FTE employed by the Department of Premier and Cabinet and transferred to the Authority on 1 July 2019. The Authority forecasts 31 FTE in 2019-20.

Since 1 July 2019 and up to the date of this Annual Report, the Authority continued to finalise certain residual establishment activities supported by a project team within the Department of Premier and Cabinet, run by Industrial Relations Victoria. These residual establishment activities included a focus on defining the organisational structure and completion of recruitment activities to ensure that the Authority had a full complement of staff.

Employment and conduct principles

The Authority is committed to ensuring compliance with relevant Victorian and Commonwealth legislation as well as upholding and applying the Victorian Public Service values, behaviours and principles. The Authority is currently building its internal policies and processes to provide guidance to staff on matters such as grievances, flexible work opportunities, recruitment and performance.

The Authority is also focused on developing our people to ensure that they have the skills and capability to perform and excel in their roles and help the Authority establish its reputation within the sectors and the wider community.

Occupational Health and Safety

Prior to 30 June 2019, the Authority adhered to the Department of Premier and Cabinet's Occupational Health and Safety (OH&S) policies. The Authority is developing its own policies which will be put to the Governing Board for approval in the 2019-20 financial year. The Authority will also identify suitable OH&S performance indicators on which the Authority will be measured.

There were no hazards or incidents reported relating to Occupational Health and Safety in 2018-19.

Workforce data

The following table shows the head count and full-time equivalent (FTE) of all Portable Long Service Benefits Authority employees as at 1 July 2019.

	Ongoing		Fixed Term and casual		Total	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Gender						
Male	6	5.7	5	5.0	11	10.7
Female	8	7.5	3	2.8	11	10.3
Self-described	-	-	-	-	-	-
Age						
Under 25	-	-	-	-	-	-
25-34	3	3.0	-	-	3	3.0
35-44	4	3.8	4	4.0	8	7.8
45-54	6	5.4	2	2.0	8	7.4
55-64	1	1.0	2	2.0	3	3.0
Classification						
VPS2	9	8.4	4	4.0	13	12.4
VPS3	1	1.0	-	-	1	1.0
VPS4	3	3.0	-	-	3	3.0
VPS5	-	-	-	-	-	-
VPS6	-	-	2	2.0	2	2.0
STS	-	-	1	0.8	1	0.8
Executive	-	-	2	2.0	2	2.0
TOTAL	13	12.4	9	8.8	22	12.2

Executive Officer (EO) Data

The following table shows the annualised salaries for senior employees categorised by classification. The table below reflects employment levels broken down by gender against EO classification levels.

Executive Officer Data				
Executive*	Headcount	FTE	Headcount	FTE
<\$160,000				
\$160,000 – \$179,999				
\$180,000 – \$199,999				
\$200,000 – \$219,999				
\$220,000 – \$239,999	2	2.0		

* Note: Executives' remuneration is inclusive of superannuation.

Classification	Male		Female		Self-described		Total
	Headcount	FTE	Headcount	FTE	Headcount	FTE	
Executive	2	2.0	-	-	-	-	2.0

Appendix 5: Statutory compliance and other information

Environmental performance

As a new Authority that commenced full operations on 1 July 2019, the Portable Long Service Benefits Authority (the Authority) did not have any available data on environmental performance this year. The Authority is committed to ensuring its compliance with environmental performance requirements in 2019–20. We will incorporate our activities with the existing Environmental Management System in our co-location with other Victorian Government agencies in our Bendigo office.

Compliance with the *Building Act 1993*

The Authority met all relevant compliance provisions of the *Building Act 1993* (Vic) in our building and maintenance activities during the year.

Capital projects / asset investment

During 2018/19 the Authority did not have any completed capital projects that met the disclosure threshold of \$10 million or greater.

Consultancies

Details of consultancies (valued at \$10 000 or greater)

The Authority did not procure any consultancies valued above \$10,000 during the year.

