

Long Service Corporation
Annual Report
2013/14



Long Service
CORPORATION



Head Office

Level 1, 19-21 Watt Street Gosford NSW 2250

Branch Office

Level 1, 10-12 Railway Street Lidcombe NSW 2141

Mail

Locked Bag 3000, Central Coast MC NSW 2252

Telephone

13 14 41

Fax

(02) 9287 5685

Internet Address

www.longservice.nsw.gov.au

Email

info@longservice.nsw.gov.au

Hours

8.30am to 5.00pm Monday to Friday

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

31 October 2014

Letter to the Minister

*Parliament House
Macquarie Street
SYDNEY NSW 2000*

**The Hon Andrew Constance MP
Treasurer and Minister for Industrial Relations**

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, I have the pleasure in submitting for your information and presentation to Parliament, the Annual Report for the Long Service Corporation for the financial year ended 30 June 2014.

Sincerely,



Philip Gaetjens
Chief Executive Officer

31 October 2014



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



Contents

▶ Letter to the Minister	03
▶ About Us	06
▶ Our Stakeholders	06
▶ Our Functions and Services	07
▶ Corporate Plan 2013/2014	08
▶ Chief Executive Officer's Report	09
▶ Principal Officers	10
▶ Organisational Structure	11
▶ Director's Report	12
▶ Operational Overview	14
▶ Building and Construction Industry Committee	22
▶ Contract Cleaning Industry Committee	25
▶ Good Governance	28
Insurance	28
Audit and Risk Management	28
Report from the Audit and Risk Committee	29
Internal Audit and Risk Management Statement for the 2013/2014 Financial Year for Long Service Corporation	30
Digital Information Security policy (DISP) compliance Attestation Statement for the 2013/2014 Financial Year	31
▶ Financial Performance Summary	32
▶ Financial Statements	36
▶ Appendices	75

About Us

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

With the introduction of the *Long Service Corporation Act 2010* and the *Contract Cleaning Industry (Portable Long Service Scheme) Act 2010*, the Corporation's name changed from the Building and Construction Industry Long Service Payments Corporation to the Long Service Corporation.

At the end of the 2013/2014 financial year the Long Service Corporation provides portable long service schemes to approximately 342,800 active workers and 35,100 active employers in the building and construction and contract cleaning industries.

Our Stakeholders

The Long Service Corporation has a diverse range of stakeholders for the building and construction industry and the contract cleaning industry which commenced on 1 July 2011. The Corporation engages with the New South Wales community, government, employers, workers and third parties. The Corporation monitors its engagement through a stakeholder engagement model program, customer satisfaction surveys and feedback.

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

Our Functions & Services

OUR FUNCTIONS

- ✔ Ensuring industry workers are registered in the scheme and recording service.
- ✔ Ensuring industry employers are aware of their obligations and complying with the scheme.
- ✔ Collecting the long service levy and managing the fund.
- ✔ Paying claims to workers and employers.
- ✔ Marketing the scheme to the participating NSW industries.

OUR SERVICES

The Services provided by the Corporation include:

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

OUR VALUES

Our staff work within a framework of clear values:

