

Long Service Corporation  
Annual Report  
**2012/13**



**Long Service**  
CORPORATION

**Head Office**

Level 1, 19-21 Watt Street Gosford, NSW 2250

**Branch Office**

Level 1, 10-12 Railway Street, Lidcombe, NSW 2141

**Mail**

Locked Bag 3000, Central Coast MC NSW 2252

**Telephone**

13 14 41

**Fax**

(02) 9287 5685

**Internet Address**

[www.longservice.nsw.gov.au](http://www.longservice.nsw.gov.au)

**Email**

[info@longservice.nsw.gov.au](mailto:info@longservice.nsw.gov.au)

**Hours**

8.30am to 5.00pm Monday to Friday

This annual report was produced wholly by Long Service Corporation officers. There were no external production costs and the annual report is available in electronic format only. This annual report can be accessed on the Long Service Corporation website [www.longservice.nsw.gov.au](http://www.longservice.nsw.gov.au)

31st October 2013

# Letter to the Minister

*Parliament House  
Macquarie Street  
SYDNEY NSW 2000*

**The Hon Mike Baird MP  
Treasurer and Minister for Industrial Relations.**

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, I have pleasure in submitting for your information and presentation to Parliament, the Annual Report for the Long Service Corporation for the financial year ended 30 June 2013.

Sincerely,



**Philip Gaetjens**  
Chief Executive Officer

31st October 2013



**Long Service**  
CORPORATION

STREET ADDRESS: LEVEL 1, 19-21 WATT STREET, GOSFORD NSW 2250 / TELEPHONE: 13 14 41  
POSTAL ADDRESS: LOCKED BAG 3000, CENTRAL COAST MC, NSW 2252  
WEB: [WWW.LONGSERVICE.NSW.GOV.AU](http://WWW.LONGSERVICE.NSW.GOV.AU) / EMAIL: [INFO@LONGSERVICE.NSW.GOV.AU](mailto:INFO@LONGSERVICE.NSW.GOV.AU)



# Contents

▶ Letter to the Minister	03
▶ About Us	06
▶ Our Stakeholders	06
▶ Our Functions and Services	07
▶ Corporate Plan 2012 - 2013	08
▶ Chief Executive Officer's Report	09
▶ Principle Officers	10
▶ Organisational Structure	11
▶ Director's Report	12
▶ Operational Overview	14
▶ Building and Construction Industry Committee	18
▶ Contract Cleaning Industry Committee	21
▶ Good Governance	24
Insurance	24
Audit and Risk Management	24
Report from the Audit & Risk Committee	25
Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for Long Service Corporation	27
▶ Financial Performance Summary	28
▶ Financial Statements	32
▶ Appendices	67

# About Us

Established in 1982 to administer the *Building and Construction Industry Long Service Payments Act 1986* the Corporation provides a portable long service payments scheme to building and construction workers in NSW.

With the introduction of the *Long Service Corporation Act 2010* and the *Contract Cleaning Industry (Portable Long Service Scheme) Act 2010*, the Corporation's name changed from the Building and Construction Industry Long Service Payments Corporation to the Long Service Corporation enabling the Corporation to administer both the building and construction scheme and the contract cleaning scheme. From 1 July 2011, the Long Service Corporation has provided portable long service schemes to approximately 280,000 active workers and 30,000 active employers in the building and construction and contract cleaning industries.

# Our Stakeholders

The Long Service Corporation has a diverse range of stakeholders for the building and construction industry and the contract cleaning industry. The Corporation engages with the New South Wales community, government, employers, workers and third parties.

The Corporation monitors its engagement through a stakeholder engagement model program, customer satisfaction surveys and feedback.

STAKEHOLDERS	KEY ISSUES
<p><b>NSW Community</b> (Levy payers and general community)</p>	<ul style="list-style-type: none"> <li>➤ Levy Payers: Levy payment on all building &amp; construction work above \$25,000 and 1.7% of ordinary wages for the contract cleaning scheme</li> <li>➤ General Community: Information about levy rate and why we have it</li> </ul>
<p><b>Workers</b> (Workers, self employed workers, trade unions)</p>	<ul style="list-style-type: none"> <li>➤ Workers: membership, recording service, claiming entitlements; other scheme related information and advice</li> <li>➤ Self employed workers: registration, recording service, claiming entitlements, information and advice</li> <li>➤ Trade Unions: worker advocacy, scheme coverage, scheme entitlements and Industry Committee membership</li> </ul>
<p><b>Employers</b> (Employers, employer groups/industry associations)</p>	<ul style="list-style-type: none"> <li>➤ Employers: Responsibilities under the Acts; registration, lodging worker service, returns, claiming entitlements, compliance, levy payment plans / queries</li> <li>➤ Employer Groups: Employer advocacy, scheme coverage, scheme entitlements and Industry Committee membership</li> </ul>
<p><b>Third Parties</b> (Private Certifiers, Suppliers, Interstate schemes, Tax Agents)</p>	<ul style="list-style-type: none"> <li>➤ Private Certifiers: regulation, policy and payment arrangements within the building and construction scheme</li> <li>➤ Suppliers: policy, procedures and payment arrangements</li> <li>➤ Interstate Schemes: National Reciprocal Agreement (NRA), national cooperation initiatives</li> <li>➤ Tax Agents: submitting returns for self employed workers in the building and construction scheme</li> </ul>
<p><b>Government</b> (Local Government Councils, Government agencies)</p>	<ul style="list-style-type: none"> <li>➤ Local Government Councils: Levy collection agent, scheme information for the building and construction scheme</li> <li>➤ Government Agencies contracting work in both industries: Responsibilities under the Acts</li> </ul>

# Our Functions & Services

## OUR FUNCTIONS

- ✔ Ensuring industry workers are registered in the scheme and recording service.
- ✔ Ensuring industry employers are aware of their obligations and complying with the scheme.
- ✔ Collecting the long service levy.
- ✔ Managing the fund to deliver returns consistent with market benchmark for similar risk/return.
- ✔ Paying claims to workers and employers.
- ✔ Marketing the scheme to the participating NSW industries.

## OUR SERVICES

The Services provided by the Corporation include:

- ✔ Helpline operating from 8.30 am – 5.00 pm Monday to Friday;
- ✔ Interpreter services offering support to our many workers and employers from non-English speaking backgrounds;
- ✔ Face to face customer service from our two office locations at Gosford and Lidcombe;
- ✔ Field advisory services – inspectors are available to do site and office visits to employers to explain long service obligations, benefits and coverage queries;
- ✔ TAFE presentations to building industry apprentices;
- ✔ Presentations at industry events including trade evenings or association meetings;
- ✔ Trade Union delegate training;
- ✔ Advisory service to other industry stakeholders such as accountancy firms;
- ✔ Provision of an electronic return for councils;
- ✔ Field visits to private certifiers and 152 local councils to provide support and assist on levy matters;
- ✔ Presentations at industry events organised by local councils or certifiers.

## OUR VALUES

Our staff work within a framework of clear values:

- ✔ Be professional
- ✔ Show respect
- ✔ Earn trust
- ✔ Be honest
- ✔ Be fair

## OUR VISION

To increase involvement and retention of workers in participating NSW industries by providing portable long service entitlements.

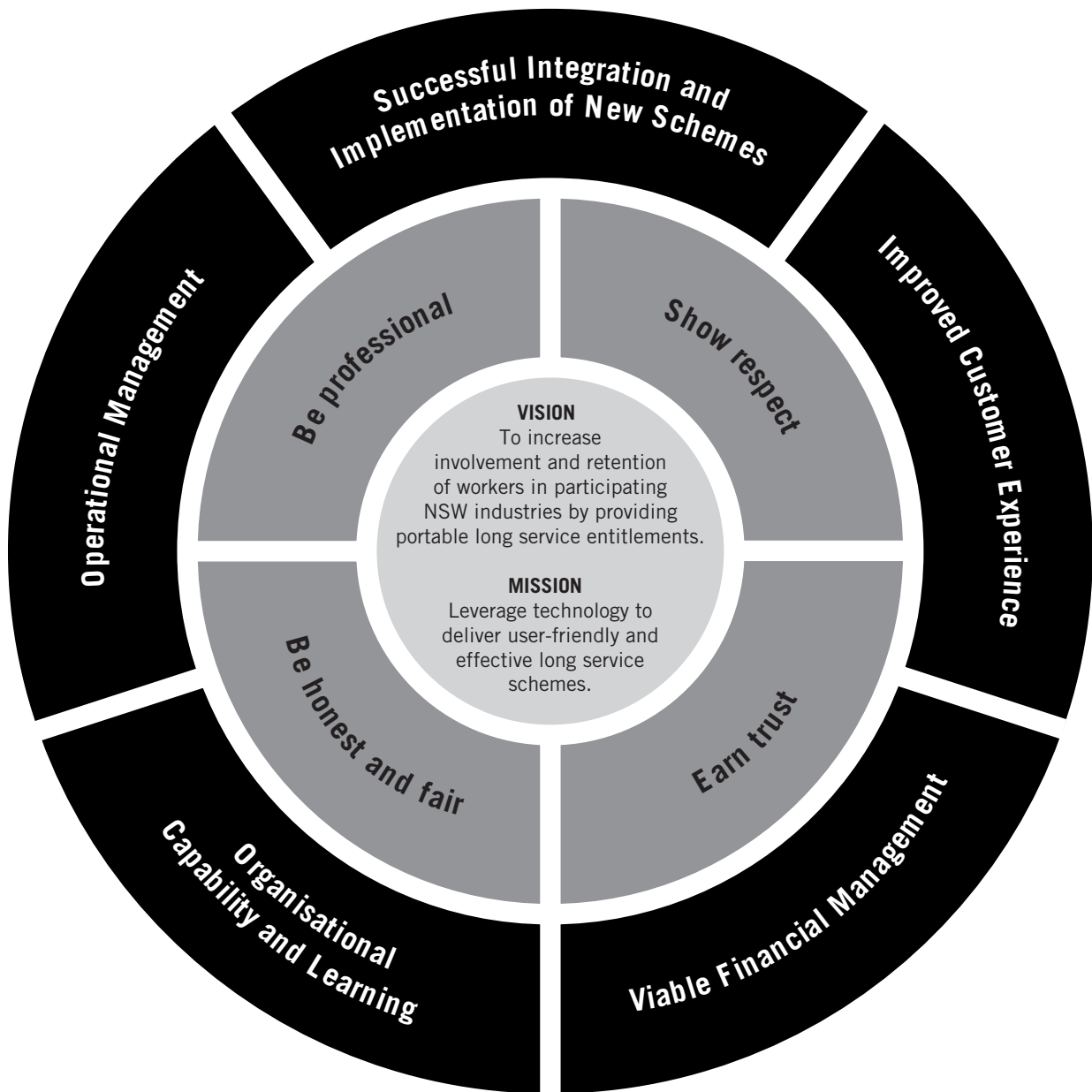
## OUR MISSION

Leverage technology to deliver user-friendly and effective portable long service schemes.

*'User Friendly' is defined in relation to LSC customers and the nature of the service being one touch and self service (online) thus improving the customer experience.*

*'Effective' is defined in relation to services being fit for purpose, of high quality (right first time) and time efficient.*

# Corporate Plan 2012-2013



# Chief Executive Officer's Report

In October 2012, I became the Chief Executive Officer of the Corporation after it was transferred to NSW Treasury from the Department of Finance and Services.

Looking back over 2012/2013 it has been very rewarding to see how the Corporation has worked extremely hard to address a number of key issues to improve its financial situation, noting it remains in deficit. I am pleased to see the focus on levy compliance has been rewarded with more than \$8m in levy revenue collected from non-payers. The Corporation has also embraced change by implementing a new organisational structure in September 2012. It has worked extremely hard to fully integrate the contract cleaning industry scheme without increasing staff numbers. Streamlined processes and new procedures have enabled the Corporation to deal effectively with workloads and make progress on offering more and more of its service online.

The Corporation's investments with the Treasury Corporation had an excellent year with a return of over 20%. This has helped significantly to reduce the Corporation's deficit from \$138.5m in 2011/2012 to \$4.2m. If investment markets continue to perform the Corporation will be back in surplus by the end of this financial year.

The Corporation is now in its 38th year of administering the Building and Construction Industry Long Service Payments Scheme. In this time it has paid benefits exceeding \$843 million to over 195,000 workers. The Contract Cleaning Industry Scheme has now completed 2 years of operations and has registered over 25,000 workers and over 700 employers collecting \$16.1m in levies to date. The Corporation continues to deliver a high quality service to the workers and employers in both industries.

The Corporation's future direction is to continue to implement its strategy for an online self service delivery model, which by leveraging technology will enable it to achieve its vision. The Corporation will continue to refine its current suite of online facilities and introduce further facilities over the coming years – the most notable being the planned integration of both scheme operational business systems into one system.

I would like to thank members of both scheme Industry Committees and Vicki Telfer, Executive Director NSW Industrial Relations who chairs both on my behalf, for their contribution to the Corporation's business through providing advice and guidance. I also thank the Corporation's principal officers and staff for their continued commitment and drive to provide an excellent service to our customers and all our stakeholders.

