

LONG SERVICE
BUILDING & CONSTRUCTION



2006-07 Annual Report

BUILDING AND CONSTRUCTION INDUSTRY
LONG SERVICE PAYMENTS CORPORATION

LONG SERVICE
BUILDING & CONSTRUCTION



Long service moves online

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MacBook Pro

The Hon. John Della Bosca MLC
Minister for Education and Training
Minister for Industrial Relations
Minister for the Central Coast
Minister Assisting the Minister for Finance
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Minister

I have pleasure in submitting the twenty fifth Annual Report of the Building and Construction Industry Long Service Payments Corporation for presentation in Parliament.

The report for the year ended 30 June 2007 has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Annual Reports (Statutory Bodies) Act 1984 and the associated regulations.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized loop at the top, a horizontal line extending to the left, and a vertical line extending downwards from the center of the loop.

Jon Blackwell
Chief Executive Officer

26 October 2007

ISSN 1320-9515



ANNUAL REPORT 2006- 2007

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DIRECTOR'S REPORT

This year has been a very successful and rewarding time, although it was extremely challenging. Major initiatives from previous years have come to fruition and will provide strong foundations for the future.

The most significant of these was a major new state of the art worker registry system that was introduced in January 2007 and was integrated with document scanning and electronic records management systems. The system had been in development for some time and is now the core of the Corporation's operations. Key features of the system include a new business approach for employers to notify when new workers are taken on and the days they have worked in the relevant financial year. The new approach and new Internet capabilities introduced at the same time both simplify requirements on employers. In addition to Internet access for employers to submit their worker related information, access for viewing records is being extended to workers. There has been a very substantial growth in the use of these on-line services within a very short time. Importantly, indications are that the new system is being well received in particular by employers.

The new systems have resulted in a reduction of paper usage and other resource consumption and provide advanced record keeping, complying with the requirements of the State Records Act, as well as improving the business efficiency of the Corporation. The Corporation's reduced resource consumption and electronic records management have both been used as case studies in government progress reports and other publications.

The long service scheme continues to provide important benefits to the building and construction industry with record numbers of workers receiving payments in the year.

The Corporation's financial position has improved further and a retained surplus has been re-established. This was mainly attributable to another year, being the fourth successive year, of double-digit investment returns. However, it is important to be cognisant of the volatility of investment returns and the direct impact that investment returns have on the financial position. A full year of application of the levy increase to 0.35% that occurred on 1 January 2006 was also of significance financially.

The statutory Building and Construction Industry Long Service Payments Committee (Industry Committee) continued to review potential areas for legislative change to also further improve the scheme.

With the extensive changes to systems that have taken place, new business continuity plans were developed that should ensure ongoing capability to successfully manage impacts of adverse incidents. Testing also occurred of the Information Technology Recovery Plan as a key component of business continuity planning and management.

For assurance to scheme members and the industry, an extensive internal audit program was maintained and this has not raised any significant issues. A key area of review was a post implementation review of controls, key design aspects and importantly the successful conversion of data from the superseded system to the new worker registry system.

Challenges for future years are to enhance and further improve these new systems and seek further customer service improvements as well as scheme management performance improvement.

The efforts and contributions of staff in a year of extensive change are greatly appreciated, as are the contributions of the Industry Committee and the services of our various partnering organisations.



Keith Napper
Director

CHARTER

The Corporation was established in 1982 and administers the Building and Construction Industry Long Service Payments Act 1986 which provides a portable long service payments scheme to building and construction workers in NSW.

ACCESS

Head Office: Ground Floor, Corner Donnison and Baker Streets
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 (local call rates)
For calls from mobile phones the usual plan rates apply

Fax: (02) 9287 5685

Internet
Address: <http://www.lspc.nsw.gov.au>

E-mail: info@lspc.nsw.gov.au

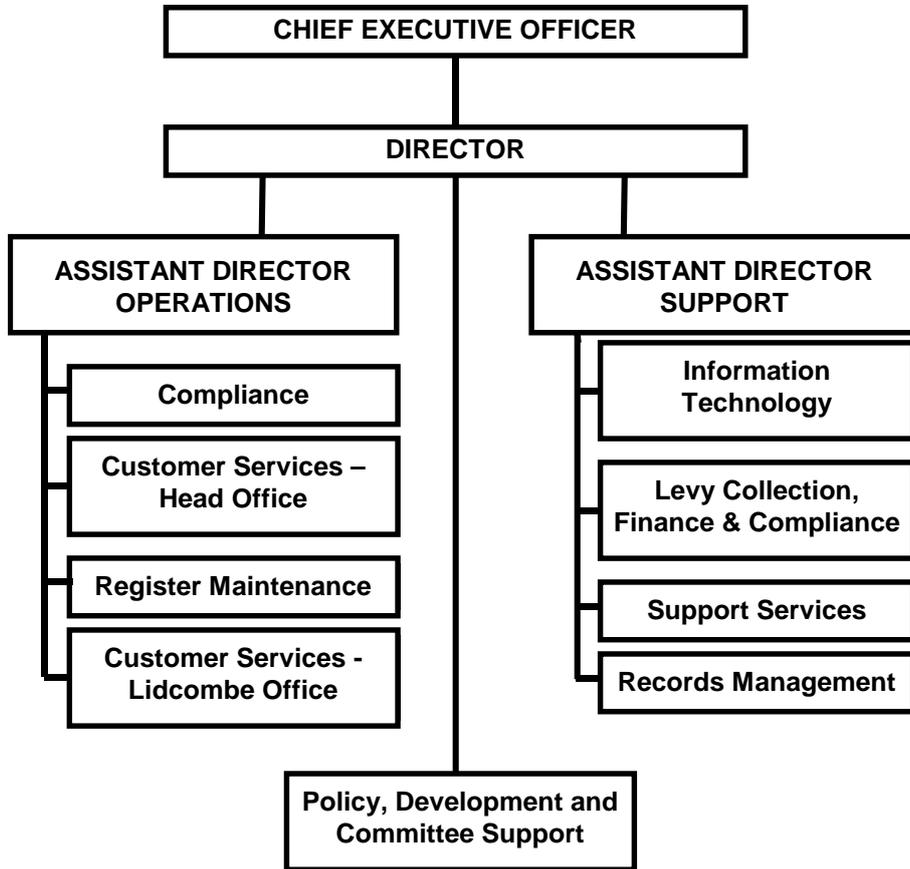
Hours: 8.30 am to 5.00 pm Monday to Friday

ROLE OF THE CORPORATION

The Building and Construction Industry Long Service Payments Act 1974 commenced on 1 February 1975 and established a portable long service payments scheme for building and construction workers in New South Wales. Prior to 31 July 1982 the scheme was a division within the former Builders Licensing Board (now part of the Office of Fair Trading). On 1 August 1982 the Building and Construction Industry Long Service Payments Amendment Act 1982 established the Corporation with all the assets and liabilities of the scheme.

Before July 1986 the scheme was funded by a charge on employers. From July 1986, the Building and Construction Industry Long Service Payments Act 1986 provided that the funding would come from a levy on building and construction work. The levy is currently 0.35% on building and construction work costing \$25,000 or more with local councils acting as agents to collect the levy for the Corporation. The Corporation provides a service to some 245,000 registered active workers and more than 34,000 registered employers in building and construction work in NSW. Its role includes the keeping of records of service of workers, the provision of long service benefits to workers and employers and the collection of levies on building work.

ORGANISATION STRUCTURE



PRINCIPAL OFFICERS

Mr Jon Blackwell BA, MA
Chief Executive Officer

Mr Keith Napper BCom, CA
Director

Mr Brent Weiley
Assistant Director - Operations

Mr Robert Armstrong BSc
Assistant Director – Support

CORPORATE PLAN 2005-2008

OUR MISSION AND PURPOSE

DELIVER INDUSTRY-BASED WORKER BENEFITS

OUR VISION

A COST EFFECTIVE AND QUALITY SERVICE PROVIDER

OUR VALUES

Be Professional
Show Respect
Earn Trust
Be Honest
Be Fair

OUR OBJECTIVES AND OUR STRATEGIES

OBJECTIVE 1: Intended beneficiaries of the scheme receive their entitlements.

Strategy Maintain information services and marketing activities that provide accurate and consistent information.

OBJECTIVE 2: Rights are observed and obligations are enforced.

Strategy Undertake activities that ensure compliance with obligations.

OBJECTIVE 3: Scheme viability is maintained.

Strategies Maintain effective business systems and practices.
Maintain effective staff management.

OBJECTIVE 4: Corporate governance standards are maintained.

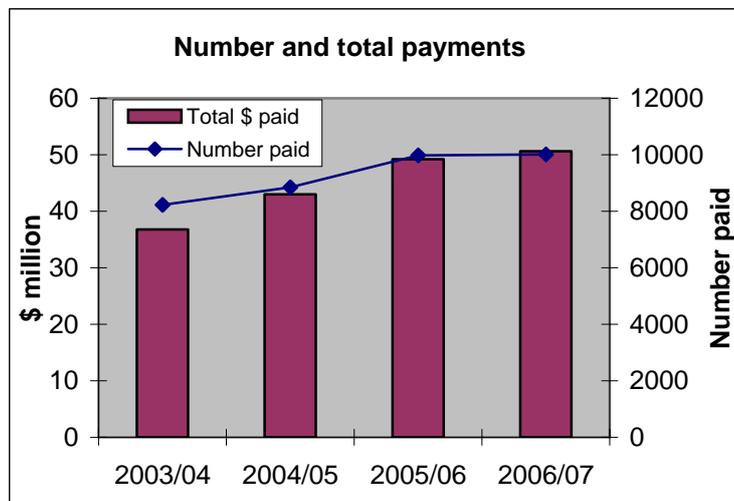
Strategy Ensure appropriate governance standards are in place.

MANAGEMENT ACHIEVEMENTS AND PERFORMANCE

Intended beneficiaries of the scheme receive their entitlements

Scheme payments

- This year 10,020 long service payments were made totalling \$50.5 million, both of which were record figures. While total numbers of payments appear to have plateaued, payments based on registered negotiated agreements have grown by 14% annually since introduced as a basis of payment in 1998-99, more than twice the growth rate of all payments. During the year 18% of all payments were based on registered agreements and made up 25% of the total amount paid by the scheme.