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

OUR VISION

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

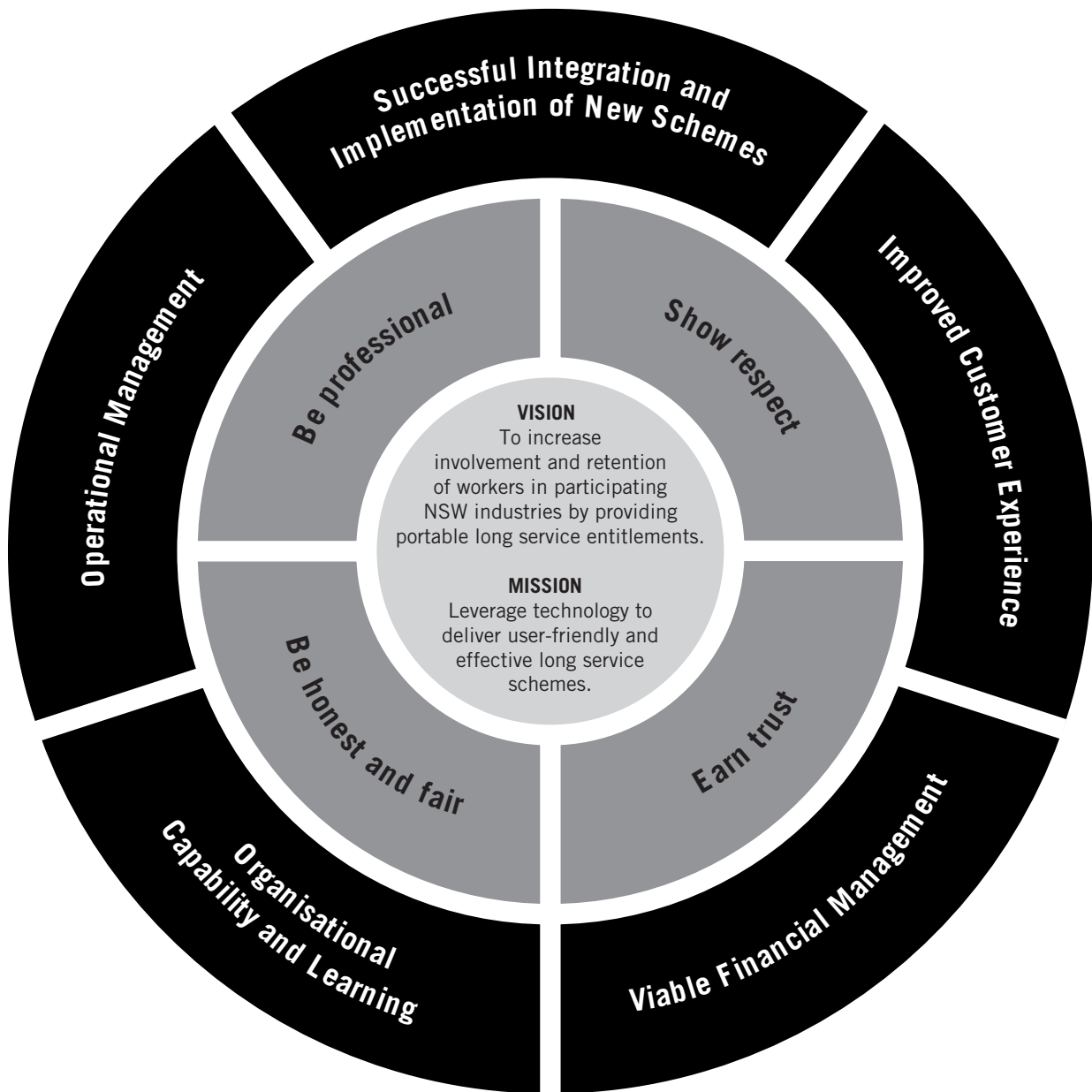
OUR MISSION

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

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

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

Corporate Plan 2013/2014



Chief Executive Officer's Report

2013/2014 was my first full financial year as Chief Executive Officer of the Corporation after it was transferred to NSW Treasury in October 2012. I continue to be impressed with the professionalism and enthusiasm of the Corporation and its staff in the administration of the portable long service leave schemes for the Building and Construction Industry and the Contract Cleaning Industry.

Looking back over 2013/2014 it has been very rewarding to see how the Corporation has worked extremely hard to successfully turn around its financial deficit situation. The Corporation's investments with the Treasury Corporation (TCorp) had another excellent year with a return of more than 13.4%. This has enabled the Corporation to improve its equity position to \$87.0 million just two years after it reported a deficit of \$138.5 million in 2011/2012. A revised investment strategy recommended the Corporation take a more conservative approach to its strategic asset allocation and move from 70% growth assets to 60%. The Corporation has established a new Investment Trust Facility within TCorp and is rebalancing its investments in line with the revised strategic asset allocation now that it has returned to surplus. I am also pleased to see the continued focus on levy compliance has returned just on \$8.0 million in additional levy revenue.

NSW Government initiated a governance review of the Corporation during the financial year to look at options to improve the governance arrangements and to more closely align responsibilities for the schemes with the industries they serve. It also looked at ways to minimise financial risks and liabilities whilst maintaining the objectives of both schemes. The recommendations from the review are being considered by government.