Sincerely,



**Philip Gaetjens**  
Chief Executive Officer,  
Long Service Corporation

# Principal Officers

## PRINCIPAL OFFICERS

### **Philip Gaetjens**

BA(Hons), Grad Dip Prof Acc  
Secretary,  
NSW Treasury  
Chief Executive Officer,  
Long Service Corporation

### **Vicki Telfer**

BSc, DipEd, MPA, MALP, MAICD  
Executive Director,  
NSW Industrial Relations

### **Scott Warr**

BA, MMGT  
Director

### **Sam Soialo**

BIT, CMgr, MBA  
Deputy Director

### **Eric Hartge**

McomPA, FIPA  
Financial Controller

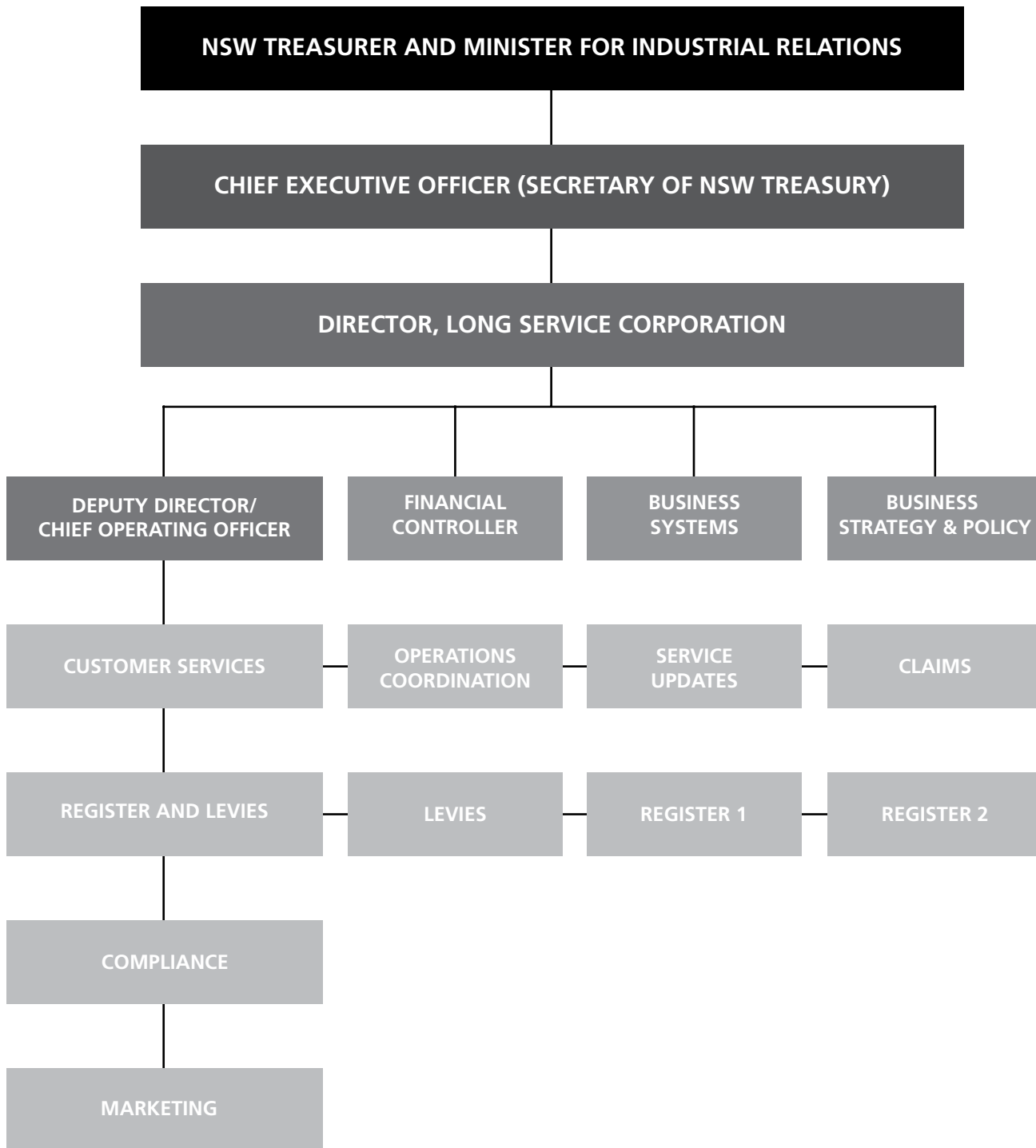
### **Paul Stalling**

Dip Financial Markets, Dip Project Management  
Strategy, Policy and Planning

### **Monica Hu**

HDipSA, MBA, MIS  
Business Systems Manager

# Organisational Structure



# Director's Report

The Corporation's primary focus for the 2012/2013 financial year was taking action to address the significant financial deficit. In addition to this key focus, the Corporation also implemented a new structure, which fully integrated the contract cleaning scheme, proposed a number of legislative changes to both schemes, completed a full review of its investment strategy and investigated the capabilities of new technologies to allow the integration of all our operational business systems.

In general the responsibilities of the Corporation continue to grow. The building and construction industry scheme alone saw claims payments totalling \$65 million to 10,820 workers, \$102.5 million in levies collected, as well as the registration of 26,858 new workers and 2,649 new employers. The contract cleaning industry scheme collected \$8.4m in levy payments this year and has reached a relatively steady state with 25,292 workers and 794 employers registered with the scheme.

From a financial perspective 2012-13 was a very good year for the Corporation. The investment performance for 2012/2013 was well above expectations with the Corporation's investments returning 20.55%. The return was 1.76% ahead of the Treasury Corporation's strategic benchmark of 18.79%, ahead of the 'Median Growth Manager' benchmark of 18.4% provided by the Corporation's Asset Consultant, PricewaterhouseCoopers and was consistent with investment returns of similar long service schemes in other states and territories.

The building and construction industry in NSW started to show signs of a possible recovery during the financial year. Higher than expected levy revenues, which were up \$30.1m and a reduction in the number (down 1,500) and value of claims (down \$3m), both these "lead type" indicators are pointing to a slow recovery in the industry. The contract cleaning industry scheme continues to struggle with the economic environment resulting in a number of large employers going into administration.

## Highlights

One of the many highlights for the year, was overseeing the tremendous work done by all staff in developing and implementing the new Corporation Structure in September 2012. It had been over 15 years since the last significant restructure. The Corporation undertook a detailed capacity analysis during 2011/2012 and used the results to objectively form the integrated structure and number of staff required to administer both Industry Schemes. This work meant that both schemes could be administered without any increase in total staff numbers and with a saving of over \$2.8m on the original projected cost of establishing the contract cleaning scheme. A systematic approach to cross training of staff across the Corporation has allowed for staff to be redirected to different sections during peaks in workloads during the business cycle.

The Corporation was successful in the latter part of the financial year in gaining agreement from Treasury & Audit Office to use a discount rate more aligned with the asset growth rate. The change in discount rate used reduced the Corporation's scheme liabilities and expenditure by \$54.3m in 2012/13.

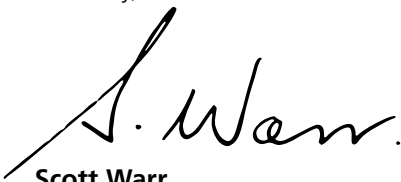
The increased focus on stopping any levy revenue leakages saw the Compliance Unit take the lead on levy revenue collection compliance with the aid of the Cordell Construction Project Database. Initial investigations started with large constructions projects and resulted in over \$8m in additional levy revenue being raised during the year. It also highlighted the need for the Corporation to work even more closely with construction approval organisations to ensure all levies are paid before work commences.

The Corporation completed its new ICT Strategy during the year with a clear road map for the next 3-5 years being detailed. Key points include a new Corporation information website being launched in August 2012, the development of a management information system with a business intelligence tool at its centre. The longer term goal of having an integrated long service leave system that can administer both schemes was recognised with a project team to be set up from 1 July 2013. The issue of data quality was highlighted in preparation for the new integrated system. Clear priorities and a program of works are detailed in the strategy.

Leveraging technology to deliver a user-friendly and effective portable long service scheme continues to be part of the Corporation's mission. Making the schemes even easier for people to use and understand is fundamental to our success and helps the Corporation play its part in delivering increased customer satisfaction with government services. Fully engaging with the industries we serve is also fundamental to the Corporation in achieving its vision of an online self service model.

The Corporation continues to administer the *Building and Construction Industry Long Service Payments Act 1986* to an excellent standard and is now applying that same high standard to administering the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. The new financial year brings with it many challenges and opportunities for the Corporation to build on the good work and excellent achievements of 2012/2013. I look forward to working in partnership with the building and construction industry and the contract cleaning industry to further improve the efficiency and ease with which we deliver our services to workers and employers.

Sincerely,



**Scott Warr**  
Director,  
Long Service Corporation

# Operational Overview

Financial year 2012/13 delivered some outstanding results from an operational perspective. Part of our core strategy was to reduce the number of re-work and repeat contacts, making our contact centre more accessible to our members. Naturally, as the markets recover from a downturn – the number of queries declined. However, improvements in our own business processes and subsequent systems reduced the overall volume of inbound work – giving us more time to resolve them faster.

In our recently implemented structure, the number of customer service officers available to answer our Helpline increased, whilst our overall staffing numbers have remained the same. This required all front line staff members to be cross-trained, enabling them to answer any question, without the need to transfer a caller somewhere else within the Corporation.

Registering employers and workers, and recording service for those workers are core activities for the Corporation. The majority of this is done by employers and tax agents, with 90% of employers who employed workers using our online portals to do so. By utilising these portals, we have seen a 61% (-22,786) decline in the number of physical forms that are sent in by workers querying missing service in the building industry scheme alone. In the past paper was predominantly used to do this activity and may explain the number of service records missing. Utilising the online facility is easier and quicker for employers, tax agents and us from a time perspective. I would like to thank these employers and tax agents in particular for their assistance in providing the required information via our online portals.

There were a number of business process improvement initiatives throughout the Corporation, however; one in particular that I would like to highlight was resolving requests to recognise missing service. Current processes were mapped and then redesigned to streamline them. As a result, we made considerable savings in time available – estimated to be 314 hours (9 weeks) in this area alone for the financial year. These types of improvements will ultimately allow us to resolve more queries first time round without being rushed and making mistakes increasing re-work.

Many of our services continue to move online. This follows a trend that has been noted in many industries including those we service. As noted in Table 1, contact via traditional mail (post) has declined by 28% (-19,922), whereas the take-up of our recently launched website contact form increased; 3166 contacts since its launch.

In the coming months, we will focus on updating worker details in order to keep you better informed using a number of different channels, including social media, whilst retaining our traditional ones for those who prefer to stay away from technology. We have noted a 19% (-532) decline in enquiries at both our counter locations. Outbound communication via post has also declined 19% (-22,786), suggesting that more and more members are moving to electronic communication.

For a more detailed view of this year's activities, please refer to the following sections.

Most importantly, I would like to take this opportunity to formally give credit and a big thanks to our staff for the hard work they have put in this financial year amongst all of the internal changes.

Sincerely,



**Sam Soialo**  
Deputy Director/COO

ACTIVITY DESCRIPTION	2010/2011	2011/2012	2012/2013
<b>Building and Construction Industry</b>			
New worker registrations approved	28,302	28,448	26,858
Workers removed from register (including bulk cancellation)	21,219	19,683	4,108
Total number of approved workers	288,481	297,246	319,996
New employer registrations approved	2,314	2,660	2,649
Total number of registered employers	31,315	33,231	35,068
Appeals to the Industry Committee	427	412	212
<b>Contract Cleaning Industry</b>			
Total number of approved workers	N/A	25,127	25,292
Total number of registered employers	N/A	823	794
Appeals to the Industry Committee	N/A	0	0
Number of payments in conjunction with interstate schemes	N/A	0	0
<b>Long Service Corporation</b>			
Total incoming telephone enquiries to 13 14 41 Helpline	86,072	88,454	84,636
Total incoming telephone enquiries answered on 13 14 41 Helpline	75,641	78,176	77,735
Total counter enquiries	2,051	2,731	2,199

# Financial Year Variations

FINANCIAL YEAR	FY %VAR
Inbound Helpline	-3.4% (-2,991)
Answered Helpline	-0.6% (-441)
Inbound via Post	-19% (-19,922)
Inbound via Website	+100% (+3166)
Inbound via Email	-9% (-495)
Inbound via Fax	-31% (-472)
Outgoing Mail (post)	-19% (-22,786)
Manual Form Imaging (missing service & record updates)	-61% (-22,725)
Correspondence Imaging	-11% (-532)
Counter Queries (Gosford & Lidcombe)	-19%(-532)
BCI Claims Received	-7% (-871)
BCI Claims Processed	-7% (-878)
BCI New Workers Registration (manually approved)	-17% (-559)
BCI New Employer Registrations (requests)	-3% (-70)
BCI New Employer Registration (resolved)	-3% (-92)
BCI Requests to recognise missing service overall	-7%(-828)

Table 1 – Volume of Inbound &amp; Outbound work

# Operational Overview

## 1.1 HELPLINE OVERVIEW

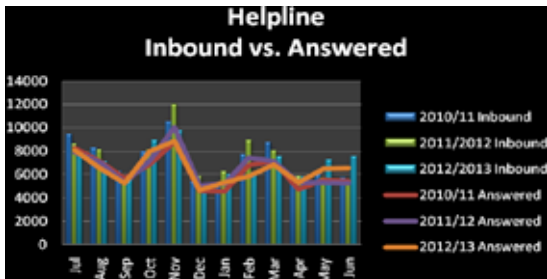


Figure 1. Helpline by monthly



Figure 2. Helpline T12M trend

- A total of 84,636 calls were received – a decline of 4.3% (-3,818) from last financial year.
- A total of 77,735 were answered - a decline of 0.6% (-441).
- Positively, this meant that 92% of calls were answered compared 88% in the prior year.
- The decline in “re-work” naturally reduces the number of inbound phones calls. However, the increase number of contacts via digital channels such as the website will also have contributed to this decline.