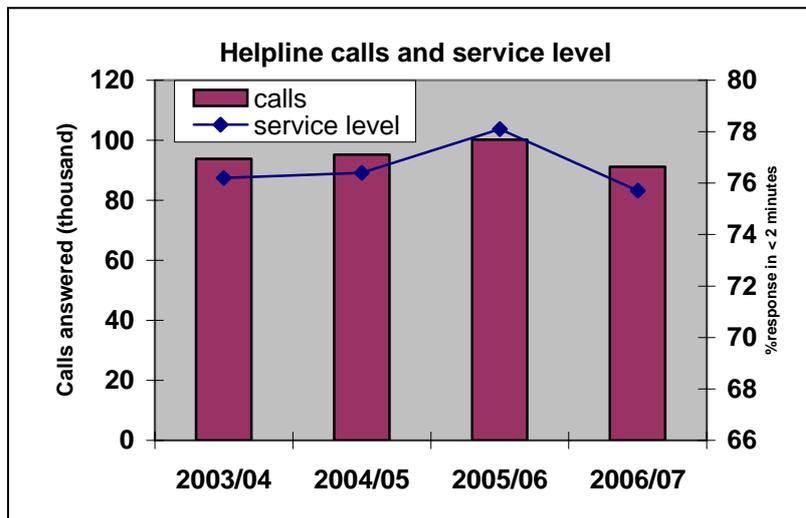
Marketing activities

- New reporting requirements for recording service in the scheme started on 15 January 2007 and were extensively promoted throughout this year. This included:
 - Making direct contact with the 200 largest employers in the industry to advise them of the new requirements and encouraging them to register for the new Internet online return;
 - Producing a comprehensive guide detailing the new reporting requirements and mailing it to all registered employers. Details of how to access Online Services and Internet passwords were also included;
 - Issuing reminders of the new reporting requirements to all employers in May to ensure that no service advices were lodged under the superseded system;
 - Issuing all employers with registration update forms to ensure their contact details were correct;
 - Placing advertisements in the major metropolitan newspapers, community language newspapers and major industry trade journals to advise employers of the new reporting requirements.
- Participation in meetings, tradeshows and workshops to develop stronger relationships with the major industry associations including the Master Builders' Association, Master Plumbers' Association and the Housing Industry Association.

- Continued to use final year marketing students of the University of Technology Sydney to undertake market research on particular areas of the scheme's operations. This year research was undertaken in relation to awareness of the scheme amongst building trade apprentices and determining the best methods of communication with this group of workers. The role of employers, direct mail and the Internet were identified to be key channels of communication with this group of young workers.
- A sample of workers making claims was surveyed to determine levels of satisfaction. All respondents reported high levels of satisfaction with the claims process, forms and written materials.

Information service delivery

- The Corporation's 13 14 41 Helpline remains the main channel for client contact.
- Customer Service Officers answered over 91,000 telephone Helpline enquiries, which was less than the previous year.
- The proportion of Helpline calls responded to within two minutes also declined this year. The implementation of the new worker registry system impacted on call response times.



- New visitors to the Corporation's website increased by 138% to almost 104,000. This significant increase follows strong growth in the usage of the site of 55% annually over the two previous years. The large increase in usage this year reflects the implementation of on-line services for registered workers and employers and the introduction of new administration procedures reducing compliance workload for employers. On-line services include capabilities for employers to register workers, notify start and termination of employment and record service. These initiatives have been well received by employers based on feedback by employers and the uptake of Internet services.
- Use of electronic means for lodgement of worker service advices by employers has continued to increase following earlier introduction of an electronic system incorporating controls to facilitate detection of inconsistencies and errors in data prior to submission to the Corporation and the additional capability of Internet lodgement through the Corporation's website introduced in late 2006-07. Electronic service lodgements in 2006-07 covered 42% and the new Internet capability provides the basis for increased electronic lodgement in future.

Accuracy and consistency of scheme information services

- A corporate priority initiative was achieved with the new worker registry system going live on 22 January 2007 after undergoing extensive testing. The system is fully integrated with imaging of documents and optical character recognition to capture service data from hardcopy documents. All new worker files including new correspondence are now maintained as electronic records. Existing paper files are progressively being converted to electronic files.
- The new worker registry system includes an interface with the Internet to allow employers to meet their compliance obligations on-line and for workers to view their records. Surveys by telephone Helpline staff of customers contacting the Corporation, particularly employers, have indicated an overwhelming positive response to the new system's features.
- To support the new worker registry system the corporate priority initiative of introducing new administration processes has been successfully implemented with an overwhelming positive response from employers. New information brochures, forms and related explanatory information, employer guides and Internet access passwords were developed and issued.
- Market research by the University of Technology Sydney this year focused on scheme awareness amongst apprentices and satisfaction of workers who had received a long service payment.
- In relation to apprentice awareness, 68% reported being unaware of the Corporation although nearly half reported being registered in the scheme. Encouragingly the survey indicated that employers are a key source of information on the scheme and that awareness of the scheme doubles as students move through their apprenticeships. Direct talks to students in TAFE were strongly endorsed and direct mail and Internet usage were identified as more effective communications channels with this group.

Rights are observed and obligations are enforced

- Audits of employers are undertaken across the state, with 29% of the audits occurring in rural and regional NSW this year. Numbers of audit, advisory and site visits as well as regional audits were lower due to focusing of resources towards the introduction of the new worker registry system.
- Risk based targeting was successfully expanded to better identify employers who may not be fully compliant resulting in an increase in errors detected.

Scheme viability is maintained

- An annual actuarial review of the scheme has been initiated to determine the sufficiency of funds and more accurate determination of end of financial year scheme liabilities for reporting.
- Investment income of \$67.25 million for the year is double the budget. This represents an annual return of 13.78% down from 16.87% last year. Notwithstanding, double-digit returns have been achieved in each of the last four years, well in excess of budgeted figures. Investment performance for the year also exceeded the industry benchmark for 5 year performance.
- The accumulated surplus this year of \$44.6 million contrasts with a deficit of \$16.2 million the previous year. This is largely due to above budget investment returns as well as improved levy collections.
- An extensive internal audit program on the three core business areas of worker service register, levy revenue and long service payments has been maintained based on risk assessments with no significant adverse findings. Additional audits were carried out on the conversion of data from the superseded worker registry system to

the newly developed system. Findings indicated accurate data conversion and recommended a number of minor modifications in the new system to limit access to worker records. These have now been implemented. An audit on administration and finance areas was also carried out with a finding that controls were adequate and were being implemented.

- Computer infrastructure support, human resource management have continued to be provided by a service partnership arrangement with WorkCover NSW, and legal services with Office of Industrial Relations and have been closely monitored.
- A corporate priority initiative has been the refining of disaster recovery processes and the development of business continuity plans.
- Regular staff meetings have occurred to ensure staff are aware of organisational performance and emerging issues as well as an understanding of the progress and implications of the new worker registry system.
- Staff have attended courses specific to their own development needs. A number of staff were given study leave to undertake external studies.
- A corporate priority of improving staff management and performance was advanced with the implementation of a facilitated leadership development program in which a number of managers have participated.

Corporate governance standards are maintained

- The Corporation operates with a four-year Corporate Plan underpinned by business and marketing plans. Executive management regularly reviews performance against these plans and current and emerging needs of stakeholders.
- The Corporation has retained the Internal Audit Bureau as its internal auditor and maintains a three-year audit plan, which is reviewed annually. The audit approach has a strategic and risk focus, and provides a continuous audit presence in core business areas of worker service register, levy revenue and long service payments. Effective management controls were found to be in place in all areas and there have been no adverse findings from the audit program.
- Appeals in relation to decisions of the Corporation are made to the independent Industry Committee. The Committee also acts as a Customer Council to the Corporation and provides advice on issues such as levy rates and scheme legislative provisions.

CORPORATE PRIORITIES FOR 2007-08

Develop and introduce enhancements to the functionality of the new worker registry and related systems.

Maximise employer and worker awareness and their adoption and use of new on-line services.

Progress the finalisation of projects for enhancements to scheme legislative provisions.

MAJOR OPERATIONAL PERFORMANCE STATISTICS

Activity and /or administrative function	2003-04	2004-05	2005-06	2006-07
Long service payments made to workers	8,224	8,850	9,976	10,020
Value of long service payments made	\$36.5M	\$42.5M	\$49.2M	\$50.5M
Cumulative number of payments since scheme began	105,685	114,535	124,511	134,531
Cumulative value of payments made since scheme began	\$349.3M	\$392.3M	\$441.5M	\$492.0M
Number of payments in conjunction with interstate schemes	343	377	446	503
New worker registrations approved	29,688	29,678	26,036	32,098
Number of workers excluding those identified for cancellation	246,108	230,977	234,504	244,941
Workers identified for cancellation <i>(see note 1)</i>	102,198	115,458	131,936	146,450
New employer registrations approved	3,351	3,458	2,868	2,925
Total number of registered employers	30,452	31,685	32,532	34,262
<i>Employee Certificates of Service</i> received	144,008	156,537	159,336	167,115
<i>Self Employed Worker Certificates of Service</i> received	37,438	38,171	37,361	35,470
<i>Annual Statements of Recorded Service (SRS)</i> issued	241,146	260,491	279,780	289,570
Requests to review service recorded in SRS	3,517	3,010	3,384	3,643
Employer advisory and audit visits made	2,453	2,570	1,177	996
TAFE talks to second year apprentices	718	211	312	242
Telephone 'Helpline' inquiries answered	93,812	95,165	100,234	91,198
Written inquiries	7,279	7,918	7,805	9,526
Counter inquiries	2,105	1,768	1,595	1,486
Levy exemptions approved	1,109	997	850	811
Levy refunds approved	1,852	1,740	1,684	1,670
Levy payment by instalments approved	9	12	18	32
Internet site usage (new visitors)	18,113	25,849	43,648	103,832
Total funds invested	\$403.1M	\$432.9M	\$490.5M	\$565.7M
Scheme liabilities	\$393.6M	\$463.6M	\$513.3M	\$529.4M
Investment income	\$53.9M	\$47.3M	\$70.6M	\$67.3M
Long service levy income	\$38.0M	\$34.8M	\$47.4M	\$69.3M
Net administration costs	\$8.1M	\$9.5M	\$6.25M	\$9.4M

Note (1) The numbers of workers identified for cancellation are cumulative since the last cancellation in 1994.