The Corporation has, as a result of implementing a new organisational structure in September 2012, worked extremely hard during 2013/2014 to embed the new structure and make adjustments to its business model. Streamlined processes and new procedures have enabled the Corporation to deal effectively with workloads and progress is being made on offering more and more of our services online.

The Corporation is now in its 39th year of administering the Building and Construction Industry Long Service Payments Scheme. In this time it has paid benefits to over 204,000 workers, totalling over \$913.8 million. The Contract Cleaning Industry Scheme has now completed three years of operations and has registered over 47,000 workers (26,741 currently active) and over 1,100 employers (794 currently active) collecting \$8.7 million in levies to date. The Corporation continues to deliver a high quality service to the workers and employers in both industries.

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

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



Philip Gaetjens
Chief Executive Officer,
Long Service Corporation

Principal Officers

PRINCIPAL OFFICERS

Philip Gaetjens

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

Vicki Telfer

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

Scott Warr

BA, MMGT
Director

Sam Soialo

BIT, CMgr, MBA
Deputy Director

Eric Hartge

McomPA, FIPA
Financial Controller

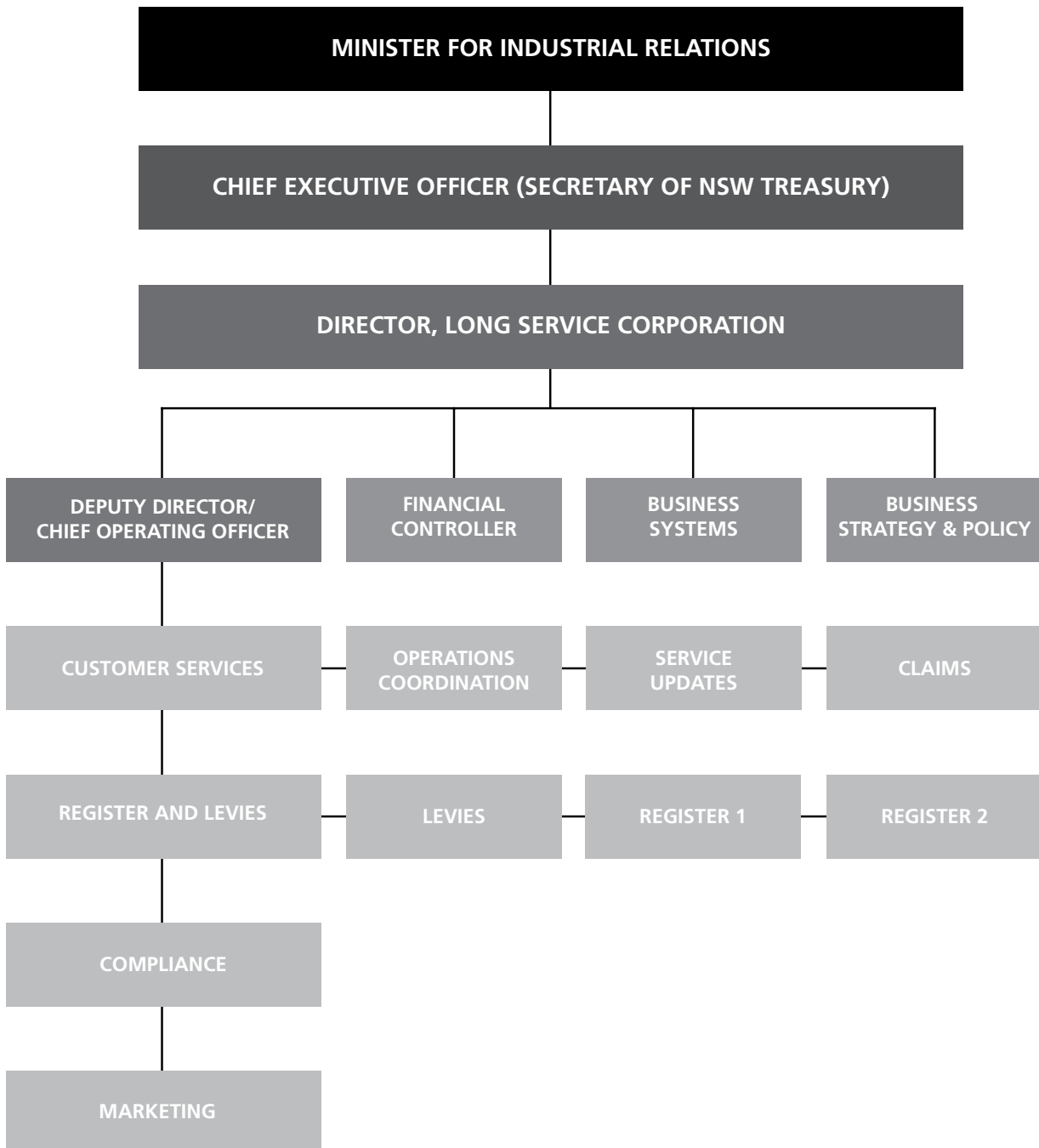
Paul Stalling

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

Monica Hu

HDipSA, MBA, MIS
Business Systems Manager

Organisational Structure



Director's Report

The Corporation's primary focus for the 2013/2014 financial year has been on eliminating the Corporation's financial deficit. The Corporation recorded a surplus of \$92 million at the end of the financial year. During the year the Corporation also implemented a new Investment Trust Facility with Treasury Corporation (TCorp), completed detailed requirements and a technical feasibility study for the new Integrated Leave System, and continued its focus on levy revenue collection and general operational improvements. NSW Government commissioned a review of the Corporation's governance arrangements with recommendations being given to government late in the financial year.

In general the responsibilities of the Corporation continue to grow. The Building and Construction Industry (BCI) scheme alone saw claims payments totalling \$68.0 million to 9,701 workers, \$112.6 million in levies collected, as well as the registration of 28,839 new workers and 5,196 new employers. The Contract Cleaning Industry (CCI) scheme has \$8.7 million in levy collected this year and has reached a relatively steady state with 26,741 active workers and 794 active employers registered with the scheme.