## 1.2 BUILDING AND CONSTRUCTION INDUSTRY (BCI) LEVIES

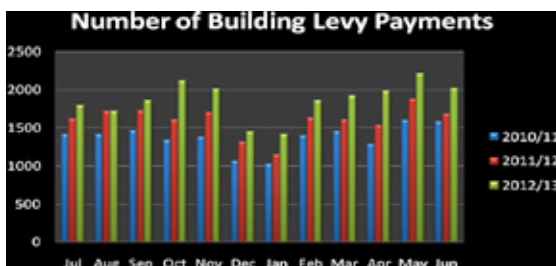


Figure 3. Volume of BCI Levy Payments

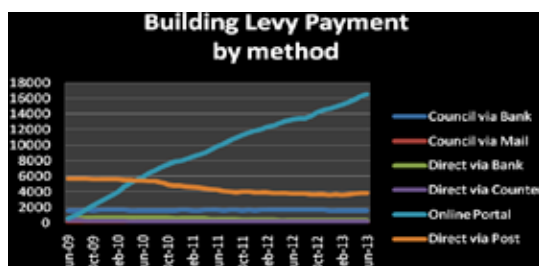
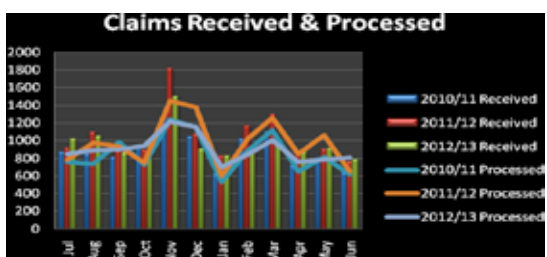


Figure 4. Method of Levy payments

- \$102.5m in levies collected
- The number of levy payment transactions increased 17% (3,174) as per Figure 3.
- Payments received via our Online Portal continue to increase as per Figure 4 – 35% (5,853) this year alone.

## 1.3 BCI CLAIMS OVERVIEW



- \$65m was paid to 10,820 members.
- The number of claim requests decreased by 7% (-878).
- The number of claims processed also decreased by 7% (-871).
- Claims which included interstate service increased 5%.

# The Building and Construction Industry Long Service payments committee

(Referred to as Industry Committee)

The Industry Committee is constituted under the *Building and Construction Industry Long Service Payments Act 1986*. It is an advisory and appellate body, consisting ten part-time members appointed by the Minister and chaired by the Chief Executive Officer (or their delegate). At the Minister's discretion the current committee consists of eight members. The Industry Committee is empowered under Section 9 of the Act to advise on administration of the Act including matters concerning publicity, the investment of funds and the rate of the long service levy.

The Industry Committee decides appeals lodged against Corporation decisions to:

- Reject an application for registration in the scheme made on behalf of or by workers
- Cancel registrations of workers in the scheme
- Refuse service credits to registered workers

The Industry Committee also decides appeals lodged by levy payers in respect of:

- An assessment made of the amount of a long service levy due in respect of the erection of a building
- A direction given, or refusal to give such direction, in relation to interest payable on a long service levy not paid before the due date, or extension of time for payment of a long service levy

Apart from its legislated functions, the Committee also acts as 'Customer Council' in relation to customer service standards and helps ensure the quality and effectiveness of services meet customers' needs.

The term of the current Industry Committee was from 23 July 2012 to 22 July 2013. This year the Industry Committee met on three occasions.

During the year the Committee continued to provide support and advice to the Corporation regarding amendments to the *Building and Construction Industry Long Service Payments Act 1986*. The Committee reviewed proposals for improvements in scheme administration for consideration by the Minister and potential future legislative change. Significant matters considered included Award Modernisation, advice regarding tendering for an independent asset consultant, the transition of LSC from CASD to Department of Finance, and scheme eligible work including workers performing non destructive excavation.

## Appeals

The Committee heard and gave consideration to 10 appeals from workers. The Committee also endorsed the bulk cancellation of workers under section 19(1) of the Act, where workers had not recorded service for at least four years, and under section 19(2) of the Act, where a worker registration should not have been approved.

Sections 49-54 of the Act empower the Industry Committee to determine appeals lodged by workers, employers and levy payers in respect of certain Corporation decisions. Appeals are considered and determined on the basis of documentary evidence submitted by the parties involved. There were no appeals lodged by levy payers in the year.

In March 2013, in accordance with the Act, the Corporation conducted a cancellation run of workers where there were no records of service for at least four consecutive years and those workers whose registrations should not have been approved. Workers identified for cancellation received notification in March. Appeals lodged as a result of the cancellation run were received in the 2012/13 financial year but will not be heard until the 2013/14 financial year.

# BC Industry Committee

## CHAIRPERSON

### **Vicki Telfer**

BSc, DipEd, MPA, MALP, MAICD  
Executive Director,  
NSW Industrial Relations (NSWIR)

**Meeting attendance:** 3 out of 3

## MEMBERS NOMINATED BY UNIONS NSW

### **Russ Collison**

State Secretary,  
Australian Workers Union NSW

**Meeting attendance:** 1 out of 3

### **Keryn McWhinney**

Dip Ind Law  
Senior Claims/Industrial Officer, Co-ordinator  
Construction Forestry Mining Energy Union (CFMEU),  
(Construction & General Division) NSW Branch

**Meeting attendance:** 2 out of 2

### **Dave McKinley**

Union Official,  
Electrical Trades Union of Australia

**Meeting attendance:** 3 out of 3

## MEMBERS NOMINATED JOINTLY BY THE MASTER BUILDER'S ASSOCIATION OF NSW AND EMPLOYERS FIRST

### **Brian Seidler**

B.Build  
Executive Director,  
Master Builders' Association of NSW

**Meeting attendance:** 3 out of 3

### **Dr John Elder**

AM BBus,  
MIR (Hons), PhD, Dip IR

**Meeting attendance:** 3 out of 3

### **Tony Doyle**

B.Com (Hons)  
(Industrial Relations), M.Com  
(Distinction) (Workplace Relations)  
Manager, Workplace Relations with the Australian  
Federation of Employers & Industries

**Meeting attendance:** 3 out of 3

# BC Industry Committee

## MEMBERS DIRECTLY APPOINTED BY THE MINISTER

### **Chris Christodoulou**

BA IND REL  
Assistant Secretary, Unions NSW

**Meeting attendance:** 3 out of 3

### **David Bare**

BA Metallurgy (Materials Engineering), Business  
Management Certificate (General Management)  
Executive Director, NSW – Housing Industry Australia

**Meeting attendance:** 2 out of 2

## DEPUTY MEMBERS NOMINATED BY UNIONS NSW

### **Terry Kesby**

CFMEU Organiser  
Director of CITAB  
Member, Vocational Training Tribunal

**Meeting attendance:** Not required to attend

### **Steve McCarney**

State Secretary,  
CEPU Plumbing Division NSW Branch

**Meeting attendance:** Not required to attend

### **Paul Farrow**

Organiser, Australian Workers Union NSW Branch

**Meeting attendance:** 2 out of 3

## DEPUTY MEMBERS NOMINATED JOINTLY BY THE MASTER BUILDERS' ASSOCIATION OF NSW AND EMPLOYERS FIRST

### **Michelle Bass**

JP, Dip Human Resources Management  
OHS and Training Manager, Civil Contractors  
Federation NSW Branch

**Meeting attendance:** 1 out of 3

### **Shona D'Arbon**

B Law  
Industrial Relations Officer Master Builders Association  
of Australia

**Meeting attendance:** 1 out of 3

## DEPUTY MEMBERS DIRECTLY APPOINTED BY THE MINISTER

### **Doug Wright**

AM Bec, BA, B Economics

**Meeting attendance:** Not required to attend

### **Emma Maiden**

BA Economics, Dip Law  
Deputy Assistant Secretary Unions NSW

**Meeting attendance:** 1 out of 3

# The Contract Cleaning Industry Long Service Leave Committee

(Referred to as CC Industry Committee)

The CC Industry Committee is constituted under the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. It is an advisory and appellate body, consisting of eight part-time members appointed by the Minister and chaired by the Chief Executive Officer (or their delegate). The CC Industry Committee is empowered under Section 9 of the Act to advise on administration of the Act including matters concerning publicity, the investment of funds and the rate of the long service levy.

The CC Industry Committee decides appeals lodged by workers against Corporation decisions to:

- Reject an application for registration in the scheme made on behalf of or by workers
- Cancel registrations of workers in the scheme
- Apply a limitation to the minimum and maximum rates of pay used to claim

## Employer:

The Industry Committee also decides appeals lodged by employers against Corporation decisions to:

- Reject an application for registration in the scheme by an employer
- Cancel registration of employers in the scheme
- Refuse or reject an application to register a worker
- Refuse to grant an exemption or revocation of an exemption from lodging a return
- Refuse to grant an extension of time to pay a levy
- Refuse to waive or reduce interest on unpaid levies
- Make an assessment on an unpaid levy

Apart from its legislated functions, the Committee also acts as 'Customer Council' in relation to customer service standards and helps ensure the quality and effectiveness of services meet customers' needs.

This year the CC Industry Committee met on three occasions.

## Appeals

Sections 77-84 of the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* empower the Contract Cleaning Industry Long Service Leave Committee to determine appeals lodged by workers and employers in respect of certain Corporation decisions. Appeals are considered and determined on the basis of documented evidence submitted by the parties involved. There were no appeals lodged this financial year.

# CC Industry Committee

## CHAIRPERSON

### **Vicki Telfer**

BSc, DipEd, MPA, MALP, MAICD  
Executive Director NSW Industrial Relations (NSWIR)

**Meeting attendance:** 3 out of 3

## MEMBERS NOMINATED BY UNIONS NSW

### **Chris Christodoulou**

BA IND REL  
Assistant Secretary, Unions NSW

**Meeting attendance:** 2 out of 3

### **Rebecca Reilly**

Branch President, Unions NSW

**Meeting attendance:** 1 out of 3

## MEMBERS NOMINATED BY UNITED VOICE

### **Mark Boyd**

Secretary, Unions NSW

**Meeting attendance:** 3 out of 3

### **Mel Gatfield**

BA Industrial Relations/Political Science  
Assistant Secretary

**Meeting attendance:** 1 out of 3

## MEMBERS NOMINATED BY THE BUILDING SERVICE CONTRACTORS ASSOCIATION OF AUSTRALIA (BSCAA)

### **Ravindra Naidoo**

BA Economics, CPA  
Financial Controller Quad Services

**Meeting attendance:** 3 out of 3

### **Barbara Connolly**

BA  
Executive Director BSCAA

**Meeting attendance:** 3 out of 3

# CC Industry Committee

## MEMBERS NOMINATED BY THE AUSTRALIAN CLEANING CONTRACTORS' ALLIANCE (ACCA)

### **John Laws**

Cert IV Assessment, Cert IV Finance Broking  
Executive Director ACCA

**Meeting attendance:** 2 out of 3

### **Natalie Stephens**

General Manager/Director Procure Property Services,  
Vice President ACCA

**Meeting attendance:** 3 out of 3

## DEPUTY MEMBERS NOMINATED BY UNIONS NSW

### **Emma Maiden**

BA Economics, Dip Law  
Deputy Assistant Secretary Unions NSW

**Meeting attendance:** 1 out of 3

### **Kate Minter**

BA Social Science  
Research and Campaigns Officer Unions NSW

**Meeting attendance:** 1 out of 3

## DEPUTY MEMBERS NOMINATED BY UNITED VOICE

### **Peter Campise**

Assistant Secretary United Voice

**Meeting attendance:** 2 out of 3

### **Georgia Potter Butler**

LLB/BA Barrister and Solicitor NZ  
Industrial Officer United Voice

**Meeting attendance:** Not required to attend

## DEPUTY MEMBERS NOMINATED BY THE BUILDING SERVICE CONTRACTORS ASSOCIATION OF AUSTRALIA (BSCAA)

### **Lemi Stipcevic**

BA Economics  
State Manager Pickwick Group

**Meeting attendance:** Not required to attend

### **Adam Atkin**

NSW State Manager OSC

**Meeting attendance:** Not required to attend

## DEPUTY MEMBERS NOMINATED BY THE AUSTRALIAN CLEANING CONTRACTORS' ALLIANCE (ACCA)

### **Charlie Vasilas**

Group General Manager Ezco Property Services (Aust) Pty Ltd

**Meeting attendance:** Not required to attend

### **Kay Halliday**

Starlight Commercial Pty Ltd

**Meeting attendance:** Not required to attend

# Good Governance

## INSURANCES AND RISK MANAGEMENT

### INSURANCE

The Long Service Corporation has insurance in place to cover all its assets and major risks. Its insurance policies include workers compensation, building contents (including office equipment) and public liability. These policies are with the NSW Government's self-insurance scheme, the Treasury Managed Fund.

To minimise the likelihood and impact of workplace injury, The Corporation's workers compensation risks are actively managed with pre-emptive workplace inspections, early intervention and an active Work Health & Safety Committee.

The Treasury Managed Fund Premium Incentive Scheme encourages effective risk management. Agencies that manage risk will receive lower premiums, while those with poor risk management are penalised. In 2012/2013, as a result of the effective management of risk, the Corporation secured an incentive adjustment (refund of premium) through the Treasury Managed Fund. The adjustment is retrospective, so the 2012/2013 adjustment refers to risk management in 2011/2012.