FINANCIAL PERFORMANCE - SUMMARY

Revenues and Expenses

This year, revenue from all sources amounted to \$136.8m and expenditure amounted to \$75.9m, resulting in an operating surplus of \$60.9m. The budgeted operating surplus was \$2.2m, resulting in an improvement of \$58.7m. This is mainly a result of the following net outcomes:

- Investments in the NSW Treasury Corporation Long Term Growth Facility (TCorp) resulted in a gain of \$66.9m compared to a budget of \$32.7m. This was a return of 13.8% compared to a budgeted return of 7%.
- Scheme expenses, comprising the long service expense for building workers and finance costs, decreased from a budget of \$89.4m to \$66.5m based on actuarial advice.
- Scheme administration costs comprising operating costs, depreciation and amortisation were \$0.9m or 8% lower than budget.

Financial Position

The Corporation has retained surpluses of \$44.6m compared to a negative equity position of \$16.2m last financial year.

- The principal assets continue to be investments of \$560.3m in the TCorp Long Term Growth Facility, which has increased from \$485.4m last financial year. A further \$9.1m is held in cash facilities including the TCorp Cash Facility to meet any commitments in the near future.
- The principal liabilities are the estimates for the Provision for Scheme Liabilities that were assessed by actuarial consultants at \$529.4m.

Capital Expenses

The Corporation spent \$217,000 of its \$450,000 capital budget. \$180,000 was used to complete the development of the new worker registry system and \$37,000 to replace computer equipment.

Accounts Payable Performance

Aged analysis at end of each quarter

PAYMENT	September 2006 Qtr	December 2006 Qtr	March 2007 Qtr	June 2007 Qtr
Current	\$248,947	\$513,089	\$203,157	\$333,718
Less than 30 days overdue	\$0	\$0	\$0	\$0
More than 30 days overdue	\$0	\$0	\$0	\$0
Total Accounts Payable	\$248,947	\$513,089	\$203,157	\$333,718

Accounts Paid on time in each quarter

	September 2006 Qtr	December 2006 Qtr	March 2007 Qtr	June 2007 Qtr
Target % paid on time	95%	95%	95%	95%
Actual % paid on time	99%	99%	96%	96%
Total dollar amounts paid on time	\$884,153	\$947,270	\$810,951	\$1,128,266
Total dollar amounts paid	\$888,291	\$1,009,673	\$841,761	\$1,171,631
Total accounts paid on time	310	345	274	283
Total accounts paid	311	348	286	296

There have been no delays in account payments that led to the payment of interest.

Investments

Funds were invested in the TCorp Long Term Growth and TCorp Cash Hour-Glass Investment Facility Trusts utilising external managers under contract to TCorp.

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

Fund Categories	Balance on hand As at		Investment Performance		Benchmark Performance
	30.6.06	30.6.07	Income	Return	Return
	\$'000	\$'000	\$'000	%	%
Long Term Growth	485,405	560,333	66,928	13.78	14.76
Cash	5,059	5,383	324	6.41	6.42
TOTAL	490,464	565,716	67,252	n/a	n/a

BUDGET FORECAST AND RESULTS

	BUDGET 2006-2007 \$'000	ACTUAL 2006-2007 \$'000	BUDGET 2007-2008 \$'000
REVENUES			
Investment Income	32,800	67,252	37,550
Levy Income	69,000	69,343	70,800
Other Income	65	212	105
TOTAL REVENUES	101,865	136,807	108,455
OPERATING EXPENSES			
Long Service Payments	50,200	50,463	57,700
Long Service Payments Liability Expense	39,200	16,079	37,600
TOTAL OPERATING EXPENSES	89,400	66,542	95,300
OPERATING SURPLUS/(DEFICIT)	12,465	70,265	13,155
ADMINISTRATIVE EXPENSES			
Personnel Services			
Salaries inc Recreation Leave	4,265	3,958	4,464
Long Service Leave	195	236	200
Superannuation	620	316	593
Payroll and Fringe Benefits Tax	251	250	282
Other Salary Related Expenses	17	15	16
	5,348	4,775	5,555
Operations			
Depreciation/Amortisation	655	509	935
Printing	225	207	210
Postage	340	346	320
Contractors	385	894	550
Long Service Levy Commissions	900	730	800
General Expenses	649	553	650
	3,154	3,239	3,465
Occupancy			
Rental	395	381	395
Associated Occupancy Expenses	288	262	270
	683	643	665
Computing			
Computer Operations and Maintenance	865	594	446
Marketing			
Marketing Program Expenses	150	83	130
Travel			
Travel Expenses	78	52	75
TOTAL ADMINISTRATIVE EXPENSES	10,278	9,386	10,336
SURPLUS FOR YEAR	2,187	60,879	2,819

NOTE: These budget figures have not been audited



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Building and Construction Industry Long Service Payments Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Building and Construction Industry Long Service Payments Corporation (the Corporation), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 report.

I believe that 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, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.



C J Giumelli, CPA
Director, Financial Audit Services

18 October 2007
SYDNEY

**BUILDING AND CONSTRUCTION INDUSTRY
LONG SERVICE PAYMENTS CORPORATION**

FINANCIAL STATEMENTS

Pursuant to Section 41C of the Public Finance and Audit Act 1983 we state that:

1. In our opinion the accompanying financial statements exhibit a true and fair view of the financial position of the Building and Construction Industry Long Service Payments Corporation as at 30 June 2007 and transactions for the year then ended;
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and Regulation and the Treasurer's Directions; and
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Keith Napper
Director
17 October 2007



Jon Blackwell
Chief Executive Officer
17 October 2007

**BUILDING AND CONSTRUCTION INDUSTRY
LONG SERVICE PAYMENTS CORPORATION**

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash and cash equivalents	2	9,135	6,952
Receivables	3	5,145	4,489
TOTAL CURRENT ASSETS		14,280	11,441
NON-CURRENT ASSETS			
Financial assets at fair value	4	560,333	485,405
Property, plant and equipment	5	597	880
Intangible assets	6	1,825	1,861
TOTAL NON-CURRENT ASSETS		562,755	488,146
TOTAL ASSETS		577,035	499,587
CURRENT LIABILITIES			
Payables	7	682	274
Provision for scheme liabilities	8(a)	339,296	328,990
Other provisions	9	2,351	2,269
TOTAL CURRENT LIABILITIES		342,329	331,533
NON-CURRENT LIABILITIES			
Provision for scheme liabilities	8(b)	190,076	184,303
TOTAL NON-CURRENT LIABILITIES		190,076	184,303
TOTAL LIABILITIES		532,405	515,836
NET ASSETS/(LIABILITIES)		44,630	(16,249)
EQUITY			
Retained surplus/(Accumulated loss)		44,630	(16,249)
TOTAL EQUITY	10	44,630	(16,249)

The accompanying notes form an integral part of these financial statements.

**BUILDING AND CONSTRUCTION INDUSTRY
LONG SERVICE PAYMENTS CORPORATION**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007	2006
		\$'000	\$'000
REVENUE			
Investment income	11	67,252	70,565
Long service levy	12	69,343	47,392
Other revenue	13	212	127
TOTAL REVENUE		136,807	118,084
EXPENDITURE			
Long service expense	14	36,854	58,710
Finance costs	15	29,688	24,421
Operating expenses			
Personnel services expenses	16	4,775	2,145
Other operating expenses	17	4,102	3,759
Depreciation and amortisation	5 and 6	509	345
TOTAL EXPENDITURE		75,928	89,380
SURPLUS FOR THE YEAR		60,879	28,704

The accompanying notes form an integral part of these financial statements.

**BUILDING AND CONSTRUCTION INDUSTRY
LONG SERVICE PAYMENTS CORPORATION**

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007	2006
		\$'000	\$'000
Adoption of AASB 139 – change to bid price for valuing financial assets		-	516
OPENING EQUITY ADJUSTMENT		-	516
Surplus for the year		60,879	28,704
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		60,879	28,704

The accompanying notes form an integral part of these financial statements.

**BUILDING AND CONSTRUCTION INDUSTRY
LONG SERVICE PAYMENTS CORPORATION**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$'000	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Long service levy received		68,793	46,066
Interest received		539	175
Other		520	640
Total Receipts		69,852	46,881
Payments			
Long service payments		(50,198)	(48,823)
Payments to suppliers		(9,282)	(9,262)
Total Payments		(59,480)	(58,085)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	18	10,372	(11,204)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		-	16,000
Proceeds from disposal of plant and equipment		28	87
Purchase of investments		(8,000)	-
Purchase of plant and equipment		(37)	(112)
Purchase of intangibles		(180)	(1,740)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(8,189)	14,235
NET INCREASE IN CASH		2,183	3,031
Opening cash and cash equivalents		6,952	3,921
CLOSING CASH AND CASH EQUIVALENTS	2	9,135	6,952

The accompanying notes form an integral part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

1 STATEMENT OF ACCOUNTING POLICIES

(a) Reporting entity

The Building and Construction Industry Long Service Payments Corporation (Corporation) has its principal office at the corner of Donnison and Baker Streets, Gosford 2250. The Corporation was established in 1982 and administers the Building and Construction Industry Long Service Payments Act 1986 which provides a portable long service payments scheme to building and construction workers in NSW.

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 financial report for the year ended 30 June 2007 has been authorised for issue by the Chief Executive Officer on 17 October 2007.

(b) Basis of preparation

The Corporation's financial report is a general-purpose financial report, which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.

Property, plant and equipment, and other assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial report items are prepared in accordance with historical cost convention.

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

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 Equivalents to International Financial Reporting Standards (AIFRS).

(d) Revenue Recognition

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

(i) Investment Income

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

(ii) Long Service Levy

The long service levy rate is 0.35% of the cost of building and construction work costing \$25,000 or more. The Corporation has arrangements with local government councils to act as agents for the collection of the long service levy in return for a commission. Long service levy income is recognised as it accrues.