Investment performance for 2013/2014 was again above expectations with the Corporation's investments returning 13.4%. The return was 0.02% behind the Treasury Corporation's strategic benchmark of 13.42%.

Highlights

Of the many highlights for the year, one of the proudest achievements for me, as Director, has been overseeing the dramatic turnaround in the Corporation's financial position. At the end of the 2012/2013 financial year the Corporation was \$4.2 million in deficit. At the end of 2013/2014 the Corporation has reported a surplus of \$92 million. A significant turnaround in the markets over the last two (2) years has been the major contributing factor but it has also been gaining agreement on which discount rate to use when valuing our liabilities and the continued efforts in chasing unpaid levy payments. The Corporation took the decision to establish its own investment trust facility within TCorp after discussions and advice from its asset consultant and TCorp. The Trust was established in November 2013 and provides the Corporation with a greater ability to adjust its strategic asset allocation and put in place triggers that can assist with more proactive investment decision making.

In Operations, it has been a year of consolidation under the new structure with improving and bedding in of processes and procedures. Emphasis on levy revenue collection has again been a key focus this year with \$8.0 million in additional revenue collected by the Compliance Team.

During the year NSW Treasury conducted a review of the Governance arrangements of the Corporation with the aim of recommending a best practice governance model to government. The Corporation was part of a multi-agency project steering committee which provided expert advice and input into the final report. The report is with government for consideration.

The Corporation established its own independent Audit and Risk Committee during the year, meeting five (5) times. Regular meetings of both the Building and Construction Industry and Contract Cleaning Industry

Committees continued to take place throughout the year.

The Corporation continues to take a leading role in the National Integrated Leave System project with the compilation of a requirements document and the project management of a technical feasibility study conducted by PwC. The study was jointly funded by all states and territories portable long service leave schemes. The Corporation will be the pilot state for the procurement and implementation of the new system by 2015/2016. The system will enable the Corporation to administer both schemes on the one system using the latest technology. In the short term, until the new system is in place, the Corporation continues to work on improving its online suite of services, upgrading our levy system, improving the CCI employer return process and improving the quality of our data.