### AUDIT AND RISK MANAGEMENT

The Corporation maintains a dynamic risk based approach to managing its business and internal audit activities. It has a strategic and risk based focus and provides an audit presence in its three core business function areas.

The Corporation transferred from Department of Finance and Services in October 2012 and as a result changed Audit and Risk Committees.

The 2012–13 report from Treasury's Audit and Risk Management Committee is presented on pages 25-26. It is followed by the CEO/ Secretary's disclosure statement for the year.

Highlights for the Corporation from an audit and risk perspective during the year included:

- ▼ The Corporation being welcomed into the Treasury Audit and Risk Committee.
- ▼ The CEO/ Secretary and Treasury Audit & Risk Committee approved a new Audit Plan for 2012–13, based on a revised Corporation Risk Register.
- ▼ Ernst & Young took over the Corporation's Internal Audit function from Deloitte Touche Tohmatsu as they are the appointed provider of internal audit services to Treasury.
- ▼ Ernst & Young completed a very detailed review of the Corporation's core business functions and internal controls.
- ▼ The CEO/ Secretary approved the Corporation having its own Audit & Risk Committee commencing in the 2013/2014 financial year.
- ▼ The Corporation's Senior Management Group held regular risk management meetings during the financial year.

# Good Governance

## REPORT FROM THE AUDIT & RISK COMMITTEE

Dear Secretary

In compliance with Treasury Circular 09/08, the NSW Treasury Audit and Risk Committee ("the Committee") aims to:

- assess risks arising from the operations of the NSW Treasury cluster and the adequacy of measures in place to control those risks
- liaise with external audit
- assure the integrity of NSW Treasury's external financial reporting and internal management reporting
- oversee the internal audit function, risk management, corporate governance, and other internal assurance processes that operate within NSW Treasury. During 2012-13, entities overseen by the Committee included :
  - Treasury, including Industrial Relations
  - Crown Entity
  - NSW Self Insurance Corporation, including the Home Warranty Insurance Fund
  - Long Service Corporation
  - State Rail Authority Residual Holding Corporation
  - Liability Management Ministerial Corporation
  - Lotteries Assets Ministerial Holding Corporation
  - Building Insurers' Guarantee Corporation
  - Electricity Assets Ministerial Holding Corporation
  - Ports Assets Ministerial Holding Corporation
  - Residual Business Management Corporation

The Committee is separately tasked with oversight of the management controls on the preparation of the Total State Sector Accounts, which are published annually in the Report on State Finances.

The Committee oversees audits and reviews of NSW Treasury activities, as scheduled in the annual internal audit plan. The areas to be audited are determined based on exposure to potential financial or other strategic or operating risks.

## COMMITTEE MEMBERSHIP

The Committee is constituted in compliance with NSW policy TPP 09-05.

### **Current membership:**

Peter Lucas (independent Chair)

Carolyn Burlew (independent member)

Jon Tyers (independent member - first meeting Aug 2012)

Kevin Cosgriff (internal member - first meeting Feb 2013)

### **Members whose terms ended during 2012-13**

Mark Ronsisvalle (internal member - last meeting Nov 2012)

Sue Power (internal member - last meeting December 2012)

# Good Governance

## REPORT FROM THE AUDIT & RISK COMMITTEE

### COMMITTEE MEETINGS

The Committee met on nine occasions during 2012-13. Independent members held a further three meetings with the Secretary during the same period. During the course of the year the Committee oversaw matters including:

- the establishment of a Shared Arrangement Agreement under TPP 12-04 between Treasury and the smaller agencies in the cluster;
- the incorporation of Industrial Relations and the Long Service Corporation into Treasury's audit and risk program, those areas having entered the Treasurer's administration in September 2012;
- the rollout of a new Risk Framework and Policy across the cluster;
- work with ServiceFirst to substantially improve the information provided in their assurance letter to their client agencies and to ensure letters are issued to a timetable that optimally supports early close and end-of-year financial statements;
- further substantial improvements in Treasury's capacity to assure its compliance with legislation and regulation;
- a significant upgrade to the Quality Assurance and Improvement Program for audit and risk.

The Committee reviewed early close and end-of-year financial statements for each of the Treasury entities and for the Total State Sector Accounts and provided advice and assurance to the Secretary.

### INTERNAL AUDIT PROGRAM

The following assurance reports were tabled before the Committee during 2012-13 and commended, with management responses, to the Secretary for approval:.



**Peter Lucas,**  
B.Comm, FCA, FCIS, FAICD, JP  
Independent Chair  
NSW Treasury Audit and Risk Committee

\* An up-to-date list of the entities monitored by Treasury's Audit and Risk Committee can be found on the Treasury website, under 'Annexure 1', at: [http://www.treasury.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0014/20723/2\\_ARC\\_Charter\\_March\\_2013.pdf](http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0014/20723/2_ARC_Charter_March_2013.pdf). It excludes the Treasury Corporation.

# Good Governance

## INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT FOR THE 2012-2013 FINANCIAL YEAR FOR LONG SERVICE CORPORATION

I, Philip Gaetjens, Chief Executive Officer am of the opinion that the Long Service Corporation has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I am of the opinion that the internal audit and risk management processes for Long Service Corporation depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the Long Service Corporation has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

MINISTERIALLY DETERMINED DEPARTURE	REASON FOR DEPARTURE AND DESCRIPTION OF PRACTICABLE ALTERNATIVE MEASURES IMPLEMENTED
<p><b>Core Requirement 1</b></p> <p>The Chief Audit Executive should be appointed from within the agency by the Department Head</p>	<ul style="list-style-type: none"> <li>▶ Long Service Corporation was transferred to the Treasury Cluster during 2012-13. In 2012-13 Long Service Corporation shares a single Chief Audit Executive with NSW Treasury.</li> </ul>
<p><b>Core Requirement 2</b></p> <p>The Chief Executive must establish an Audit and Risk Committee to oversee and monitor governance, risk and control issues affecting the operations of the statutory body</p>	<ul style="list-style-type: none"> <li>▶ Long Service Corporation was transferred to the Treasury Cluster during 2012-13. In 2012-13 Long Service Corporation shared an Audit and Risk Committee with NSW Treasury as an interim arrangement.</li> <li>▶ From 1 July 2013, Long Service Corporation will have its own Audit and Risk Committee.</li> </ul>

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the Long Service Corporation to understand, manage and satisfactorily control risk exposures.

As required by the policy set out in TC 09/08, I have submitted to the Treasury, on behalf of the Treasurer, an Attestation Statement outlining compliance with and exceptions to the policy.



**Philip Gaetjens**  
Chief Executive Officer,  
Long Service Corporation

# Financial Performance Summary

## REVENUE AND EXPENSES

During the financial year, revenue from all sources amounted to \$232.6 million, whilst expenditure amounted to \$98.3 million. This resulted in a surplus net result of \$134.3 million.

The Net Result was substantially greater than the budget expectations of \$34.2 million surplus for the year. The variance from budget of \$100.0 million, is primarily due to the following:

	<b>\$'000</b>
• Increased return on TCorp long term growth facility	68,858
• Decreased collection of levies from both Schemes	(1,883)
• Decreased Finance Cost due to changes in discount rate	56,770
• Decreased Finance Cost due to unwinding of discount rate	18,501
• Increased Long Service expense	(45,825)
• Decreased Personnel services expense	1,170
• Decreased other expenses	2,434
	<u>100,025</u>

## BUDGET FORECAST AND RESULT

### Expenses excluding losses

#### Operating expenses

	Actual 2012/2013 \$'000	Budget 2012/2013 \$'000	Budget 2013/2014 \$'000
Personnel services	3,370	7,030	7,114
Other operating expenses	126,646	124,178	75,821
Depreciation and amortisation	226	589	448
Finance costs	(31,952)	171	55,500

### TOTAL EXPENSES EXCLUDING LOSSES

<b>98,290</b>	<b>131,968</b>	<b>138,883</b>
---------------	----------------	----------------

### Revenue

Investment revenue	121,652	51,779	51,047
Retained taxes, fees and fines	110,883	114,400	91,029
Other revenue	18	27	13
<b>Total Revenue</b>	<b>232,553</b>	<b>166,206</b>	<b>142,089</b>

Gain/(loss) on disposal

-	-	-
---	---	---

### NET RESULT

<b>134,263</b>	<b>34,238</b>	<b>3,206</b>
----------------	---------------	--------------

FINANCIAL TRENDS	Actual	Actual	Actual	Actual	Actual
	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>					
Operating expenses					
Personnel services	8,374	6,017	5,022	12,448	3,370
Other operating expenses	67,163	65,345	67,923	82,362	126,646
Depreciation and amortisation	599	601	586	641	226
Finance costs	37,227	27,698	29,812	61,211	(31,952)
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>	<b>113,363</b>	<b>99,661</b>	<b>103,343</b>	<b>156,662</b>	<b>98,290</b>
<b>Revenue</b>					
Investment revenue	(54,033)	53,197	45,749	(2,989)	121,652
Retained taxes, fees and fines	63,090	81,237	84,136	80,193	110,883
Other revenue	1,529	301	530	2	18
<b>Total Revenue</b>	<b>10,586</b>	<b>134,735</b>	<b>130,415</b>	<b>77,206</b>	<b>232,553</b>
Gain/(loss) on disposal	6	-	2	4	-
<b>NET RESULT (DEFICIT)SURPLUS</b>	<b>(102,771)</b>	<b>35,074</b>	<b>27,074</b>	<b>(79,452)</b>	<b>134,263</b>

## FINANCIAL POSITION

The principal assets continue to be investment of \$705.1 million in TCorp Long Term Growth Facility and the principal liabilities are the estimates for the Provision for Scheme Liabilities of \$767.2 million as assessed by actuarial consultants. Equity improved significantly by \$134.3 million from an accumulated deficit of \$138.5 million at 30 June 2012 to an accumulated deficit of \$4.2 million as at 30 June 2013. Please refer to Note 16 to the Financial Statements for details of significant non cash gains affecting this year's result.

## INVESTMENTS

The Corporation invested its funds in the "Long Term Growth" and "Cash" Hour-Glass Investment Facility Trust administered by NSW Treasury Corporation (TCorp) utilising external managers under contract to TCorp and term deposits and cash with Westpac Banking Corporation and National Australia Bank.

The following table shows the movement in funds within these facilities and indicates the rate of return compared with the benchmark return.

FUND CATEGORIES	BALANCE ON HAND		INVESTMENT		BENCH
	AS AT		PERFORMANCE		MARK
	30 JUNE	30 JUNE	INCOME	RETURN	RETURN
	2012	2013	\$'000	%	%
	\$'000	\$'000			
Long term growth	584,909	705,084	120,175	20.55%	18.79%
Cash	16,927	437	510	3.69%	3.28%
Term Deposits		28,000	372	4.23%	4.23%
Cash in bank	14,186	32,566	595	3.18%	
<b>TOTAL</b>	<b>616,022</b>	<b>766,087</b>	<b>121,652</b>		

**ACCOUNTS PAYABLE PERFORMANCE**

Aged analysis at end of each quarter		Current	Less than	Between	Between 61	More than 90
		(within due date)	30 days overdue	30 and 60 days overdue	and 90 days overdue	days overdue
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>All suppliers</b>						
	Sep-12	522,411	-	-	-	-
	Dec-12	472,042	-	-	-	-
	Mar-13	376,025	-	-	-	-
	Jun-13	730,550	-	-	-	-
<b>Small business suppliers</b>						
	Sep-12	6,506	-	-	-	-
	Dec-12	13,099	-	-	-	-
	Mar-13	14,034	-	-	-	-
	Jun-13	20,475	-	-	-	-

Note: Although small business registration with the Corporation commenced in January 2012 in accordance with NSWTC 11/12, payments have been tracked from July 2011. A small business is defined as an Australian or New Zealand business with annual turnover of less than \$2 million dollars.

**Accounts due or paid within each quarter**

Measure	Sep-12	Dec-12	Mar-13	Jun-13
<b>All suppliers</b>				
Number of accounts due for payment	238	262	206	316
Number of accounts paid on time	238	262	206	316
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	522,411	472,042	376,025	730,550
Dollar amount of accounts paid on time	522,411	472,042	376,025	730,550
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil
<b>Small business suppliers</b>				
Number of accounts due for payment	2	5	35	34
Number of accounts paid on time	2	5	35	34
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	6,506	13,099	14,034	20,475
Dollar amount of accounts paid on time	6,506	13,099	14,034	20,475
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil

**Commentary**

The Corporation has a policy of payments to all suppliers within 14 days from receipt of a correctly rendered invoice. This is better than the Government directive of 30 days per NSWTC11/12.

The Corporation has not been required to make interest payments to small business in the financial year.

# Viab! Financial Management

The Corporation in 2013 undertook to review investment strategies, revenue collection, and operating expenditure. It addressed the deficiency of capital by the following strategies:

- ✔ Long and short term investment growth
- ✔ Revenue generation from levies – Building and Construction Industry
- ✔ Budgetary constraints
- ✔ Changed the discount rate upon which the scheme liability was valued

## LONG AND SHORT TERM INVESTMENT GROWTH

The Corporation asset consultants are Pricewaterhouse Coopers Securities Limited (PwC). PwC undertook a review of the Corporation's investment strategy recommended improvements. Utilising information from the Corporation, Treasury Corporation, and Professional Financial Solutions (actuaries), PwC will monitor the Corporation's investments and provide advice on the investment strategy.