Details of consultancies under \$10 000

The Authority did not procure any consultancies valued under \$10,000 during the year.

Major contracts

The Authority did not award any major contracts valued above \$10 million or more during the 2018/19.

Competitive Neutrality Policy

Under the Competitive Neutrality Policy the guiding principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

The Authority continues to comply with the requirements of the Competitive Neutrality Policy.

Freedom of Information Requests

The *Freedom of Information Act 1982* (Vic) allows the public a right of access to documents held by the Authority.

During the 2018/19 financial year, the Authority received no applications.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in s17 of the *Freedom of Information Act 1982* (Vic). In summary, the requirements for making a request are:

- it should be in writing;
- it should identify as clearly as possible which document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Authority should be addressed to:

**Freedom of Information Officer
Portable Long Service Authority
Level 1, 56–60 King Street, Bendigo, Victoria 3550**

Requests can also be lodged online at www.foi.vic.gov.au.

Access charges may also apply once documents have been processed and a decision on access is made for example, photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au.

Government advertising expenditure

As a new Authority that commenced full operations on 1 July 2019, the Authority did not produce any advertising campaigns valued at \$100,000 or greater during the year.

Information and communications technology (ICT) expenditure

For the 2018/19 reporting period, the Authority did not incur any ICT expenditure.

Grants payments

The Authority did not provide any grant payments during the year.

Machinery of government changes – direct costs

There were no direct costs in relation to machinery of government changes during the 2018/19 financial year.

Local Jobs First – implementation of the Victorian Industry Participation Policy

In accordance to the *Victorian Industry Participation Policy Act 2003* (Vic), the Authority is required to apply the Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP) in all procurement activities valued at \$1 million and above as the Authority is located in regional Victoria.

As a new Authority that commenced full operations 1 July 2019, there were no projects procured during the 2018/19 year.

Privacy

The Authority collects and handles personal information in relation to eligible workers and employers in order to fulfil its functions under the *Long Service Benefits Portability Act 2018* (Vic). The Authority's policies regarding the management of personal information comply with the *Privacy and Data Protection Act 2014* (Vic) and are set out in its Privacy Policy, available on the Authority's website.

No privacy breaches were reported to the Authority during 2018/19.

Protected Disclosure Act

The *Protected Disclosure Act 2012* (Vic) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Authority encourages its officers and members of the public to report known or suspected incidences of improper conduct and detrimental action.

You may make a protected disclosure to the Authority:

- in person;
- by phone;
- by leaving a voicemail message;
- in writing by post, personal delivery or email;
- by any other form of electronic communication; and/or
- anonymously.

Alternatively, disclosures of improper conduct or detrimental action by the Authority or any of its employees and/or officers may also be made directly to the Independent Broad-based Anticorruption Commission:

**Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au**

Carer's Recognition Act

In accordance with the *Carers Recognition Act 2012* (Vic), the Authority recognises the contribution made by carers within the community by:

- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act;
- considering the care relationships principles set out in the Act when setting policies and providing services;
- promoting the availability of flexible work arrangements and providing resources to effectively support this; and
- providing support to all staff through the Employee Assistance Program.

Disability Act

The Authority understands its obligation under Section 38 of the *Disability Act 2006* (Vic) to implement a disability action plan under four outcomes and report annually on its progress to:

- reduce barriers to people with a disability accessing goods, services and facilities;
- reduce barriers to persons with a disability obtaining and maintaining employment;
- promote inclusion and participation in the community of people with a disability; and
- achieve tangible changes in attitudes and practices which discriminate against people with a disability.

Note: up until 30 June 2019, staff were employed under the Department of Premier and Cabinet. In the 2019-20 financial year, the Authority will work to establish its internal policies and procedures to ensure compliance with its obligations under the *Carer's Recognition Act 2012* (Vic) and *Disability Act 2006* (Vic).

Subsequent events

There are no post balance date events that materially affect the Authority's 2018/19 financial statements.