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

Overall, the Corporation continues to administer both the *Building and Construction Industry Long Service Payments Act 1986* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* to an excellent standard. The new financial year brings with it many challenges and opportunities for the Corporation to build on the good work and excellent achievements of 2013/2014. I look forward to working in partnership with the building and construction industry and the contract cleaning industry to further improve the efficiency and ease with which we deliver our services to workers and employers.



Scott Warr
Director,
Long Service Corporation

Operational Overview

Financial year 2013/14 has proven to be challenging but productive. The Corporation has delivered some outstanding results from an operational perspective. In 2012/13 the operational focus was to reduce the amount of re-work enabling the Corporation to be more accessible to members. For the 2013/14 financial year the focus has been to further increase accessibility and to reduce the need for members to contact the Corporation by minimising errors.

The Corporation was able to meet its goal by focusing on employer compliance to ensure that service for workers was recorded correctly and on time. As a result of this activity, 7% more employers compared to the previous year were compliant with 95% of those who submitted a return utilising the Online Portal. A flow on benefit has been that approximately 3% (4,200) more workers had their service recorded and/or confirmed. Overall this has reduced the number of requests from members to investigate and add missing service to their record. In addition the Corporation has been able to investigate issues and ensure that the building levy was paid by developers. As a result of this effort, levy revenue has increased 8.9% to \$112.6m with approximately \$8m as a direct result of data mining the Cordell Database, Department of Planning information and comparing this with our Levy system.

Our online service continues to provide faster access which is available 24 hours for our members. Payments via the Levy Online Portal have increased by 37%. Enquiries via digital channels such as the website and email continue to increase by 14% and 61% respectively whilst queries via traditional channels like post and face to face declined 8% and 17% respectively.

Change has been a theme in the Corporation for a number of years and this continues to take place in order to be more effective. Understandably change inevitably presents anxiety and apprehension within any organisation. As the Corporation continues to move more traditional services online, staff have been required to up-skill whilst continuing to provide the same or a better level of service. Through it all there has been improvements in personal growth, business processes and overall service delivery. Staff have worked very hard to meet the demands of these changes. We are only as good as the people around us and the Corporation acknowledges the hard work put in by our staff at all levels.

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

Regards,



Sam Soialo
Deputy Director/COO

ACTIVITY	2014	2013
Building and Construction Industry		
New worker registrations approved	28,839	26,858
Workers removed from register (including bulk cancellation)	39,423	4,108
Total number of approved workers	309,412	319,996
New employer registrations approved	5,196	2,649
Total number of registered employers	34,375	35,068
Appeals to the Industry Committee	195	212
Contract Cleaning Industry		
Total number of approved workers	26,741	25,292
Total number of registered employers	794	794
Appeals to Industry Committee	0	0
Claims with interstate service included	0	0
Activity Trend		
% Calls Answered	91%	91%
Inbound Helpline calls	+9%	-3.4% (-2,991)
Answered Helpline calls	+8.7%	-0.6% (-441)
Inbound via Post	-8% (-4,013)	-28% (-19,922)
Inbound via Website	+14% (+433)	+100% (+3166)
Inbound via Email	+61% (+7,672)	-12% (-675)
Inbound via Fax	-26% (-216)	-31% (-472)
Outgoing Mail (post)	-7% (-6,944)	-19% (-22,786)
Manual Imaging (missing service etc)	-20% (-3,149)	-58% (-21,729)
Correspondence Imaging	-17% (2,822)	-16% (-1,984)
Counter Queries (Gosford & Lidcombe)	-17% (-378)	-19% (-532)
BCI Claims Received	+2% (270)	-7% (-871)
BCI Claims Processed	+3% (345)	-7% (-878)