## REVENUE GENERATION FROM LEVIES – BUILDING AND CONSTRUCTION INDUSTRY

The Corporation's revenues over 2013 have improved significantly and as a result the actuaries have withdrawn the previous recommendation to increase the levy rate from .35% to .45%. The Corporation will continue to review its compliance activities with a view to increasing revenues this way rather than increasing the overall levy rate.

## BUDGETARY CONSTRAINTS

In line with the NSW government's policy on Enhanced Framework for Budget Compliance, the Corporation will continue to review all expenditure during the 2014 year.

The timeline to arrest the deficiency of capital rests with a positive economic climate. However the Corporation is endeavouring to return to surplus by 2015.

# Financial Statements

▶ Statement by Chief Executive Officer	33
▶ Independent Auditor's report	34
▶ Statement of comprehensive income	36
▶ Statement of financial position	37
▶ Statement of changes in equity	38
▶ Statement of cash flows	39
▶ Notes to the financial statements	40



**LONG SERVICE CORPORATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**STATEMENT BY CHIEF EXECUTIVE OFFICER  
LONG SERVICE CORPORATION**

Under Section 41C of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Long Service Corporation as at 30 June 2013 and the financial performance for the year then ended.

The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, the requirements of the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities, and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Corporation



**Philip Gaetjens**  
**Secretary NSW Treasury**  
**Chief Executive Office, Long Service Corporation**

**Dated 19<sup>th</sup> September 2013 at Sydney**



## INDEPENDENT AUDITOR'S REPORT

### Long Service Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Long Service Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

### The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

*Heather Watson*

Heather Watson  
Director, Financial Audit Services

20 September 2013  
SYDNEY

# Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2013

		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
	Notes			
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel services expense	2(a)	3,370	7,030	12,448
Other operating expenses	2(b)	126,646	124,178	82,362
Depreciation and amortisation	2(c)	226	589	641
Finance costs	2(d)	(31,952)	171	61,211
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>		<b>98,290</b>	<b>131,968</b>	<b>156,662</b>
<b>Revenue</b>				
Investment revenue	3(a)	121,652	51,779	(2,989)
Retained taxes, fees and fines	3(b)	110,883	114,400	80,193
Other revenue	3(c)	18	27	2
<b>Total Revenue</b>		<b>232,553</b>	<b>166,206</b>	<b>77,206</b>
Gain/(loss) on disposal	4	-	-	4
<b>NET RESULT</b>		<b>134,263</b>	<b>34,238</b>	<b>(79,452)</b>
Other comprehensive income		-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>134,263</b>	<b>34,238</b>	<b>(79,452)</b>

The accompanying notes form part of these financial statements.

# Statement of financial position as at 30 June 2013

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	61,003	12,629	31,113
Receivables	6	5,845	3,623	5,341
<b>Total Current Assets</b>		<b>66,848</b>	<b>16,252</b>	<b>36,454</b>
<b>Non-Current Assets</b>				
Financial assets at fair value	7	705,084	728,692	584,909
Property, plant and equipment				
- Plant and equipment	8	513	426	636
Intangible assets	9	2	245	6
<b>Total Non-Current Assets</b>		<b>705,599</b>	<b>729,363</b>	<b>585,551</b>
<b>Total Assets</b>		<b>772,447</b>	<b>745,615</b>	<b>622,005</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	957	4,335	1,059
Borrowings	11	-	706	758
Provisions	12	488,592	404,778	461,272
<b>Total Current Liabilities</b>		<b>489,549</b>	<b>409,819</b>	<b>463,089</b>
<b>Non-Current Liabilities</b>				
Borrowings	11	-	1,828	2,536
Provisions	12	287,143	380,655	294,888
<b>Total Non-Current Liabilities</b>		<b>287,143</b>	<b>382,483</b>	<b>297,424</b>
<b>Total Liabilities</b>		<b>776,692</b>	<b>792,302</b>	<b>760,513</b>
<b>Net Assets</b>		<b>(4,245)</b>	<b>(46,687)</b>	<b>(138,508)</b>
<b>EQUITY</b>				
Accumulated losses		(4,245)	(46,687)	(138,508)
<b>Total Equity</b>		<b>(4,245)</b>	<b>(46,687)</b>	<b>(138,508)</b>

The accompanying notes form part of these financial statements.



# Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2013

	<b>Accumulated Losses \$'000</b>
<b>Balance at 1 July 2012</b>	(138,508)
<b>Net result for the year</b>	<u>134,263</u>
<b>Other comprehensive income:</b>	
<b>Total other comprehensive income for the year</b>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>134,263</u>
<b>Balance at 30 June 2013</b>	<u><u>(4,245)</u></u>
<b>Balance at 1 July 2011</b>	(59,056)
<b>Net result for the year</b>	<u>(79,452)</u>
<b>Other comprehensive income:</b>	
<b>Total other comprehensive income for the year</b>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>(79,452)</u>
<b>Balance at 30 June 2012</b>	<u><u>(138,508)</u></u>

The accompanying notes form part of these financial statements.

# Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2013

		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
	Notes			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Personnel services		(6,164)	(7,030)	(5,674)
Finance costs		(105)	-	(211)
Other		(68,396)	(75,226)	(72,002)
<b>Total Payments</b>		<b>(74,665)</b>	<b>(82,256)</b>	<b>(77,887)</b>
<b>Receipts</b>				
Interest received		1,105	462	1,312
Retained taxes, fees and fines		106,597	112,802	82,292
Other		246	293	326
<b>Total Receipts</b>		<b>107,948</b>	<b>113,557</b>	<b>83,930</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	16	<b>33,283</b>	<b>31,301</b>	<b>6,043</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of plant and equipment		-	31	10
Purchases of plant and equipment		(99)	(46)	(129)
Purchases of investments		-	(50,959)	-
Other		-	(380)	(220)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(99)</b>	<b>(51,354)</b>	<b>(339)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowing and advances		(3,294)	(930)	(718)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3,294)</b>	<b>(930)</b>	<b>(718)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>29,890</b>	<b>(20,983)</b>	<b>4,986</b>
Opening cash and cash equivalents		31,113	33,612	26,127
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<b>61,003</b>	<b>12,629</b>	<b>31,113</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

**FOR THE YEAR ENDED 30 JUNE 2013**

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

The Long Service Corporation is a NSW government entity. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Corporation has its principal office at 19-21 Watt Street, Gosford, and administers the *Building and Construction Industry Long Service Payments Act 1986* and *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. These Acts provide portable long service payments schemes to building and construction workers and contract cleaning workers in NSW.

Financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive Officer on 19 September 2013.

#### (b) Basis of preparation

The entity's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation, and
- the Financial Reporting Directions published in the Financial Reporting Code for General Government Sector Entities or issued by the Treasurer.

Plant and equipment, and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

#### (d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

#### (e) Insurance

The entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(f) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Investment Revenue

New South Wales Treasury Corporation (TCorp) administers the Corporation's investment funds through its Hour-Glass Investment Facilities. Investment income comprises interest and changes in the unit value of the investments in the TCorp cash and long term growth facilities.

Interest income is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*.

(ii) Retained taxes, fees and fines

Long service levy income

In relation to the Building and Construction Industry a levy is applied at the rate of 0.35% on the cost of building and construction in excess of \$25,000. Long Service Levy income is recognised when it is received by the Corporation or the Local Government Councils acting in their capacity as agents.

In relation to the Contract Cleaning Industry, levy is applied at a rate of 1.7% of the cost of wages paid to workers in that industry. Those employers are required to lodge returns on a quarterly basis. Long service levy income is recognised as these returns are lodged with the Corporation on an accruals basis, i.e. income applicable to employer returns received in July for the June quarter are recognised as levy income in June.

(iii) Other Revenue

Other revenue consists of miscellaneous income that is recognised as it accrues.

(h) Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the entity. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(i) Capitalisation thresholds

Plant, equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(ii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with *AASB 116* Property, Plant and Equipment.

Most of the Corporation's assets are non-specialised assets with short useful lives and are measured at depreciated historical cost, as a surrogate for fair value.

(iii) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, *AASB 136* Impairment of Assets effectively is not applicable.

(iv) Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Motor vehicles and plant and equipment are depreciated over five years and computer equipment is depreciated over three years. The Corporation's leasehold improvements are considered to have a useful life equivalent to the un-expired period of the lease.

(v) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(vi) Leased assets

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

The Corporation is not a party to any finance lease. Existing operating leases relate to leasing premises at 19-21 Watt Street, Gosford and 12 Railway Street, Lidcombe.

(vii) Intangible assets

The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The entity's intangible assets are amortised using the straight line method over a period of three or five years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(viii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ix) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

**Fair value through profit or loss** - The entity subsequently measures investments classified as 'held for trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Gains or losses on these assets are recognised in the net result for the year.

**The Hour-Glass Investment Facilities** - are designated at fair value through profit or loss using the second leg of the fair value option; i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the entity's key management personnel.

The risk management strategy of the Corporation has been developed consistent with the investment powers granted under the provision of the *Public Authorities (Financial Arrangements) Act 1987 No 33*.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the entity commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the statement of financial position date.

(x) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

(xi) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred or

- where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the entity's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xii) Other Assets

Other assets are recognised on a cost basis.

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the entity and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

(iii) Provision for Scheme Liabilities

The liability is determined by annual actuarial valuation. The assumptions used in arriving at that valuation are set out in note 12(b).

Finance costs

Scheme liabilities are valued using *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, which provides that the increase in a provision resulting from the unwinding of the discount rate is to be recognised as a borrowing cost.

(iv) Provision for Levy Refund

The liability is determined from assumptions based on past experience of the Corporation's levy refunds resulting from requests for determination of the leviable costs. The amount of the provision is set out in note 12(c).

(v) Personnel Services

The Corporation's staff were provided by Department of Finance and Services up to 11 September 2012. From 12 September 2012 pursuant to Public Sector Employment and Management (Treasury) Order 2012 No 514, the Corporation's staff were transferred to NSW Treasury. Administration of payroll and human resources was provided by Safety, Return to Work Support Division for the full year.

Neither DFS nor Treasury are Special Purpose Service Entities and are not controlled by the Corporation under the arrangement. In accordance with NSW Treasury Circular 11/19 "Financial Reporting and Annual Reporting Requirements arising from Employment Arrangements", a liability representing the total amount payable to DFS or Treasury is recognised in the Statement of Financial Position.

As the Corporation is not the employer, the disclosure requirements of AASB 119 "Employee Benefits" in respect of employee benefits do not apply. However, for clarity and transparency, the Personnel Services Provision is disaggregated in the notes to the financial statements into its major components which include Recreation Leave, Long Service Leave and Unfunded Superannuation.

(a) Salaries and wages, recreation leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), and recreation leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. The amount of the provision is set out in note 12(a).

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. The amount of the provision is set out in note 12(a).

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated by the scheme actuaries.

(j) Equity

Accumulated Losses

The category 'Accumulated Losses' includes all current and prior period retained Losses.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the *Public Finance and Audit Act 1983* (PFAA) where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(m) Going Concern

The going concern basis has been applied in the preparation of these financial statements even though the Corporation has a deficiency of capital of \$4.2 million (2012: \$138.5 million) at the reporting date. This is due primarily to significant losses from investment in three of the past five years, and declining levy income caused from a slow down in the building and construction industry.

The Corporation has adopted the going concern basis, as it is cash flow positive and has adequate resources to pay its liabilities as and when they become payable. In addition to this the Government has the ability to alter the levy rates and legislation in order to increase revenue streams.

An actuarial review was conducted by Professional Financial Solutions in June 2013. The review estimates that the Corporation will return to surplus in the 2015 financial year.

(n) New Australian Accounting Standards issued but not effective

New standards and interpretations listed below have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2013. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations.

The Corporation has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSW TC13/02.

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-4 removing individual key management personnel disclosures
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 2011-12 regarding Interpretation 20

## 2. Expenses Excluding Losses

### (a) Personnel services expenses

The Corporation received personnel services from NSW Treasury and Department of Finance and Services to resource the Corporation. The Corporation recognises the relevant employee related expenses associated with this arrangement as follows:

	2013 \$'000	2012 \$'000
Salaries and wages (including recreation leave)	5,061	4,916
Salaries - voluntary redundancy	-	227
Superannuation – defined benefit plans *	(2,490)	6,110
Superannuation – defined contribution plans	351	313
Long service leave	135	605
Payroll tax and fringe benefits tax	282	262
Other expenses	31	15
<b>Total personnel services expense</b>	<b>3,370</b>	<b>12,448</b>

\* Superannuation – defined benefit plans

Defined benefit plans – contributions	291	278
Defined benefit plans – liability adjustments	(2,781)	5,832
<b>Total Superannuation – defined benefit plans</b>	<b>(2,490)</b>	<b>6,110</b>

Superannuation net actuarial gains of \$2.1 million (\$6.3m losses 2011-12) in respect of personnel who are members of defined benefit superannuation plans, are recognised directly in the Net Result. The actuarial gain was impacted by an increase in the discount rate used to determine the present value of the defined benefit obligations. The rate increased from 3.04% at 30 June 2012 to 3.80% at 30 June 2013.