(iii) Other Revenue

Other revenue consists of bank interest and other miscellaneous income that is recognised as it accrues.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

(e) Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The premium is determined by the Fund Manager based on past experience.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where:

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

(g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Corporation. 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.

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

(h) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming a network costing \$5,000 and above) are capitalised.

(i) Depreciation of Property, 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, plant and equipment are depreciated over 5 years and computer equipment is depreciated over 3 years. The Corporation's leasehold improvements, when constructed, are considered to have a useful life equivalent to the un-expired period of the lease.

(j) 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.

(k) Leases

The Corporation is not a party to any finance lease. Existing operating leases relate to leasing premises at the corner of Donnison and Baker Streets, Gosford, and 12 Railway Street, Lidcombe.

Operating lease payments are charged to the Income Statement in the periods in which they are incurred.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

(l) Intangible Assets

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the Corporation and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

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 Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Corporation's intangible assets are amortised using the straight-line method over a period of 3 or 5 years. In general, intangible assets are tested for impairment where an indicator of impairment exists.

(m) 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 accounted for in the Income Statement 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.

(n) Investments

Investments are initially recognised at fair value plus transaction costs. Investments are subsequently designated "at fair value through profit and loss". Gains or losses on these assets are recognised in the Income Statement.

(o) 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 Corporation will not be able to collect all amounts due.

(p) Other assets

Other assets are recognised on a cost basis.

(q) Payables

These amounts represent liabilities for goods and services provided to the Corporation and other amounts, including accrued long service payments. 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.

(r) Personnel Services

The Corporation receives personnel services from the Office of Workcover Authority to resource the Corporation. The Corporation recognises any on-going obligations relating to employees of the Office of Workcover Authority as other provisions in the balance sheet.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

(s) 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 8.

(t) 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 must be recognised as a borrowing cost.

(u) New Australian Accounting Standards issued but not effective

The following Australian Accounting Standards that are not yet effective were not used in preparing this report.

- AASB 101 (Issued October 2006) regarding presentation of financial statements;
- AASB 7 Financial Instruments: Disclosures (Issued August 2005);
- AASB 123 and AASB 2007-6 (Issued June 2007) regarding borrowing costs;
- AASB 2007-4 (Issued April 2007) regarding Australian additions and deletions from IFRS's;
- AASB 2005-10 (Issued September 2005) regarding financial instrument disclosures; and
- Interpretation 4 (Issued February 2007) regarding determining whether an arrangement contains a lease.

All AASB amendments above are applicable for the year commencing 1 July 2007. The new standards are concerned with disclosures and will have no direct impact on the Corporation's financial results.

2 CASH AND CASH EQUIVALENTS

	2007	2006
	\$'000	\$'000
Cash at bank and on hand	3,752	1,893
TCorp Hour Glass cash facility	5,383	5,059
	9,135	6,952

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash at bank, cash on hand and deposits in the TCorp Hour Glass cash facility.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	9,135	6,952
Closing Cash and cash equivalents (per Cash Flow Statement)	9,135	6,952

3 RECEIVABLES

Long service levy	3,861	3,311
Interest	16	22
Other	110	189
Less: Allowance for impairment	-	-
Prepaid superannuation	1,127	857
Prepayments	31	110
	5,145	4,489

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

4 FINANCIAL ASSETS AT FAIR VALUE

	2007	2006
	\$'000	\$'000
TCorp Hour Glass long term growth facility	560,333	485,405

5 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
At 1 July 2006					
Gross Carrying Amount	541	885	371	145	1,942
Accumulated depreciation and impairment	396	433	211	22	1,062
At Fair Value	145	452	160	123	880
At 30 June 2007					
Gross Carrying Amount	517	885	408	100	1,910
Accumulated depreciation and impairment	482	507	298	26	1,313
At Fair Value	35	378	110	74	597

Reconciliation

A reconciliation of the fair value of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Plant and equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
30 June 2007					
Fair Value at start of financial year	145	452	160	123	880
Additions	-	-	37	-	37
Disposals	(23)	-	-	(46)	(69)
Transfer/(adjustments for disposals)	22	-	-	20	42
Depreciation expense	(109)	(74)	(87)	(23)	(293)
Fair Value at end of financial year	35	378	110	74	597
At 1 July 2005					
Gross Carrying Amount	528	885	392	181	1,986
Accumulated depreciation and impairment	284	359	147	50	840
At Fair Value	244	526	245	131	1,146
At 30 June 2006					
Gross Carrying Amount	541	885	371	145	1,942
Accumulated depreciation and impairment	396	433	211	22	1,062
At Fair Value	145	452	160	123	880

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

Reconciliation

A reconciliation of the fair value of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

30 June 2006

Fair Value at start of financial year	244	526	245	131	1,146
Additions	13	-	-	99	112
Disposals	-	-	(21)	(135)	(156)
Transfer/(adjustments for disposals)	-	-	21	63	84
Depreciation expense	(112)	(74)	(85)	(35)	(306)
Fair Value at end of financial year	145	452	160	123	880

6 INTANGIBLE ASSETS

**Software
\$'000**

At 1 July 2006

Gross Carrying Amount	1,937
Accumulated amortisation and impairment	76
At Fair Value	1,861

At 30 June 2007

Gross Carrying Amount	2,117
Accumulated amortisation and impairment	292
At Fair Value	1,825

Reconciliation

A reconciliation of the fair value of intangible assets at the beginning and end of the current reporting period is set out below:

**Software
\$'000**

30 June 2007

Fair Value at start of financial year	1,861
Additions	180
Amortisation	(216)
Fair Value at end of financial year	1,825

At 1 July 2005

Gross Carrying Amount	196
Accumulated amortisation and impairment	36
At Fair Value	160

At 30 June 2006

Gross Carrying Amount	1,937
Accumulated amortisation and impairment	76
At Fair Value	1,861

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**
Reconciliation

A reconciliation of the fair value of intangible assets at the beginning and end of the previous reporting period is set out below:

	Software \$'000
30 June 2006	
Fair Value at start of financial year	160
Additions	1,740
Amortisation	(39)
Fair Value at end of financial year	<u>1,861</u>

7 PAYABLES

	2007 \$'000	2006 \$'000
Long service payments	251	33
Long service levy commissions	82	72
Administrative expenses	349	169
	682	<u>274</u>

8 PROVISION FOR SCHEME LIABILITIES

(a) Current	339,296	328,990
(b) Non-Current	190,076	184,303
	529,372	<u>513,293</u>

In the absence of actual data the allocation between current and non-current for 2006 is based on the percentage allocated in 2007.

The Corporation expects to pay claims of \$57.7 million during 2007/08.

Movement in Provision

Carrying amount at beginning of financial year	513,293	478,847
Additional provisions recognised	36,854	58,710
Claims paid	(50,463)	(48,685)
Unwinding of discount rate	29,688	24,421
Carrying amount at end of financial year	529,372	<u>513,293</u>

The Building and Construction Industry Long Service Payments Act, 1986, under Section 14 requires that an actuarial investigation be undertaken to determine the sufficiency of the Fund and the adequacy of the long service levy rate at intervals of not more than three years.

A full actuarial investigation was undertaken as at 30 June 2007 by Bendzulla Actuarial Pty Ltd. For the purpose of that valuation the following number of workers were valued:

	2007	2006
Active within last 2 years	165,493	164,050
Inactive for last 2 years but active within 2 years prior	53,066	44,970
Inactive for 4 or more years	7,721	7,121
Total number of workers considered	<u>226,280</u>	<u>216,141</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

Based on data requested for the twelve months ending 30 June 2007, the actuaries estimated the scheme liabilities to be as follows:

	Note	2007 \$'000	2006 \$'000
AEIFRS Valuation	(i)	529,372	513,293
Accrued Benefit Reserve	(ii)	517,964	503,871
Vested Benefits	(iii)	453,451	450,152

- (i) The AEIFRS 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, rather than the rate of return on the Scheme assets. The financial assumptions used in the actuarial update were: rate of increase in wages 4.5% (2006 4.5%) and a government bond rate 6.4% (2006 5.78%).
- (ii) The Accrued Benefit Reserve is the calculation of scheme liabilities, taking into consideration an allowance for unreported service of active workers, discounted by the projected rate of return on the Scheme assets. The financial assumptions used in the actuarial valuation were: rate of increase in wages 4.5% (2006 4.5%) and a rate of return on assets 7.5% (2006 7.0%). This amount is used to assess the Corporation funding position.
- (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. This amount is used to assess the Corporation's solvency position.

9 OTHER PROVISIONS

The Corporation receives personnel services from the Office of Workcover Authority to resource the Corporation. The Corporation recognises the relevant employee benefits associated with this arrangement as follows:

	2007 \$'000	2006 \$'000
Recreation leave	330	339
Long service leave	1,758	1,713
Other costs	263	217
Total Provision for personnel services	2,351	2,269

10 CHANGES IN EQUITY

(Accumulated loss) at the beginning of the financial year	(16,249)	(44,953)
Surplus for the year	60,879	28,704
Retained surplus/(Accumulated loss) at the end of the financial year	44,630	(16,249)

11 INVESTMENT INCOME

TCorp Hour Glass cash facility	324	81
TCorp Hour Glass long term growth facility	66,928	70,484
	67,252	70,565

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$'000	\$'000
12 LONG SERVICE LEVY		
Long service levy	70,323	48,245
Long service levy refunds	(980)	(853)
	69,343	47,392
13 OTHER REVENUE		
Interest	209	112
Miscellaneous income	2	1
Gain on disposal	1	14
	212	127
14 LONG SERVICE EXPENSE		
Claims paid	50,463	48,685
Liability adjustment	(13,609)	10,025
	36,854	58,710
15 FINANCE COSTS		
Unwinding of discount rate	29,688	24,421
	29,688	24,421
16 PERSONNEL SERVICES EXPENSES		
The Corporation receives personnel services from the Office of Workcover Authority to resource the Corporation. The Corporation recognises the relevant employee related expenses associated with this arrangement as follows:		
Salaries including recreation leave	3,958	3,745
Long service leave	236	63
Superannuation – defined benefit plans	120	(2,111)
Superannuation – defined contribution plans	196	189
Payroll tax and fringe benefits tax	250	244
Other expenses	15	15
	4,775	2,145
Superannuation – defined benefit plans		
Defined benefit plans – contributions	390	370
Defined benefit plans – liability adjustments	(270)	(2,481)
Total superannuation – defined benefit plans	120	(2,111)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$'000	\$'000
17 OTHER OPERATING EXPENSES		
Computing	594	726
Marketing	83	77
Travel	52	65
Occupancy	643	627
Long service levy commissions	730	763
Contractors	894	459
Consultancy	35	64
Audit remuneration - audit of financial report	58	58
Services agreement	165	172
Other administrative expenses	848	748
	4,102	3,759