Table 1 – Volume of Inbound & Outbound work

Operational Overview

1.1 HELPLINE OVERVIEW

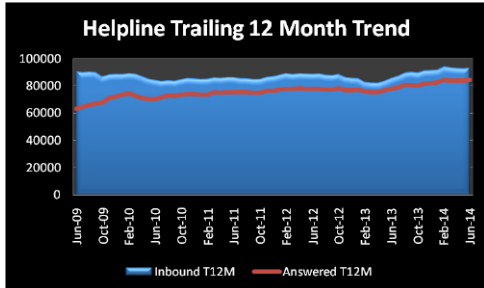


Figure 1. Inbound vs Answered trend

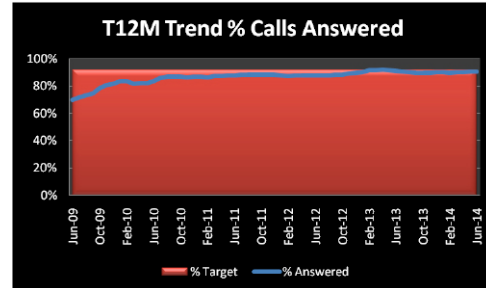


Figure 2. Trend of % Answered vs Target KPI

- In total, 84,507 calls were answered; an increase of 8.7% (6,772) even though inbound calls increased 9% (7,709). In total there were 92,895 calls received.
- Analysis suggests that the increase in volume was due to a number of factors – particularly the introduction of new campaigns focusing on updating contact details and employer compliance.
- Our target KPI for the FY was 92% which we narrowly missed by 1% but still a good result given the 9% (7,709) increase in volume of calls received.
- On average 87% of all calls are Building & Construction Industry (BCI) whereas 3.2% are Contract Cleaning Industry (CCI) related with the remaining 9.2% of callers hanging up at the menu without making a selection.
- Within BCI, 32% are from employers, 56.3% from workers and 9.7% from Levy payers. Worker calls are split 45.7% Claims, 14.1% Missing Service, 1.7% Appeals and 27.7% are General query related.
- Within CCI, 43.9% of calls are from employers and 49.6% are from workers.

1.2 BUILDING AND CONSTRUCTION INDUSTRY (BCI) LEVIES

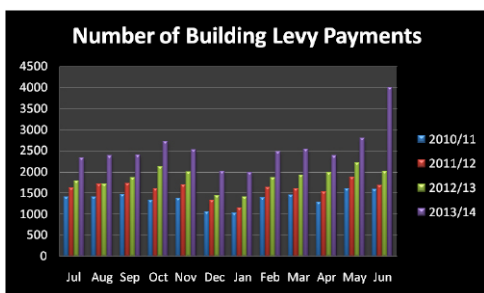


Figure 3. Volume of BCI Levy Payments

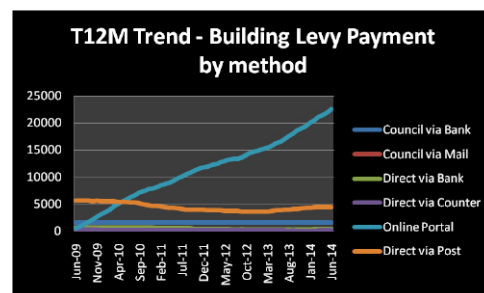


Figure 4. Levy by payments moving 12 month trend

- Levy revenue collected increased 8.9% to \$112.6m in 2013/14 compared to last FY.
- Approximately \$8m collected relates to new levy compliance data matching activity using the Cordell Database and information gained from the Department of Planning.
- Online payments continued to increase, up 37% (6,050). Payments via post/cheque were also up 16% (618). At this point it is unclear why post payments have increased given that online payments continue to increase. We have noticed that more payments are made directly to the Corporation rather than via the councils. In addition credit card surcharges were also applied to online payments as directed by Treasury. These two factors may explain increase in post payments. Note also that the number of levy payment transactions received overall increased 31% (8,216) as per Figure 3.