(b) Other operating expenses including the following:

		2013	2012
	Notes	\$'000	\$'000
Auditors remuneration - audit of financial statements		68	62
Long Service expense			
Claims paid		64,930	67,927
Liability Expense		58,571	11,010
	12 (b)	123,501	78,937
Operating Lease rental expense			
- minimum lease payment		353	351
Insurance		12	8
Consultants		230	56
Contractors		240	431
Computing		617	646
Marketing		37	43
Travel		33	49
Occupancy - outgoings, electricity, cleaning and maintenance		187	172
Long Service Levy commissions		480	512
Service agreements		133	177
Other administrative expenses		755	918
<b>Total other operating expenses</b>		<b>126,646</b>	<b>82,362</b>

(c) Depreciation and amortisation expense

Depreciation			
- Plant and equipment		44	38
- Computer equipment		19	3
- Motor vehicles		22	20
- Leasehold improvements		137	137
		222	198
Amortisation			
- Computer software		4	443
		4	443
<b>Total depreciation and amortisation expense</b>		<b>226</b>	<b>641</b>

(d) Finance costs

Interest NSW Treasury advance		105	211
Reduction in provision due to change in discount rate	12 (b)	(54,280)	26,228
Unwinding of discount rate	12 (b)	22,223	34,772
		(31,952)	61,211

Refer Note 12 (b) (i) for detail on changes to the discount rate used for the 2013 and 2012 years.

### 3. Revenue

	2013	2012
	\$'000	\$'000
(a) Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss - Bank interest	967	399
Interest revenue from financial assets not at fair value through profit or loss - TCorp cash facility	510	913
TCorp Hour-Glass investment facilities designated at fair value through profit or loss - Long Term Growth	120,175	(4,301)
	<b>121,652</b>	<b>(2,989)</b>
(b) Retained taxes, fees and fines		
Long service levy income	108,565	86,773
Long service levy refunds	2,318	(6,580)
	<b>110,883</b>	<b>80,193</b>
(c) Other revenue		
Miscellaneous income	18	2
	<b>18</b>	<b>2</b>

### 4. Gain / (Loss) on disposal

Gain / (Loss) on disposal of plant and equipment	-	4
	<b>-</b>	<b>4</b>

### 5 Current Assets - Cash and Cash Equivalents

Cash at bank and on hand	32,566	14,186
Short Term Deposit		
Bank Term Deposit	28,000	-
TCorp Hour-Glass cash facility	437	16,927
	<b>61,003</b>	<b>31,113</b>

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short deposits at banks and in the TCorp Hour-Glass cash facility.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	61,003	31,113
Closing Cash and cash equivalents (per statement of cash flows)	<b>61,003</b>	<b>31,113</b>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. **Current Assets - Receivables**

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Retained taxes, fees and fines	5,329	5,191
Other	444	56
Less: Allowance for impairment	(10)	(4)
Prepayments	82	98
	<b>5,845</b>	<b>5,341</b>
Movement in the allowance for impairment		
Balance at 1 July	(4)	(10)
Amounts written off	3	17
(Increase) / decrease in allowance recognised in profit and loss	(9)	(11)
Balance at 30 June	<b>(10)</b>	<b>(4)</b>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. **Non-Current Assets - Financial Assets at Fair Value**

**Non-Current**

TCorp - Hour-Glass long term growth facility	705,084	584,909
	<b>705,084</b>	<b>584,909</b>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. **Non-Current Assets - Plant and Equipment**

	Plant and Equipment	Leasehold Improvements	Computer Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2012 - fair value</b>					
Gross carrying amount	337	1,122	356	110	1,925
Accumulated depreciation and impairment	(254)	(676)	(321)	(38)	(1,289)
Net carrying amount	<b>83</b>	<b>446</b>	<b>35</b>	<b>72</b>	<b>636</b>
<b>At 30 June 2013 - fair value</b>					
Gross carrying amount	337	1,122	164	110	1,733
Accumulated depreciation and impairment	(298)	(813)	(49)	(60)	(1,220)
Net carrying amount	<b>39</b>	<b>309</b>	<b>115</b>	<b>50</b>	<b>513</b>

### Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Plant and Equipment	Leasehold Improvements	Computer Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2013</b>					
Net carrying amount at start of year	83	446	35	72	636
Additions	-	-	99	-	99
Disposals	-	-	(291)	-	(291)
Writeback on disposals	-	-	291	-	291
Depreciation Expense	(44)	(137)	(19)	(22)	(222)
Net carrying amount at end of year	39	309	115	50	513

### At 1 July 2011 - fair value

Gross carrying amount	286	1,122	318	95	1,821
Accumulated depreciation and impairment	(217)	(539)	(318)	(36)	(1,110)
Net carrying amount	69	583	-	59	711

### At 30 June 2012 - fair value

Gross carrying amount	337	1,122	356	110	1,925
Accumulated depreciation and impairment	(254)	(676)	(321)	(38)	(1,289)
Net carrying amount	83	446	35	72	636

### Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the previous reporting period is set out below:

	Plant and Equipment	Leasehold Improvements	Computer Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2012</b>					
Net carrying amount at start of year	69	583	-	59	711
Additions	52	-	38	39	129
Disposals	-	-	-	(25)	(25)
Adjustments for disposals	-	-	-	19	19
Depreciation Expense	(38)	(137)	(3)	(20)	(198)
Net carrying amount at end of year	83	446	35	72	636

## 9. Intangible Assets

### Software

	\$'000
<b>At 1 July 2012</b>	
Cost (gross carrying amount)	2,276
Accumulated amortisation and impairment	(2,270)
Net carrying amount	<u>6</u>
<b>At 30 June 2013</b>	
Cost (gross carrying amount)	2,276
Accumulated amortisation and impairment	(2,274)
Net carrying amount	<u>2</u>
<b>Year ended 30 June 2013</b>	
Net carrying amount at start of year	6
Amortisation	(4)
Net carrying amount at end of year	<u>2</u>
<b>At 1 July 2011</b>	
Cost (gross carrying amount)	2,055
Accumulated amortisation and impairment	(1,826)
Net carrying amount	<u>229</u>
<b>At 30 June 2012</b>	
Cost (gross carrying amount)	2,276
Accumulated amortisation and impairment	(2,270)
Net carrying amount	<u>6</u>
<b>Year ended 30 June 2012</b>	
Net carrying amount at start of year	229
Additions - externally acquired	220
Amortisation	(443)
Net carrying amount at end of year	<u>6</u>

## 10. Current Liabilities - Payables

	2013 \$'000	2012 \$'000
<b>Current</b>		
Personnel Services		
- Accrued salaries, wages and on costs	391	394
	<u>391</u>	<u>394</u>
Creditors and other accruals	240	301
Long Service Payments	282	314
Long Service Levy commissions	44	50
	<u>957</u>	<u>1,059</u>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 11. Current / Non Current Liabilities - Borrowings

	2013	2012
	\$'000	\$'000
NSW Treasury Advance	-	3,294
Current Liability	-	758
Non Current Liability	-	2,536
	-	3,294

The Corporation in November 2010 was granted ministerial approval to borrow \$4 million in support of a start up fund for the Contract Cleaning Scheme. The advance was drawn down on the 10th June 2011 and was for a term of five years repayable half yearly at an interest rate of 5.5% per annum. This loan was repaid in January 2013.

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 12. Current / Non-Current Liabilities - Provisions

Current	Note		
Other Provisions			
Personnel Services			
- Recreation Leave		458	425
- Long service Leave *		2,282	2,349
	12(a)(i)	2,740	2,774
Scheme Liability **	12(b)(i)	485,500	453,998
Provision for Levy Refund	12(c)(i)	352	4,500
		485,852	458,498
		488,592	461,272

\* The current Other Provisions Personnel Services included \$1.1 million (2012: \$1.3 million) of long service leave entitlements accrued but not expected to be taken within 12 months

\*\* The current Other Provisions includes \$485.5 million (2012: \$454.0 million) for scheme liability and although this amount represents the value for which the Corporation does not have an unconditional right to defer settlement for at least twelve months, the Corporation only expects to pay claims of \$75.3 million over the next twelve months.

Non-current	Note		
Other Provisions			
Personnel Services			
- Long Service Leave		90	66
- Unfunded Superannuation Liability		5,329	8,110
	12(a)(ii)	5,419	8,176
Scheme Liability	12(b)(ii)	281,724	286,712
		281,724	286,712
		287,143	294,888

	2013	2012
	\$'000	\$'000
Aggregate personnel services and related on costs		
Payables - Current	391	394
Provisions - Current	2,740	2,774
Provisions - Non-Current	5,419	8,176
	<b>8,550</b>	<b>11,344</b>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

#### 12. (a) Provision for Personnel Services

(i) Current	2,740	2,774
(ii) Non-Current	5,419	8,176
	<b>8,159</b>	<b>10,950</b>

#### Movement in Provision

Carrying amount at beginning of year	10,950	4,449
Unused amount reversed	(1,944)	-
Additional provisions recognised	-	7,172
Amounts paid	(847)	(671)
<b>Carrying amount at end of year</b>	<b>8,159</b>	<b>10,950</b>

#### 12. (b) Provision for Scheme Liability

	2013	2012
	\$'000	\$'000
(i) Current	485,500	453,998
(ii) Non-Current	281,724	286,712
	<b>767,224</b>	<b>740,710</b>

#### Movement in Provision

##### 30 June 2013

		Building and Construction Industry	Contract Cleaning Industry	Total
	Notes	\$'000	\$'000	\$'000
Carrying amount at beginning of year		734,373	6,337	740,710
Additional provisions recognised	2 (b)	118,166	5,335	123,501
Claims paid	2 (b)	(64,906)	(24)	(64,930)
Reduction in provision due to change in discount rate	2 (d)	(52,227)	(2,053)	(54,280)
Unwinding of discount rate	2 (d)	22,033	190	22,223
<b>Carrying amount at end of year</b>		<b>757,439</b>	<b>9,785</b>	<b>767,224</b>

30 June 2012

	Building and Construction Industry	Contract Cleaning Industry	Total
	\$'000	\$'000	\$'000
Carrying amount at beginning of year	662,700	6,000	668,700
Additional provisions recognised	79,697	(760)	78,937
Claims paid	(67,924)	(3)	(67,927)
Increase in provision due to change in discount rate	25,440	788	26,228
Unwinding of discount rate	34,460	312	34,772
<b>Carrying amount at end of year</b>	<b>734,373</b>	<b>6,337</b>	<b>740,710</b>

The credit for Additional provisions recognised in the Contract Cleaning Industry in 2012 was the result of less workers registering in the scheme for the first year. An original estimation of 30,000 workers was provided for in 2011 year. The actual number of active workers registered in the first year was 23,797.

The *Long Service Corporation Act 2010*, under section 16, requires that actuarial investigations be undertaken to determine the sufficiency of the Funds and the adequacy of the long service levy rates at intervals not exceeding:

- 3 years for the *Building and Construction Industry Long Service Payments Act, 1986*
- 2 years for the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*

***Building and Construction Industry Long Service Payments Act, 1986***

A full actuarial investigation was undertaken by Professional Financial Solutions as at 30 June 2012. They have further updated this to the 30 June 2013 and estimated the scheme liabilities to be as follows:

	Note	2013 \$'000	2012 \$'000
AASB Valuation	(i)	757,439	734,373
Accrued Benefit Reserve	(ii)	757,439	685,892
Vested Benefits	(iii)	745,900	651,389

- (i) The AASB Valuation is a calculation of benefits in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets that requires Scheme Liabilities, taking into consideration an allowance for unreported service of active workers, to be discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability. The discount rate is considered to be the long term rate of return on the Scheme assets properly invested to fund the growth in the Schemes Liabilities. The financial assumptions used in the actuarial update were: rate of increase in wages 4.0% per annum (2012: 4.0%) and long term rate of return on the investment portfolio 7.0% (2012: Commonwealth government bond 3.0%).
- (ii) The Accrued Benefit Reserve is the calculation of Scheme Liabilities, taking into consideration an allowance for unreported service of active workers, and discounted by the projected rate of return on the Scheme assets as determined by the actuary. The actuary uses the Accrued Benefit Reserve to assess the Corporation's funding position and for purposes of setting the recommended rate of levy payable to the Fund. The financial assumptions used to calculate the Accrued Benefit Reserve were: rate of increase in wages 4.0% per annum (2012: 4.0%) and a rate of return on assets 7.0% (2012: 7.5%).

- (iii) The Vested Benefit is the amount of benefits payable if service ceased on the valuation date. Workers qualify for a vested benefit if they have attained age 55 and have at least 55 days of accumulated service credits or if they are under 55 and have at least 1,100 days of accumulated service credits.