18 NET CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of surplus for the year to net cash from/(used in) operating activities:

Surplus for the year	60,879	28,704
Plus/(minus) non-cash items:		
Depreciation and amortisation	509	345
Investment income	(66,928)	(70,484)
Long service payments liability adjustment	(13,609)	10,025
Finance costs	29,688	24,421
Net (profit) on disposal of plant and equipment	(1)	(14)
Change in asset and liabilities:		
(Increase)/decrease in receivables	(656)	(1,431)
Increase/(decrease) in payables	408	(337)
Increase/(decrease) in provisions	82	(2,433)
Net cash from/(used in) operating activities	10,372	(11,204)

19 COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	524	546
Later than one year and not later than 5 years	2,123	2,147
Later than 5 years	13	578
Total (including GST)	2,660	3,271

The total operating lease commitments above include input tax credits of \$241,793 that are expected to be recoverable from the ATO.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	2007 \$'000	2006 \$'000
(b) Other Expenditure Commitments		
Not later than one year	27	71
Total (including GST)	<u>27</u>	<u>71</u>

The total operating expenditure commitments above include input tax credits of \$2,432 that are expected to be recoverable from the ATO.

(c) Capital Commitments

Not later than one year	-	164
Total (including GST)	<u>-</u>	<u>164</u>

20 FINANCIAL INSTRUMENTS
(a) Interest Rate Risk

The Corporation's exposure to interest rate risks and the effective interest rates on financial instruments were:

	Floating interest rate	Non interest bearing	Total carrying amount	Weighted Average Effective Interest rate
	\$'000	\$'000	\$'000	%
30 June 2007				
Financial assets				
Cash assets	9,135	-	9,135	6.47
Receivables	-	3,987	3,987	N/A
Financial assets at fair value	560,333	-	560,333	13.78
Total financial assets	<u>569,468</u>	<u>3,987</u>	<u>573,455</u>	
Financial liabilities				
Payables	-	682	682	N/A
Total financial liabilities	<u>-</u>	<u>682</u>	<u>682</u>	
30 June 2006				
Financial assets				
Cash assets	6,952	-	6,952	5.19
Receivables	-	3,522	3,522	N/A
Financial assets at fair value	485,405	-	485,405	16.87
Total financial assets	<u>492,357</u>	<u>3,522</u>	<u>495,879</u>	
Financial liabilities				
Payables	-	274	274	N/A
Total financial liabilities	<u>-</u>	<u>274</u>	<u>274</u>	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

(b) Credit Risk

The Corporation's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

	Governments \$'000	Banks \$'000	Other \$'000	Total \$'000
30 June 2007				
Financial assets				
Cash assets	5,383	3,752	-	9,135
Receivables	-	-	3,987	3,987
Financial assets at fair value	560,333	-	-	560,333
Total financial assets	565,716	3,752	3,987	573,455
30 June 2006				
Financial assets				
Cash assets	5,059	1,893	-	6,952
Receivables	-	-	3,522	3,522
Financial assets at fair value	485,405	-	-	485,405
Total financial assets	490,464	1,893	3,522	495,879

21 CONTINGENT LIABILITIES

The Corporation was not aware of any contingent liabilities as at the end of the financial year.

22 AFTER BALANCE DATE EVENTS

The Corporation is not aware of any events that have occurred after balance date which are of such significance that they need to be disclosed or recognised in the financial report.

END OF AUDITED FINANCIAL STATEMENTS

THE BUILDING AND CONSTRUCTION INDUSTRY LONG SERVICE PAYMENTS COMMITTEE (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 and consists of ten part-time members appointed by the Minister and is chaired by the Chief Executive Officer. 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 to ensure that the quality and effectiveness of services meet customers' needs.

The term of the current Industry Committee is from 1 August 2005 to 31 July 2008. This year the Industry Committee met on three occasions but considered a one matter by way of an agreed electronic meeting process. A sub-committee of the Committee also met to consider the implications of the federal WorkChoices legislation on the scheme and to consider any matters that might need to be addressed by legislative change.

During the year the Committee reviewed proposals from the Corporation for improvements in scheme administration for consideration by the Minister and potential future legislative change.

Appeals

Sections 49-54 of the Act empowers 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 but 4 worker appeals were considered and determined as shown in the table. The Corporation did not carry out registration cancellations for workers where there are no records of service for at least four consecutive years, consequently there were no appeals in respect of such workers.

RESULTS OF APPEALS

Appeal Against	UPHELD		DISMISSED	
	05/06	06/07	05/06	06/07
Rejected Application for registration	0	1	0	1
Refusal of Service Credits	1	1	3	1
Total	1	2	3	2

CHAIRPERSON

Mr Jon Blackwell BA, MA
Chief Executive Officer
Attended 3 out of 3 meetings

MEMBERS

MEMBERS NOMINATED BY THE UNIONS NSW

Mr Andrew Ferguson BEc, MEc, Dip Ind Law, Dip Urban Studies
NSW General Secretary, Construction Forestry Mining Energy Union
NSW Secretary, CFMEU (Construction and General Division) NSW Branch
Director, Australian Construction Industry Redundancy Trust
Director, COMET Training
Director, MEND Rehabilitation
Director, BWAC Employment
Member, WorkCover NSW, Construction Industry Reference Group
Member, Construction Industry Consultative Committee
Executive Member, Unions NSW
Member, WorkCover NSW Occupational Health & Safety Council
Attended 0 out of 3 meetings, Deputy Member Keryn McWhinney attended in place of the Member

Mr Russ Collison
State Secretary, AWU NSW
Board of First State Super Corporation
Vice President, Unions NSW
Attended 3 out of 3 meetings

Mr Michael Doust
Organiser, Electrical Trades Union
Attended 2 out of 3 meetings

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

Mr Brian Seidler B Build.
Executive Director, Master Builders' Association of NSW
MBA of NSW Representative, Building Awards Conciliation Committees
MBA of NSW Representative, Building Apprenticeship Conciliation/Training Committees
MBA of NSW Representative, Construction Industry Training Advisory Board (NSW)
Committee Member, Construction Policy Steering Committee
Committee Member, Construction Industry Consultative Committee
Director, Australian Construction Industry Redundancy Trust
Director, COMET Training
Director, MEND Rehabilitation
Committee Member, Building & Construction Industry Drug & Alcohol Foundation
Participant, Australian Traineeship System Working Party
Director, Building Workers' Assistance Centre
Attended 3 out of 3 meetings.

Dr John Elder AM BBus, MIR (Hons), Phd (Syd Univ)
Director, Australian Construction Industry Redundancy Trust
Independent Chairman, COMET Training
Director, MEND Rehabilitation
Director, FIRST Superannuation Pty. Ltd.
Attended 2 out of 3 meetings

Mr Tim McDonald (Appointed from 18 April 2006 resigned October 2006)
Director Employment Relations
Employers First
Attended 1 out of 1 meetings

MEMBERS DIRECTLY APPOINTED BY THE MINISTER

Mr John Robertson GradDip Employment Relations/Industrial Law (UTS)
Secretary, Unions NSW

Director, Labor Media

Director, Labor Campaign

Director, Getonboard

Director, WorkCover NSW

Trust Member, Parramatta Stadium Trust

Attended 1 out of 3 meetings, Deputy Member Chris Christodoulou attended in place of the Member for 1 meeting.

Mr Doug Wright AM BEc, BA

Representational and Special Services, Australian Industry Group

Director, Hunter Valley Training Company Ltd

Director, WorkCover NSW

Member, NSW Vocational Education and Training Accreditation Board

Member, TAFE Commission Board

Member, Commonwealth Study Conference Executive Committee

Member, Plan-It-Youth Mentoring Program, State Reference Group

Attended 1 out of 3 meetings, Deputy member Catherine Brokenborough attended in place of member.

Ms Elizabeth Crouch BEc

Consultant

Chair, Fair Trading Advisory Council

Chair, Public Transport Ticketing Corporation

Member, City of Sydney Planning Committee

Member, NSW Housing Ministerial Advisory Board

Member, Macquarie University Council

Member, Finance Committee, Macquarie University

Member, Audit and Risk Committee, Macquarie University

Chair, NSW Police Service Reward Advisory Committee

Attended 3 out of 3 meetings.

Mr Brian Beer

State President, Australian Manufacturing Workers Union (Retired)

Member, Australian Government Central Trades Committee;

Member, Australian Government NSW Local Trades Committee;

Independent Chairperson, NSW Dept Primary Industries Estuary Prawn Trawl Management Advisory Committee;

Independent Chairperson, NSW Dept Primary Industries Marine & Estuarine Recreation Charter Management Advisory Committee

Attended 3 out of 3 meetings

DEPUTY MEMBERS

DEPUTY MEMBERS NOMINATED BY THE UNIONS NSW

Ms Keryn McWhinney Dip Ind Law

Senior Wage Claims Officer, CFMEU (Construction & General Division) NSW Branch

Representative Member, National Association Women In Construction

Member, Vocational Training Tribunal of NSW

Member, Vocational Training Appeal Panel

Attended 3 meetings in place of Member Andrew Ferguson

Mr Steve McCarney

State Secretary CEPU Plumbing Division NSW Branch

Was not required to attend any meetings

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

Mr Peter Slattery Master of Business (Employment Relations)
Employee Relations Manager, NSW Building Group, Barclay Mowlem Construction Ltd.
Was not required to attend any meetings

Mr Mervyn Warner Dip Personnel Admin
Personnel and Industrial Relations Consultant
Member of MBA of NSW
Member, Safety Field Day Steering Committee
Member, Industrial Relations Society of NSW
Was not required to attend any meetings

DEPUTY MEMBERS DIRECTLY APPOINTED BY THE MINISTER

Mr Chris Christodoulou BA Ind Rel
Deputy Assistant Secretary, Unions NSW
Chair, Wollongong Sportsground Trust
Member, Corrections Industry Advisory Council
Director, Sydney Olympic Park Authority
Attended 1 meetings in place of Member John Robertson

Ms Catherine Brokenborough BA Dip Ed, Carpentry and Joinery
Regional Environmental Health and Safety Skilling and Development Manager,
Bovis Lend Lease
Attended 2 meetings in place of Member Doug Wright

APPENDICES

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Appendix 1

SERVICE STANDARDS

OUR COMMITMENT TO CUSTOMER SERVICE

The Corporation's aims are to:

- provide accurate and helpful advice on the scheme;
- pay benefits accurately and promptly;
- assist workers in maintaining accurate records of their service in the building and construction industry and in maximising their entitlements;
- provide a high level of responsiveness to customer needs that is courteous, consistent, reliable, informative, timely and objective;
- increase awareness of the scheme amongst customers and workers in the building and construction industry who may be eligible for membership in the scheme;
- fund long service payments by the collection of a levy on building work in New South Wales.

The Corporation provides a telephone 'HELPLINE' which customers may contact for information on any aspect of the scheme by phoning 13 14 41 for the cost of a local call. Normal plan rates apply for mobile phone calls.

The levels of service that customers can normally expect are shown in the following tables.

SERVICE PROVIDED	LEVEL OF SERVICE
------------------	------------------

Scheme Benefits

Benefit enquiries	Advice of calculated long service payment amount will be posted within 2 working days.
Payment of benefits	Will be processed within 10 working days.

Inquiries

Telephone or personal inquiries regarding general or specific matters	Advice will be provided immediately.
Response to written inquiries	Either a written response or acknowledgement of receipt of the inquiry will be posted within 10 working days. Where an inquiry cannot be answered within 10 working days, the inquirer will subsequently be kept advised of the progress of investigations until finalised.

Scheme Members Records

Objection to accuracy of records	Where a worker lodges an objection to the accuracy of their record, an acknowledgment will be posted within 10 working days. Objections where eligibility and performance of service are uncomplicated will be resolved within 30 days. Complicated matters will be resolved no later than the issue of the next due annual statement of recorded service.
Annual Statement of Recorded Service	All registered workers will be posted an annual statement of recorded service by 30 November each year or as required by the legislation.

SERVICE PROVIDED	LEVEL OF SERVICE
------------------	------------------

Scheme Registrations

Applications for worker registration	Decision on eligibility for membership will be posted within 10 working days of receipt of application with all required information. Where eligibility is complicated by information limitations membership will be resolved within 30 days.
Applications for employer membership.	Decision on eligibility for membership will be posted within 10 working days of receipt of application with all required information. Where eligibility is complicated by information limitations membership will be resolved within 30 days. Employers will be issued with an employer information kit within 10 working days of registration being accepted.

Other Services

Inquiries in respect of financial matters concerning payment of accounts, claims and related matters	Processed within 5 working days.
Turnaround of administrative payments on commercial terms	Processed in accordance with supplier trade terms.

Levy Collection

Response to written inquiries	Written response will be posted within 10 working days.
Partial exemptions from payment of levies eg owner builders	Applications will be processed within 3 working days.
Refunds of levies	Will be processed within 10 working days where the monies have been received by the Corporation.

The Corporation regards comments from customers as a valuable means of helping to identify additional potential services and to ensure that existing services are maintained and enhanced.

What if customers have any problems or suggestions?

Most matters can be resolved directly with the staff member providing customer services. It is suggested that this should be the first action taken. If this course of action is not successful, or not considered appropriate, customers should ask to speak with the officer's manager, or contact the Support Services Manager by:

Phone: 13 14 41
Fax: (02) 9287 5685
E-mail: info@lspc.nsw.gov.au
Post: Locked Bag 3000
Central Coast MC NSW 2252

The Customer Council (Industry Committee)

The independent Industry Committee acts as the Customer Council, monitors the current level of service performance, advises on new or modified services, recommends performance indicators of service quality and advises on client needs.

Customers wishing to make suggestions to the Industry Committee regarding services or their customer needs may contact the Committee Secretary by:

Phone: 13 14 41
Fax: (02) 9287 5685
E-mail: info@lspc.nsw.gov.au
Post: Customer Council
Locked Bag 3000
Central Coast MC NSW 2252

Appeals against decisions by the Corporation

Sections 49-54 of the Act empowers 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.

Appendix 2

PERFORMANCE INDICATORS FOR PROVISION OF SERVICES

SERVICE	TARGET	RESULTS
Turnaround of written inquiries (excluding <i>Annual Statement of Recorded Service</i> related inquiries)	Resolved within 10 working days. If unresolved within 10 working days regular advice issued until finalised.	Achieved.
Turnaround of <i>Annual Statement of Recorded Service</i> requests to review service allocated to a member's record and related inquiries	Acknowledgment issued within 10 working days and resolution prior to next statement issue.	Achieved.
Turnaround of employer and worker applications for registration with all required information	Within 10 working days for worker applications. Within 10 working days for employer applications.	Achieved.
Issue of <i>Annual Statement of Recorded Service</i>	All issued by 30 November.	Achieved.
Turnaround of long service payments	Within 10 working days.	Achieved
Turnaround of financial inquiries	Within 5 working days.	Achieved.
Telephone or personal inquiries on general or specific matters relating to levy matters	Where possible, advice will be provided immediately.	Achieved.
Partial exemptions from payment of the levy eg owner builders	Applications processed within 3 working days.	Achieved.
Training days per staff member	Average 4 days per person.	Achieved.
Emergency computer hardware and software problems responded to within 1 hour	90%.	Achieved.
Standard computer hardware and software request responded to within 2 working days	90%.	Achieved.
Computer system availability between 8.30 am and 5.00 pm	98% in each month.	Achieved.
Computer system recovery	100% within 8 working hours.	Achieved.
Bulk documents updated to main computer systems	Within 2 working Days.	Achieved target 90% of time and 100% within 5 working days.

Appendix 3

CONSUMER RESPONSE

An important function of the independent Industry Committee is to act as Customer Council. Through the Committee the Corporation is able to provide the industry with regular updates on its achievements and consult with industry representatives on any issues that may impact on the Corporation's operations.

Marketing and communication activities

Marketing and communication activities are part of the compliance strategy which is aimed at increasing employers' understanding of their obligations and workers' knowledge of their entitlements.

A key focus of marketing and communications was the promotion of the new worker registry system. A specific marketing plan was developed and a range of activities were implemented to promote the phased introduction of new service reporting arrangements concurrently with the implementation of the new worker registry system. A major project was the production of a comprehensive Employers' Guide that was distributed to all registered employers. In addition all publications and materials were reviewed and updated to incorporate the changes. Advertisements were run in trade journals and metropolitan and community language newspapers to advise all industry employers of their new obligations. Throughout the year staff also gave presentations to members of trade associations, including the Master Builders Association, Housing Industry Association, National Electrical Communication Association and Master Plumbers Association.

The marketing plan highlights the importance of developing effective relationships with industry organisations and the benefits of using these relationships to promote the scheme throughout the industry. To foster and strengthen these relationships a component of the marketing budget was used to sponsor industry events. This year a number of industry events such as the Master Plumbers Association's Clarrie Wymer Awards, the MBA's Hunter Housing awards and the HIA Southern NSW Housing Awards were sponsored.

To inform workers of their long service entitlements advertisements were placed in the CFMEU journal and metropolitan and community language newspapers. Staff also provided information services at the annual Building Trade Union Group picnic and staff conducted a number of information seminars for union organisers and delegates.

The program of information talks to students undertaking building trades training in the NSW TAFE system was maintained. These talks not only provided important information to workers on their long service entitlements but are an effective compliance check to ensure employers are registering their eligible employees in the scheme. A detailed market research survey project was undertaken by final year marketing students from the University of Technology Sydney into the effectiveness of the TAFE talk program. The research endorsed this initiative.

High priority is given to customer service standards and a number of initiatives are in place to assess customer satisfaction. Surveys are conducted of employers who have been audited and workers who make a claim for payment. Results from these surveys show a high level of satisfaction with service standards.

Customer complaints

There was one formal complaint made to the Corporation. This complaint was in relation to its inability to accept an electronic payment. Methods of payments were explained and arrangements were made for the payment to be accepted. There was one complaint made in the previous year.

Ten representations were made to the Minister. Three were objections to the payment of the long service levy and another related to the need for the levy. Three were objections in relation to a requirement that tax agents or other independent qualified persons verify the income of self-employed workers. Income from work in the NSW building and construction industry is the only means by which service for such workers can be calculated. Two related to the requirement that special circumstances be provided for the recognition by the scheme of service that was completed more than two years in the past. The other representation was in relation to extending eligible service to include periods of training prior to persons entering the building and construction industry. The provisions of the scheme legislation and policies were explained to the complainants and the matter of independent verification of income of self-employed workers was referred to the Industry Committee for consideration.

Appendix 4

LEGISLATIVE CHANGE

There were no changes to the Building and Construction Industry Long Service Payments Act 1986.

Appendix 5

FREEDOM OF INFORMATION ACT 1989

Two agencies are relevant under the Building and Construction Industry Long Service Payments Act 1986:

Building and Construction Industry Long Service Payments Corporation - Agency 968 and Building and Construction Industry Long Service Payments Committee - Agency 1682.

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

Updated FOI Statements of Affairs have been prepared and are available from the FOI Coordinator.

The Summary of Affairs of both Agencies are published in the Government Gazette.

All written inquiries on the above Agencies should be directed to:

The FOI Coordinator
Locked Bag 3000
Central Coast MC NSW 2252

or lodged on

Ground Floor
Corner Donnison and Baker Streets
GOSFORD NSW 2250

Freedom of Information (FOI) Requests

	Agency 968				Agency 1682			
	2006-07		2005-2006		2006-07		2005-06	
	Personal	Other	Personal	Other	Personal	Other	Personal	Other
Total FOI requests	0	0	0	0	0	0	0	0

There were no FOI requests this year and no requests were unresolved from the previous year in relation to either agency. No Ministerial Certificates were issued by either Agency and there were no requests requiring formal consultation or personal records required amendment as a result of any FOI request.