For the purpose of the above valuations the following numbers of workers were valued:

	2013	2012
Active within last two years	196,332	181,175
Inactive for last two years but active within two prior years	48,070	53,003
Inactive for four or more years	12,281	12,914
Total number of workers considered	256,683	247,092

### **Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010**

A full actuarial investigation was undertaken by Professional Financial Solutions as at 30 June 2012. They have further updated this to the 30 June 2013 and estimated the Scheme Liabilities to be as follows:

	Note	2013	2012
		\$'000	\$'000
AASB Valuation	(i)	9,785	6,337
Accrued Benefit Reserve	(ii)	9,785	5,163
Vested Benefits	(iii)	-	-

- (i) The AASB Valuation is a calculation of benefits in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets that requires Scheme Liabilities, taking into account the cost of establishing the Fund, the development of a data base, consisting of active workers some with entitlements to foundation credits (predating the 30th June 2011) for workers registered within the first six months of the Scheme's establishment. The scheme liability has been discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability. The discount rate is considered to be the long term rate of return on the Scheme assets properly invested to fund the growth in the Schemes Liabilities. The financial assumptions used in the actuarial update were: rate of increase in wages 3.5% per annum (2012: 4.0%) and long term rate of return on the investment portfolio 4.0% for the year to 30 June 2014 and 7.0% thereafter (2012: Commonwealth government bond 3.0%).
- (ii) The Accrued Benefit Reserve is the calculation of Scheme Liabilities, taking into consideration the items mentioned in (i) above and discounted by the projected rate of return on the Scheme assets as determined by the actuary. The actuary uses the Accrued Benefit Reserve to assess the Corporation's funding position and for purposes of setting the recommended rate of levy payable to the Fund. The financial assumptions used to calculate the Accrued Benefit Reserve were: rate of increase in wages 3.5% per annum (2012: a rate of increase in wages of 6% in the first year then 4.0% thereafter) and a rate of return on assets 4.0% for the year to 30 June 2014 and 7.0% thereafter (2012: 7.5%).
- (iii) The Vested Benefit is the amount of benefits payable if service ceased on the valuation date and the worker has more than five years eligible service (including service prior to the commencement date). As workers do not become eligible for benefits until they have five years of service and the fund commenced on the 1st July 2011, there are no Fund vested benefits as at 30 June 2013.

For the purpose of the above valuations the following numbers of workers were valued:

	2013	2012
Active	25,161	23,797
Total number of workers considered	25,161	23,797

#### 12. (c) Provision for Levy Refund

	2013	2012
	\$'000	\$'000
(i) Current	352	4,500
(ii) Non-Current	-	-
	352	4,500

#### Movement in Provision

Carrying amount at beginning of year	4,500	-
Unused amount reversed	(2,318)	-
Additional provisions recognised	-	6,580
Claims paid	(1,830)	(2,080)
<b>Carrying amount at end of year</b>	<b>352</b>	<b>4,500</b>

The Corporation has an obligation under section 42 of the *Building and Construction Industry Long Service Payments Act 1986* to refund monies where, upon application in the approved form, it considers the cost of erection of the building is less than previously determined.

The liability is determined from assumptions based on past experience of the Corporation's calculation of levy refunds resulting from requests for redetermination of the leviable costs. The provision is based on an analysis of levies paid where the value of works were significant and no determination or refund requests had been received to date.

There is a degree of uncertainty surrounding the timing of refund requests. However based on past experience of the Corporation and discussions with major levy payers there is a high likelihood of an economic outflow of funds from the Corporation within the next twelve months.

#### 13. Commitments for expenditure

	2013	2012
	\$'000	\$'000
<b>Operating Lease Commitments</b>		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	424	419
Later than one year and not later than five years	394	798
Later than five years	-	-
Total (including GST)	818	1,217

The total operating lease commitments above include input tax credits of \$74,000 (2012: \$111,000) that are expected to be recoverable from the ATO.

#### 14. Contingent Liabilities and Contingent Assets

There were no known contingent assets and liabilities as at reporting date (2012: Nil).

## 15. Budget Review

### Net result

The actual net result was greater than budget by \$100.0 million, primarily due to the following:

	<b>2013</b>
	<b>\$'000</b>
• Increased return on TCorp long term growth facility	68,858
• Decreased collection of levies from both Schemes	(1,883)
• Decreased Finance Cost due to changes in discount rate	56,770
• Decreased Finance Cost due to unwinding of discount rate	18,501
• Increased Long Service expense	(45,825)
• Decreased Personnel services expense	1,170
• Decreased other expenses	2,434
	<b>100,025</b>

### Assets and liabilities

Total assets were greater than budget by \$26.8 million and total liabilities were lower than budget by \$15.6 million. This resulted in a decrease in the Corporation's deficit by \$42.4 million over budget. This was primarily due to the following:

• Decrease in the fair value and the non derivation of income from the TCorp long term growth facility carrying over from 2012 poor investment returns	(23,608)
• Decrease in Scheme liability and personnel services provisions due to changes in discount factor	13,076
• Decrease in Funding from the Crown Entity Finance	2,534
• Increases in cash, receivable, plant and equipment primarily due to the non purchase of TCorp long term growth investments	50,440
	<b>42,442</b>

### Cash flows

Cash availability increased by \$48.4 million over budget, this was primarily due to the following:

Net Increase in cash flows from operating activities due to:

• Decrease in scheme payments and operating expenses	7,591
• Decline in levy income collected primarily due to the downturn in the building and construction industry	(6,205)
• Better than expected returns from bank interest and miscellaneous items	596

Net decrease in cash flows from investing activities due to:

• Lower than expected Capital Expenditure	296
• Non purchase of TCorp long term growth investments	50,959

Reduction in cash flows from financing activities due to:

• Repayment of loan from the Crown Entity Finance	(2,364)
• Changes in opening cash position	(2,499)

**48,374**

**15. (a) Aggregation of published budget information**

The following budget items were aggregated for the purpose of comparison in the Statement of Comprehensive Income:

Other operating expenses	
Published Budget amount	10,990
Grants and subsidies	118,400
Employee related	184
Levy Refund	1,634
	<u>131,208</u>
Personnel services	(7,030)
Total per Financial Statements	<u>124,178</u>

**(b) The following budget items were aggregated for the purpose of comparison in the Statement of Cash Flows:**

Cash Flows from Operating Activities

Payments

Published Budget amount	(36,328)
Grants and subsidies	118,400
Employee related	184
	<u>82,256</u>
Personnel services	(7,030)
Total per Statement of Cash Flows	<u>75,226</u>

**16. Reconciliation of Cash Flows from Operating Activities to Net Result**

	2013	2012
	\$'000	\$'000
Net cash flows from operating activities	33,283	6,043
Plus/(minus) non-cash items:		
Depreciation and amortisation	(226)	(641)
Investment (gains) / losses	120,547	(4,301)
Long service payments liability expense	(58,539)	(10,896)
Provision for Levy refund	4,148	(4,500)
Finance costs	32,057	(61,000)
Net (profit) on disposal of plant and equipment	-	4
Change in asset and liabilities:		
Increase/(decrease) in receivables	(16)	75
(Increase)/decrease in payables	218	2,265
(Increase)/decrease in provisions	2,791	(6,501)
Net result	<u>134,263</u>	<u>(79,452)</u>



## 17. Fund information

Fund	Building & Construction Industry		Contract Cleaning Industry		Total	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>						
Operating expenses						
Personnel services expenses	2,739	11,767	631	681	3,370	12,448
Other operating expenses	120,856	82,605	5,790	(243)	126,646	82,362
Depreciation and amortisation	200	502	26	139	226	641
Finance costs	(30,194)	59,900	(1,758)	1,311	(31,952)	61,211
<b>Total Expenses excluding losses</b>	<b>93,601</b>	<b>154,774</b>	<b>4,689</b>	<b>1,888</b>	<b>98,290</b>	<b>156,662</b>
<b>Revenue</b>						
Investment revenue	121,292	(3,222)	360	233	121,652	(2,989)
Retained taxes, fees and fines	102,472	72,515	8,411	7,678	110,883	80,193
Other revenue	18	2	-	-	18	2
<b>Total Revenue</b>	<b>223,782</b>	<b>69,295</b>	<b>8,771</b>	<b>7,911</b>	<b>232,553</b>	<b>77,206</b>
Gain/(loss) on disposal	-	4	-	-	-	4
<b>Total Comprehensive Income</b>	<b>130,181</b>	<b>(85,475)</b>	<b>4,082</b>	<b>6,023</b>	<b>134,263</b>	<b>(79,452)</b>

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	5	49,108	23,423	11,895	7,690	61,003	31,113
Receivables	6	3,628	3,325	2,217	2,016	5,845	5,341
<b>Total Current Assets</b>		<b>52,736</b>	<b>26,748</b>	<b>14,112</b>	<b>9,706</b>	<b>66,848</b>	<b>36,454</b>
<b>Non-Current Assets</b>							
Financial assets at fair value	7	705,084	584,909	-	-	705,084	584,909
Plant and equipment	8	513	636	-	-	513	636
Intangible assets	9	2	6	-	-	2	6
<b>Total Non-Current Assets</b>		<b>705,599</b>	<b>585,551</b>	<b>-</b>	<b>-</b>	<b>705,599</b>	<b>585,551</b>
<b>Total Assets</b>		<b>758,335</b>	<b>612,299</b>	<b>14,112</b>	<b>9,706</b>	<b>772,447</b>	<b>622,005</b>

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Payables	10	791	894	166	165	957	1,059
Borrowings	11	-	-	-	758	-	758
Provisions	12	488,307	461,158	285	114	488,592	461,272
<b>Total Current Liabilities</b>		<b>489,098</b>	462,052	<b>451</b>	1,037	<b>489,549</b>	463,089
<b>Non-Current Liabilities</b>							
Borrowings	11	-	-	-	2,536	-	2,536
Provisions	12	277,349	288,540	9,794	6,348	287,143	294,888
<b>Total Non-Current Liabilities</b>		<b>277,349</b>	288,540	<b>9,794</b>	8,884	<b>287,143</b>	297,424
<b>Total Liabilities</b>		<b>766,447</b>	750,592	<b>10,245</b>	9,921	<b>776,692</b>	760,513
<b>Net Assets</b>		<b>(8,112)</b>	(138,293)	<b>3,867</b>	(215)	<b>(4,245)</b>	(138,508)
<b>EQUITY</b>							
Accumulated Losses		(8,112)	(138,293)	3,867	(215)	(4,245)	(138,508)
<b>Total Equity</b>		<b>(8,112)</b>	(138,293)	<b>3,867</b>	(215)	<b>(4,245)</b>	(138,508)

## 18. Financial instruments

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance the Corporation's operations. The Corporation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management, and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks.

(a) **Financial instrument categories**

<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2013 \$'000</b>	<b>Carrying Amount 2012 \$'000</b>
<b>Class:</b>				
Cash and cash equivalents	5	N/A	61,003	31,113
Receivables *	6	Receivables (at amortised cost)	375	52
Financial Assets at fair value	7	At fair value through profit or loss	705,084	584,909

\* Excludes statutory receivables and prepayments

<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2013 \$'000</b>	<b>Carrying Amount 2012 \$'000</b>
<b>Class:</b>				
Borrowings	11	Financial liabilities measured at amortised cost	-	3,294
Payables *	10	Financial liabilities measured at amortised cost.	957	1,059

\* Excludes statutory payables

(b) **Credit risk**

Credit risk arises when there is a possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash, receivables and deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

**Cash**

Cash comprises cash on hand, cash at bank and deposits in the Hour-Glass cash facility.

The Corporation holds cash and deposits of \$60.5 million with Australian banks who are rated AA- by Standard and Poors. Interest on cash at bank is earned at 0.85% above the cash rate, term deposits are at 4.23%

Financial assets at fair value comprise of investments administered by TCorp in their Hour-Glass facilities.

The investments within the Hour-Glass facility are unit holdings in a managed investment pool, and as such, do not give rise to direct credit risk. The carrying amount is not reported as a Credit Risk because they generate nil (direct) sensitivity to credit risk. As the Hour-Glass facility's unit price is sensitive to market price risk, they have been included in the sensitivity analysis under the separate section headed 'Other price risk'. Credit risk within the Hour-Glass facilities is managed through TCorp, as trustee contracting with a spread of managers and requiring in their mandates a series of controls over the concentration and credit quality of assets.

The TCorp Hour-Glass cash facility is further discussed in paragraph (d) below.

**(c) Liquidity risk**

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The Corporation does not have any credit standby arrangements. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, if trade terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers the Treasurer's Direction NSW TC 11/12 allows the Minister to award interest for late payment.

The table below summaries the maturity profile of the Corporation's financial liabilities, together with the interest rate exposure.

	Nominal Amount	Interest Rate Exposure	Maturity Dates		
			<1 yr.	1-5 yrs.	>5 yrs.
<b>2013</b>					
Borrowings	-				-
Payables	<b>957</b>	Non Interest Bearing	<b>957</b>	-	-
<b>2012</b>					
Borrowings	3,294	5.5% per annum non variable	928	2,787	-
Payables	1,059	Non Interest Bearing	1,059	-	-
Other payables	-	Non Interest Bearing	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through price risks associated with the movement in the unit price of the Hour-Glass Investment facilities.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2012. The analysis assumes that all other variables remain constant.

**Interest rate risk**

The Corporation's exposure to interest rate risk arises primarily through interest bearing assets. A reasonable possible change of +/- 1% has been used, consistent with current trends in interest rates, resulting in a potential change to profit or loss of +/- \$606,000 (2012: +/- \$142,000). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

**Currency risk**

The Corporation has some foreign currency risk exposure from its investments in the TCorp Hour-Glass Investment facilities. The Hour-Glass investments in emerging markets, indexed and actively managed international share sector are denominated in currencies other than Australian Dollars. The agreement between the Corporation and TCorp requires the manager to effectively review the currency exposure when it arises.

As at 30 June 2013, the Corporation has no transactional or structural currency exposures (2012: Nil)

**Other price risk – TCorp Hour-Glass facilities**

Exposure to 'other price risk' primarily arises through investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Cash Facility	Cash, money market instruments	Up to 1.5 years	437	16,927
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	705,084	584,909

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on Net Result (rather than equity). A reasonably possible change is based on the percentage change in the unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Impact on Profit/Loss		
	Change in Unit price	2013 \$'000	2012 \$'000
Hour Glass Investment – Cash facility	+/-1%	4	169
Hour Glass Investment – Long-term growth facility	+/-15%	105,763	87,736

**(e) Fair Value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Corporation's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

There are no financial instruments where the fair value differs from the carrying amount.