There were no Ombudsman's Reviews or District Court Appeals in 2005-06 or 2006-07.

Appendix 6

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 has been 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. As required 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 telephone Helpline.

The Privacy and Personal Information Protection Act does not apply in respect of information requests under a variety of State and Federal legislation. The Corporation complies with the requirements of such legislation in respect of any information provision.

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 will be addressed in accordance with the requirements of the legislation.

Appendix 7

DISABILITY PLAN

Development of access for people with disabilities to generic services and facilities has been actively sought by the following strategies:

- Monitor and review access by people with disabilities to the scheme's services and facilities.
- Investigate/develop options for improving internal employment opportunities for people with disabilities.
- Ensure the continued safety and the minimisation of hazards for people with disabilities.

Access

The Corporation's head office at Gosford is on the ground floor and the Lidcombe office has lift access. Offices have wheelchair access, disability toilet facilities and lift facilities that comply with requirements. Public access and all counter areas include stand-up counters to enable persons with back problems to fill in forms while standing and have seating for customers waiting.

The physical nature of building and construction work limits opportunities for industry-based programs for people with disabilities. However, the scheme allows access to accrued benefits and, in some circumstances, continuation of the recording of service credits due to disability. This year, 1,004 grants of service on medical grounds were made totalling 136,054 days valued at over \$360,000 at current average pay-rates and 344 long service payments totalling \$862,230 were paid to members who became totally incapacitated for work in the industry and were forced to leave the industry.

Employment

EEO strategies ensure staff are provided with appropriate equipment and access to career development and training to enhance their prospects for promotion.

Appendix 8

WOMEN'S ACTION PLAN

Scheme

The Corporation's legislation requires it to deliver a long service benefits scheme to the building industry of NSW. Scheme benefits are equally available to male and female workers in the industry, but it is recognised that the industry is heavily male dominated. The scheme legislation includes provisions to help preserve women's registrations in the scheme if they are pregnant.

Staff

The Corporation obtained services under its Service Partnership Agreement, from WorkCover NSW, in respect of women's matters. The WorkCover NSW Spokeswomen's Program included information sessions for women employees to assist them combining work and family commitments and provides financial and career planning information. The bi-monthly meetings have been well attended.

The Corporation has continued flexible working arrangements that offer a wide bandwidth, no core time and provides for up to three flex-days in a six-week period, which assist staff to meet work as well as family commitments. New staff are advised of these provisions during their induction and the flexible working agreement is on the Intranet for all staff to access. To assist with childcare and other commitments, six women worked part-time during the year.

Appendix 9

ETHNIC AFFAIRS PRIORITY STATEMENT

COMMUNITY RELATIONS

The Corporation is committed to the principles of multiculturalism. Progress against Key Result Areas is shown below:

Key Result Area	Achievements
<p>Social Justice</p> <p>Providing an efficient and equitable scheme of portable long service benefits for the construction industry</p>	<ul style="list-style-type: none"> • A telephone translation service and staff speaking some community languages are available. The service is promoted to the industry and workers through various information materials and to callers on the Helpline when difficulties are obvious. • Following discussions with the CFMEU details provided to workers were reviewed. As a result information about the scheme has been translated into fifteen community languages and has been made available on the Corporation's Website. • An information sheet, in fifteen community languages, on the availability of the translation service and how to respond to the <i>Annual Statement of Recorded Service</i> was forwarded to 289,570 workers together with their annual statements in October/November 2006. • The Corporation's legislation includes requirements for employers to register their workers thus ensuring workers with low English proficiency have access to the scheme. • Information in fifteen community languages is included on the reverse of all letterhead. • A community languages advertising strategy includes advertisements promoting key employer obligations and worker information appearing in community language newspapers.
<p>Corporation staff</p> <p>Awareness of and adherence to the principles of multiculturalism</p>	<ul style="list-style-type: none"> • Merit based recruitment practices are used for the recruitment of staff that includes the use of the Public Sector Common Selection Criteria requiring an applicant to show a knowledge and understanding of Ethnic Affairs Priority Statements. • A Community Language Allowance Scheme is in place and staff encouraged to obtain accreditation for community languages most used in the building industry. The Corporation also has access to WorkCover NSW CLAS qualified officers. This scheme was reviewed in 2006. • Training and access to career development opportunities were available to all staff. Target groups participated in training and career development opportunities. • The Corporation's two offices have designated quiet areas that can be used for religious practices. • The PSA and the Corporation are signatories to a Dignity and Respect in the Workplace Charter.

Future EAPS strategic directions are to monitor, review and improve the effectiveness of the advice and services to workers from all community groups. This will be assisted by mainstreaming community relations awareness to all Corporation staff and including review and consideration of existing strategies in the business planning of all operational units and by inclusion of relevant material where possible in any surveys conducted.

Appendix 10

PROGRAM EVALUATION

The NSW Internal Audit Bureau is retained for the provision of internal audit services and a three-year audit plan is maintained and reviewed annually. The audit approach has a strategic and risk focus, and provides a continuous audit presence in the three core business areas. Other functions are audited on a regular basis.

Core business areas subject to audit comprise worker service register, levy revenue and long service payments. Effective management controls were found to be in place in all areas. A number of recommendations for improvements were noted and accepted. There have been no adverse findings from the audit program.

An audit on finance and administrative services was carried out with a number of recommendations for improvements that were noted and accepted. Satisfactory controls were found to be in place.

Additional audits were carried out on the conversion of data from the superseded worker registry system to the newly developed system. Findings indicated accurate data conversion and recommended a number of minor modifications in the new system to limit access to worker records. These have now been implemented.

Appendix 11

INSURANCES AND RISK MANAGEMENT

Insurances

Insurance was through the NSW Treasury Managed Fund (TMF). The coverage was as follows:

- Workers Compensation – As per the NSW Act.
- Property – “New for old” full replacement and includes consequential increased costs of operation as a direct result of the physical loss or damage sustained to protected properties.
- Public Liability – All legal liabilities (for which the Corporation can be sued).
- Motor Vehicle – Full comprehensive.
- Miscellaneous Risk – Personal accidents (non-Workers compensation); overseas travel; fidelity; etc

Workers Compensation

There were five new workers compensation claims lodged by staff.

Of the five new claims, three were journey/break claims, one was a manual-handling claim and the final claim was an occupational overuse type injury.

Total costs incurred against workers compensation claims this year were \$18,034 compared to \$25,903 for 2005-06.

As at 30 June 2007, there were no open claims.

Risk Management

The Corporation faces risks in respect of possible fraud and loss of business premises. These risks relate to internal and external fraud and the possible impact of fire or other related interruption or failure of computer equipment. Procedures have been put in place to minimise the impact of such risk. Systems are regularly reviewed through a cycle of risk focussed internal audits. The Corporation also regularly reviews its internal control and check systems to ensure they continue to be aligned with business objectives and risk management strategies.

Analysis of the Corporation's business risk has provided estimates of residual inherent risk. This analysis has been used to ensure that the Internal Audit Plan was appropriate and focused on identified risk areas. The analysis objective was also to increase awareness of risk management principles and practices and to specify individual manager's responsibilities for managing the risk. Management controls were subsequently reviewed further by internal audit and found to be adequate. Management and staff were found to possess an appropriate awareness of risk management concepts and principles.

Business Continuity Plan

A contingency and disaster recovery plan is in place. Recovery of key business systems onto alternate contingency computer servers from backup tapes has been successfully performed. Business recovery aspects relating to computer networks and telephone services, which are provided by WorkCover NSW under a Service Partnership Agreement, also continue to be refined.

Duplicate stores of brochures and worker and employer related scheme stationery are maintained. Supplies of significant employer and worker forms are also retained at a third party site. This will assist in business resumption in the event of any major disruption. The Intranet is also a comprehensive source of corporate knowledge that will assist in any business resumption. It contains procedures and policies for all business processes, images of a variety of worker documents, for example worker annual statements, industry committee worker appeal considerations and legal advisings on scheme issues and administration.

The Internal Audit Bureau Risk Management and Consulting Service were commissioned to review the Corporation's Business Continuity Plan. Their final report, containing revised Business Recovery, Information Technology Recovery and Pandemic Response Plans has been received. Implementation and testing of the revised plans is scheduled for 2007-08.

Appendix 12

WASTE REDUCTION AND PURCHASING PLAN

Paper-based materials including mail-outs are used to provide information and to communicate with workers and employers. Recycling has been actively supported for many years and, for stationery and copy paper requirements, Australian-made recycled paper is used wherever possible. All envelopes used are a minimum of 60 percent recycled paper. All waste paper products are disposed of either in the secure or general collection bins provided for regular collection and recycling. The Corporation recycles all printer toner cartridges.

In accordance with its waste reduction plan, the Corporation operates three multifunctional copier/facsimile/printers with the capacity to print on both sides.

The Corporation's achievements in waste reduction were included as a case study in the NSW Government's Waste Reduction and Purchasing Policy (WRAPP) Progress Report, for 2006.

Electronic service delivery

All new worker files including new correspondence are now maintained as electronic records. Existing paper files are progressively being converted to electronic files.

Use of electronic means for lodgement of worker service advices by employers has continued to increase. In 2005-06 service advices from employers for more than 50,000 workers or approximately one third of all workers were lodged electronically. This increased in 2006-07 to cover 42% of workers. In January 2007 a new worker registry system was introduced which has capabilities for employers to report workers' service via the Internet. Employers have significantly taken up the Internet option. This represents considerable printing, data entry and handling savings for the Corporation. It also has meant a substantial reduction in the number of snapset chemical carbon impregnated triplicate forms being used.

The usage of the Internet site increased by 138% from the previous year with almost 104,000 new visitors recorded.

Electronic funds transfer is the preferred method of payment with over 95 percent of payments to workers occurring by this method. Internet and emails have also lessened the use of paper-based products. Faxed material is now being received and stored electronically and despatched faxes can be sent directly from computer workstations without the use of paper.

All administration records are now also stored as electronic records.

Appendix 13

GOVERNMENT ENERGY MANAGEMENT POLICY

Energy conservation strategies have continued.

In accordance with the NSW Government Energy Management Plan, and through the Corporation's head office leasing arrangements with WorkCover NSW, the Corporation continued to obtain competitive rates for its accommodation energy requirements and took full advantage of green power and renewable energy sources.

Additional energy reduction strategies that are in place include:

- computer and photocopying equipment with sleep modes, if not in use;
- timers installed on meeting and mail room and after work hours air-conditioning to reduce unnecessary usage of power;
- staff procedures to turn off electrical equipment at night or when not in use.

The introduction of a Fleet Environmental Improvement Plan has led to a reduction in petrol usage of approximately 20% in 2005-06 and an additional 23% in 2006-07. Fleet requirements are regularly assessed in accordance with this plan.

Appendix 14

INFORMATION TECHNOLOGY

The Corporation is engaging the services of the WorkCover NSW to provide the information technology and telecommunication infrastructure under the NSW Government Shared Corporate Services Program.

The Corporation has a strong reliance on information technology to manage the Long Service Payments Scheme in an efficient and cost effective manner. This can be found in the areas of electronic data capture from paper forms, records management, information retrieval and the management of telephone calls.

The implementation of the new worker registry system in January 2007 created new opportunities for electronic transactions over the Internet, both in the provision and receipt of information from clients. The uptake rate of on-line services is encouraging and client responses are positive.

Appendix 15

OCCUPATIONAL HEALTH AND SAFETY

The Corporation has a Service Partnership Agreement for Human Resources with WorkCover NSW. Occupational Health and Safety is part of this agreement. WorkCover NSW assists with managing and reporting in accordance with the Working Together: Public Sector OHS and Injury Management Strategy 2005-2008.

The Occupational Health and Safety Committee consists of two management members and four staff representatives. The Committee met regularly during the year. Regular workplace inspections have been conducted and no major safety issues were identified.

Emergency evacuation procedures are in place and are current. Fire evacuation drills were conducted, which included special procedures for staff with disabilities. All staff are instructed in emergency procedures and the locations of the emergency exits on commencing duty. Five fire wardens are appointed at our Gosford head office and attended training programs organised by the building management. Besides evacuation procedures for fire, training has included managing potential hazards such as biohazards, bomb threats and earthquakes.

Davidson Trahaire Corpsych under the Employee Assistance Program provides a confidential counselling and assistance scheme for employees and their families. This service has been widely promoted within the Corporation.

Appendix 16

EQUAL EMPLOYMENT OPPORTUNITY

WorkCover NSW, under a Service Partnership Agreement with the Corporation, collects EEO data regularly for the Premier's Department Workforce Profile. This assists the Corporation in monitoring its EEO performance against NSW Government employment benchmarks for staff from EEO minority groups. The Corporation achieved the established targets for "trends in the representation of EEO groups" with the exception of people whose language first spoken as a child was not English, which was 4% under the benchmark.

The Corporation's two offices are designed to ensure easy access is provided for people with disabilities. Our offices also have designated quiet areas that can be used for meditation or religious practices.

The Public Service Association of NSW and the Corporation have a Dignity and Respect in the Workplace Charter to reinforce commitment to a workplace that is free from harassment and bullying.

TRENDS IN THE REPRESENTATION OF EEO GROUPS

EEO Group	Benchmark or Target	% of Total Staff				
		2003	2004	2005	2006	2007
Women	50%	53%	52%	55%	60%	60%
Aboriginal & Torres Strait Islander Employees	2%	0%	2%	2%	2%	2%
People whose language first spoken as a child was not English	20%	12%	15%	16%	13%	16%
People with Disabilities	12%	11%	12%	12%	22%	15%
People with Disabilities requiring work-related adjustment	7%	n/a	3%	10%	16%	9%

TRENDS IN THE DISTRIBUTION OF EEO GROUPS

EEO Group	Benchmark or Target	Distribution Index				
		2003	2004	2005	2006	2007
Women	100	n/a	85	86	85	85
Aboriginal & Torres Strait Islander Employees	100	n/a	n/a	n/a	n/a	n/a
People from culturally & linguistically diverse backgrounds	100	n/a	n/a	n/a	n/a	n/a
People with Disabilities	100	n/a	n/a	n/a	n/a	n/a
People with Disabilities requiring work-related adjustment	100	n/a	n/a	n/a	n/a	n/a

Notes:

The women distribution index figures are not available for 2003.

Staff numbers are a % as at 30 June and exclude agency staff.

A distribution index of 100 indicates that the centre of the distribution of EEO group salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than other staff. An index of more than 100 shows that the EEO group is less concentrated at lower levels.

The distribution index is not calculated where the EEO group is less than 20.

Appendix 17

HUMAN RESOURCES INFORMATION

WorkCover NSW has continued to provide human resource services through a Service Partnership Agreement implemented in response to Government policy initiatives. The Corporation has adopted relevant WorkCover NSW human resources policies.

Work practices/industrial relations

There were no major industrial relations issues. A Joint Consultative Committee meets regularly to address industrial issues. The Committee consists of representatives from the Public Service Association of NSW and the Corporation, with WorkCover NSW providing advice on human resource issues.

Training and development

Emphasis this year was on training staff for the new worker registry system. Managers undertook training in Corporate Planning.

Staffing Statistics

APPOINTMENTS

	2003-04	2004-05	2005-06	2006-07
Non Promotional Permanent (Base Grade)	-	-	-	-
Temporary	-	-	-	-
Promotional Permanent Positions	5	6	9	3
Temporary	-	1	5	5
Total	5	7	14	8

RECRUITMENT

	2003-04	2004-05	2005-06	2006-07
Applicants outside the Public Sector	2	-	8	4
Applicants within the Corporation	1	4	3	3
Applicants from other Public Sector Organisations	2	3	3	1
Total	5	7	14	8

SEPARATIONS

	2003-04	2004-05	2005-06	2006-07
Resignations Permanent Officers	1	1	-	-
Separations Temporary Officers	-	-	1	2
Transfers within Public Sector	4	-	1*	2*
Promotions to other Public Sector Organisations	-	3	2	2
Voluntary Redundancy	-	-	-	-
Retirement	-	-	1	-
Total	5	4	5	6

* Includes officers on promotional secondments

CHIEF AND SENIOR EXECUTIVE OFFICERS

	2003-04	2004-05	2005-06	2006-07
SES Officers	1	1	1	1
Number of Female SES officers	-	-	-	-
Number of SES officers at Level 5 and above	-	-	-	-

COMPARISON OF STAFF LEVELS

	FTE* 2003-04	FTE* 2004-05	FTE* 2005-06	FTE* 2006-07
Senior Executive Service	1	1	1	1
Clerk Grade 9-12	7	7	7	7
Clerk Grade 5-8	16.3	21.1	23.7	24.1
Clerk Grade 1-4	33	27.7	30.9	29.3
Temporary contracting staff	5.1	9.6	7	7.5
Total	62.4	66.4	69.6	68.9

*FTE equals full time equivalent permanent/temporary officers employed and agency staff but excludes officers on leave without pay or secondment to other departments or agencies.

Appendix 18

CONSULTANTS

The Corporation engaged two consultants during 2006-07 at a total cost of \$35,236. No consultants were engaged costing more than \$30,000.

Appendix 19

CODE OF CONDUCT

The Corporation's Code of Conduct is available on our Internet Site at <http://www.lspc.nsw.gov.au>.

Appendix 20

ANNUAL REPORT COSTS

Two hundred copies of the Annual Report were printed at a total cost of \$2,532 including artwork and printing.

Appendix 21

ANNUAL REPORT AVAILABILITY

Copies of annual reports are available on the Corporation's website <http://www.lspc.nsw.gov.au>

Appendix 22

OTHER DISCLOSURES

- The Corporation has no subsidiaries and has not entered into joint ventures or partnership with other organisations.
- The Corporation does not own any 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.

Appendix 23

PUBLICATIONS

Publications available from the Corporation include:

- Annual Report.
- Employer Guide
- Registered Workers brochure.
- Information for workers (including self employed) in Arabic, Chinese, Croatian, Dari, Farsi, Greek, Italian, Khmer, Korean, Kurdish, Macedonian, Portuguese, Serbian, Spanish and Vietnamese.
- Building and construction industry rostered day off calendar 2007.
- Building and construction industry wall planner calendar 2007.
- Employer newsletter 2006.
- Important Information on your Annual Statement 2006.
- Information Sheet W001 - 'When You Can Apply for a Long Service Payment'
- Information Sheet W002 - 'National Agreement on Long Service'
- Information Sheet W003 - 'Application for an Earlier Registration Date'
- Information Sheet W004 - 'Long Service Leave v Long Service Payment'
- Information Sheet W005 - 'How Your Service is Recorded'
- Information Sheet W006 - 'Tax Payable on Long Service Payments'
- Information Sheet W007 - 'If Your Employer Stops Trading'
- Information Sheet W008 - 'Unable to Work Due to Illness or Injury'
- Information Sheet W009 - 'Appeals to the Industry Committee'
- Information Sheet W010 - 'Special Service Credits'
- Information Sheet W011 - 'Service Preservation Days'
- Information Sheet W012 - 'Things You Need to Know Before Making a Claim'
- Information Sheet E905 - 'Information to Assist in Completing your Employer Application for Payment'
- Levy collection agent manual (for councils only).
- Counter Stand – partial exemption information (for councils only).
- Levy poster (for councils only).
- Information for levy payers brochure.

Forms available from the Corporation

- Levy Payment form.
- Application for partial levy exemption by non-profit, voluntary, sporting or church organisations form.
- Application for partial exemption of levy by owner builder form.
- Application to pay levy by instalments form.
- Application for levy refund - where work is not to proceed.
- Application for levy refund – except where work is not to proceed.
- Start form.
- End form.
- Self-Employed Certificate of Service.
- Record Update.
- Request for voluntary cancellation.
- Appeal form.

All Publications are reviewed to ensure currency and accordance with legislation and policies.

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