**(f) Fair Value recognised in the statement of financial position**

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Derived from quoted prices in active markets for identical assets / liabilities
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 - Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs)

	2013			2012
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 2 \$'000
<b>Financial assets at fair value</b>				
TCorp Hour Glass Facility	-	705,084	-	584,909
Total	-	705,084	-	584,909

The table above only includes financial assets, as no financial liabilities were measured at fair value in the statement of financial position.



There were no transfers between level 1 and 2 during the period ended 30 June 2013.

**19. *Events after the reporting date***

The Corporation is not aware of any events that have occurred after balance date which are of such a significance that they need disclosure or recognition in these financial statements.

**End of Audited Financial Accounts**

# Appendices

▶ Appendix 1. Chief and Senior Executive Performance Statements – SES and Above	68
▶ Appendix 2. Consumer Response	69
▶ Appendix 3. Legislative Change	69
▶ Appendix 4. Government Information (Public Access) Act 2009	70
▶ Appendix 5. Privacy and Personal Information Protection Act	75
▶ Appendix 6. Womens Action Plan	75
▶ Appendix 7. Human Resources	76
▶ Appendix 8. Expenditure On Consultants	77
▶ Appendix 9. Other Disclosures	78
▶ Appendix 10. Statutory Reporting Compliance	79

# Appendix 1

## CHIEF AND SENIOR EXECUTIVE PERFORMANCE STATEMENTS – SES AND ABOVE

<b>Name</b>	✔ Philip Gaetjens
<b>Position and Level</b> (where appropriate)	✔ Chief Executive Officer SES Level 8
<b>Total Remuneration Package</b>	✔ Mr Gaetjens receives remuneration of \$471,561 as Secretary, Treasury. He receives no additional remuneration for his role as CEO, Long Service Corporation.
<b>Period in Position</b>	✔ 12 September 2012 – 30 June 2013
<b>Results</b>	<ul style="list-style-type: none"> <li>✔ Oversaw positive turn around in financial position</li> <li>✔ Oversaw organisational restructure</li> <li>✔ Oversaw investment strategy review</li> </ul>

<b>Name</b>	✔ Michael Coutts-Trotter
<b>Position and Level</b> (where appropriate)	✔ Chief Executive Officer SES Level 8
<b>Total Remuneration Package</b>	✔ Mr Coutts-Trotter receives remuneration of \$511,200 as Director General Department of Finance and Services. He received no additional remuneration for his role as CEO, Long Service Corporation.
<b>Period in Position</b>	✔ 1 July 2012 - 11 September 2012
<b>Results</b>	<ul style="list-style-type: none"> <li>✔ Oversaw positive turn around in financial position</li> <li>✔ Oversaw organisational restructure</li> <li>✔ Oversaw the Corporation's transfer to Treasury</li> </ul>

## Appendix 2

### CONSUMER RESPONSE

#### Customer complaints

There were no formal complaints received relating to staff behaviour, administration of the Acts or policies or customer privacy matters. On three occasions the Corporation received negative comments in relation to the methods of on-line transacting. This feedback will be taken into consideration when the Corporation develops its new integrated business system.

In the same period eleven compliments were received on the helpfulness and professionalism of Corporation staff.

## Appendix 3

### LEGISLATIVE CHANGE

The *Building and Construction Industry Long Service Payments Act 1986* was amended as a consequence of the *Miscellaneous Acts Amendment (Directors' Liability) Act 2012*. The amendments pertain to an offence committed by a corporation and attracting executive liability for a director or other person involved in the management of the corporation.

There were no changes to the *Long Service Corporation Act 2010*, the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* or the regulations.

# Appendix 4

## **GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009**

### **1. Review of proactive release program - Clause 7(a)**

A review of the Corporation's procedures and practices under section 7 of the Act was conducted on 28 June 2013. The Corporation has four section managers as Right to Information Officers (RIO) plus one Senior RIO and an Executive RIO for the actioning of requests. A policy is in place and staff trained. The Corporation's Agency Information Guide is on our Internet. The Long Service Corporation did not receive any requests this financial year.

Clients are encouraged to make direct contact with the Corporation if they wish to review their records and this service is supplied free of charge and does not require an application under the Act.

### **2. Number of access applications received - Clause 7(b)**

During the reporting period, our agency received a total of zero (0) formal access applications (including withdrawn applications but not invalid applications).

### **3. Number of refused applications for Schedule 1 information - Clause 7(c)**

During the reporting period, our agency refused a total of zero (0) formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, zero (0) were refused in full, and zero (0) were refused in part.

**4. Statistical information about access applications - Clause 7(d) and Schedule 2**

<b>TABLE A: NUMBER OF APPLICATIONS BY TYPE OF APPLICANT AND OUTCOME*</b>								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

\*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**TABLE B: NUMBER OF APPLICATIONS BY TYPE OF APPLICATION AND OUTCOME**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual). The total number of decisions in Table B should be the same as Table A.

**TABLE C: INVALID APPLICATIONS**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

**TABLE D: CONCLUSIVE PRESUMPTION OF OVERRIDING PUBLIC INTEREST AGAINST DISCLOSURE: MATTERS LISTED IN SCHEDULE 1 OF THE ACT**

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

\*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**TABLE E: OTHER PUBLIC INTEREST CONSIDERATIONS AGAINST DISCLOSURE: MATTERS LISTED IN TABLE TO SECTION 14 OF THE ACT**

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0
Aboriginal and environmental heritage	0

**TABLE F: TIMELINESS**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	0

**TABLE G: NUMBER OF APPLICATIONS REVIEWED UNDER PART 5 OF THE ACT (BY TYPE OF REVIEW AND OUTCOME)**

	Number of applications	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
<b>Total</b>	0	0	0

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

**TABLE H: APPLICATIONS FOR REVIEW UNDER PART 5 OF THE ACT (BY TYPE OF APPLICANT)**

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

## Appendix 5

### PRIVACY AND PERSONAL INFORMATION PROTECTION ACT

In accordance with section 33 of the *Privacy and Personal Information Protection Act 1998*, a Privacy Management Plan is in place and a copy provided to the Privacy Commissioner. No applications have been received for internal review of conduct under Part 5 of the *Privacy and Personal Information Protection Act*. A statement of data collected, data source, purposes and authority for collection of personal data was also supplied to the Privacy Commissioner.

Induction of new staff has included training on policies and guidelines for protecting personal information and privacy, particularly on the Helpline.

The Corporation's formal complaint mechanism encompasses situations where customers have grievances in respect of requirements of the *Privacy and Personal Information Protection Act*. Customers in this position may lodge formal grievances and these are then addressed in accordance with the legislation requirements.

## Appendix 6

### WOMENS ACTION PLAN

#### Scheme

The Corporation's legislation requires delivery of long service benefits to the building and contract cleaning industries in NSW. Benefits are equally available to male and female workers. There are provisions to help preserve a woman's registration when pregnant.

#### Staff

The Corporation has continued its flexible work time agreement which offers a wide bandwidth, no core time and provides for up to three flexi-days in a six week period to assist staff in meeting their work and family commitments. Eleven female officers worked in part-time leave without pay arrangements to assist in returning to work after maternity leave.

# Appendix 7

## HUMAN RESOURCES

Safety, Return to Work and Support Division continued to provide human resource services through a Service Partnership Agreement.

### Work practices/industrial relations

The Corporation finalised and implemented a review and restructure of its operations. This review was necessary to:

- ▼ Integrate the Contract Cleaning Industry Portable Long Service Leave and the Building and Construction Industry Long Service schemes.
- ▼ Better align positions with business processes and workloads.
- ▼ Develop a structure that is scalable and flexible enough to facilitate the introduction of other industry schemes.
- ▼ Improve the Corporation’s ability to meet customer demands and the objectives of its Corporate Plan.

The Corporation has worked closely with staff and the Public Sector Association throughout the process.

### Training and development

The Corporation has a Performance Management Scheme in place. All staff have access to the Safety, Return to Work and Support Division Courses and their online training in addition to external courses. Study leave is also available for appropriate courses. All staff attended training this year on respectful behaviours and bullying and harassment that was tailored to the Corporation’s needs.

## STAFFING STATISTICS

CHIEF AND SENIOR EXECUTIVE OFFICERS				
	2009-10	2010-11	2011-12	2012-13
SES Officers/Senior Officers	1	1	1	2
Number of Female SES officers	-	-	-	-
Number of SES officers at Level 5 and above	-	-	-	-

COMPARISON OF STAFF LEVELS				
	FTE 2009-10	FTE 2010-11	FTE 2011-12	FTE 2012-13
Temporary Contracting Staff	3	3.3	3	6.4
Employees covered by the Crown Employees Award	57	54.8	61.9	60.7
<b>Total</b>	<b>61</b>	<b>58.1</b>	<b>64.69</b>	<b>67.1</b>

# Appendix 8

## EXPENDITURE ON CONSULTANTS

### Expenditure on consultants 1 July 2012 - 30 June 2013 Consultants costing \$50,000 or more

FINANCE AND ACCOUNTING/TAX	PROJECT	AMOUNT (EXCL GST) \$
PricewaterhouseCoopers Securities Ltd	Asset Consulting including investment monitoring	86,340
The Allen Consulting Group	Assessment of options to increase levy revenue	58,133
Professional Financial Solutions	Actuarial Advice on scheme liability, revenue projections and assessment by The Allen Consulting Group	71,970
<b>Subtotal</b>		<b>216,443</b>
CONSULTANTS COSTING LESS THAN \$50,000	PROJECT	AMOUNT (EXCL GST) \$
Finance and Accounting/Tax	3 projects totalling	14,050
<b>Subtotal</b>		<b>14,050</b>
<b>Total</b>		<b>230,493</b>

## Appendix 9

### OTHER DISCLOSURES

The Corporation has no subsidiaries and has not entered into joint ventures or partnerships with other organisations. The Corporation does not own real estate property nor was any real estate property disposed of during the year. Officers made no overseas visits during the year.

No research or development programs were undertaken.

There were no grants made to non government community organisations.

The Corporation does not use or hold credit cards.

STATISTICAL INFORMATION ON PUBLIC INTEREST DISCLOSURES	
	Jan 2012 – June 2012
Number of public officials who made PIDs	0
Number of PIDs received	0
<b>Of PIDs received, number primarily about:</b>	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of PIDs finalised	0

Between July 2012 and June 2013 no Long Service Corporation officials made public interest disclosures. Corporation staff were employees of the Department of Finance and Services (DFS) up to September 2012 when the Corporation transitioned to the NSW Treasury cluster for the remainder of the financial year. The Corporation adhered to the DFS "Fraud and Corruption Internal Reporting Policy" then adopted Treasury's "Public Interest Disclosures Internal Reporting Policy" after transition. All staff will be undergoing training on this policy as well and the fraud and corruption policy.

#### Exemptions from the Reporting Provision:

As a small statutory body, we need only report on a triennial basis in relation to:

Disability, Equal Employment Opportunity, Multicultural policies and services program, Occupational health and safety and Waste.

These areas were reported on in 2011/12.

# Appendix 10

## STATUTORY REPORTING COMPLIANCE

REQUIREMENT	REFERENCE
Aboriginal and Torres Strait Islanders	Not Applicable – See Exemptions - Page 80
Access Details	Page 2
Agreements with the Community Relations Commission	Not Applicable – Other disclosures - Page 80
Aims and Objectives	Page 6 - 7
Annual Report production costs and details	Page 2
Budgets	Page 34
Charter	Page 6
Consultants	Page 79
Consumer Response	Page 71
Credit Card Certification	Not Applicable – Other disclosures - Page 80
Disability Plan	Not Applicable – See Exemptions - Page 80
Disclosure of Controlled Entities	Not Applicable – Other disclosures - Page 80
Economic and other factors affecting achievement of operational objectives	Page 9
Equal Employment Opportunity	Not Applicable – See Exemptions - Page 80
Exemptions from reporting	Page 80
Financial Statements	Page 34
Funds granted to non-government community organisations	Not Applicable – Other disclosures - Page 80
Government Information (Public Access)	Page 72
Human Resources	Page 78
Identification of audited financial statements	Page 36
Implementation of price determination	Not Applicable – Other disclosures - Page 80
Internal Audit and Risk Management Policy Attestation	Page 27
Investment performance	Page 31
Land disposal	Not Applicable – Other disclosures - Page 80
Legal Change	Page 71
Letter of Submission to the Minister for Industrial Relations	Page 3
Liability management performance	Page 55 - 59
Management and Activities	Page 6 - 7
Management and Structure	Page 11
Multicultural Policies and Services Program	Not Applicable – See Exemptions - Page 80
Occupational Health and Safety	Not Applicable – See Exemptions - Page 80
Payment of accounts	Page 32
Performance and numbers of Executive Officers	Page 70
Privacy and Personal Information Protection	Page 77
Promotion	Not Applicable – Other disclosures - Page 80
Public Interest Disclosures	Not Applicable – Other disclosures - Page 80
Requirements arising from employment arrangements	Page 78
Research and development	Not Applicable – Other disclosures - Page 80
Risk management and insurance activities	Page 24
Summary Review of Operations	Page 14
Time for Payment of Accounts	Not Applicable – Other disclosures - Page 80
Waste Reduction	Not Applicable – See Exemptions - Page 80



**Long Service**  
CORPORATION