Operational Overview

1.3 BCI CLAIMS OVERVIEW

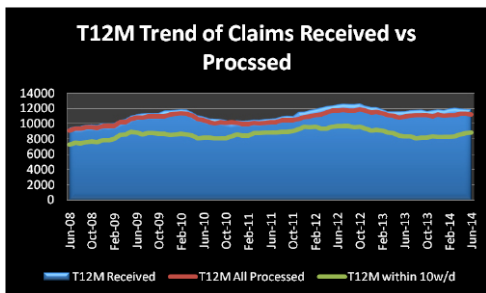


Figure 5. Claims Trend - received vs. processed

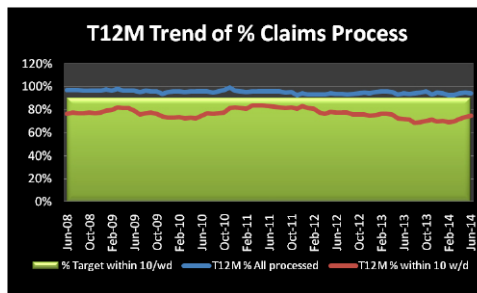


Figure 6. Trend of % Claims processed

- In total, approximately 11,870 claim applications were received with approximately 9,700 of these valid and paid to the value of \$68m approx in FY2013/14.
- The number of claims received increased by 2% (270) whilst the number processed also increased 3% (345).
- In total 94% of all claims received were processed this FY of which 78% were paid within 10 working days.

Operational Overview

1.4 COMPLIANCE

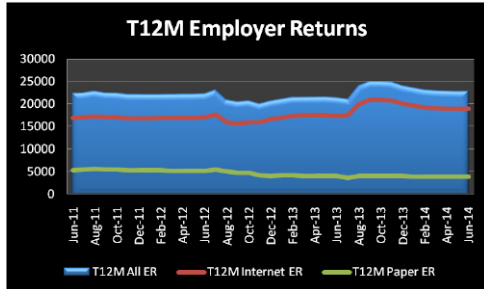


Figure 7. T12M trend for requests to recognise missing service due to employer non-compliance

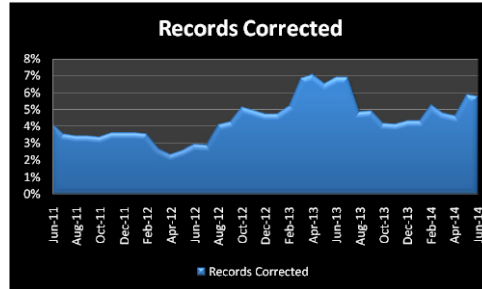


Figure 8. T12M trend for all requests to recognise missing service

- A new compliance strategy was implemented resulting in more employers confirming service for their workers as noted in Figure 7 above.
- In July 2013, 22,541 active employers (64% of our database) were issued with reminders to confirm service for workers who performed BCI eligible work during FY2012/13. At 30 June 2014, 96% (21,626) of that target are compliant.
- In comparison the compliance rate for FY2011/12 target audience was 89% (20,234).
- This meant that at 30 June 2014, 42% (128,223) of workers on our database had service lodged and confirmed for FY2012/13 compared to 124,013 in FY2011/12, meaning that 3% (4,200) more workers recorded service.
- This then decreased the number of requests for missing service as noted in the next section of this report.
- In addition, the Compliance Team also focused on levy compliance by data matching information from the Cordell Database and Department of Planning with our own records to identify missing levy payments. This resulted in approximately \$8m in additional revenue.
 - **Note 1:** Active employers are those with workers that have not been terminated, suspended or cancelled. There are approximately 34,375 registered employers, however only 64% are considered active as they have workers that have not been terminated, cancelled or suspended.
 - **Note 2:** Registered workers are those that have not been cancelled or suspended due to a four (4) year gap in service. Active workers are those that have service confirmed by the employer for the previous financial year. There are approximately 309,400 workers registered on the database but only 42% are active as noted above.
 - **Note 3:** Workers are cancelled if there is a four (4) year gap in their service record. When cancelled they are no longer considered registered.

Operational Overview

1.5 BCI SERVICE UPDATES

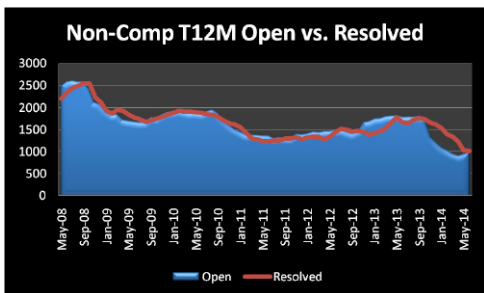


Figure 9. T12M trend for requests to recognise missing service due to employer non-compliance

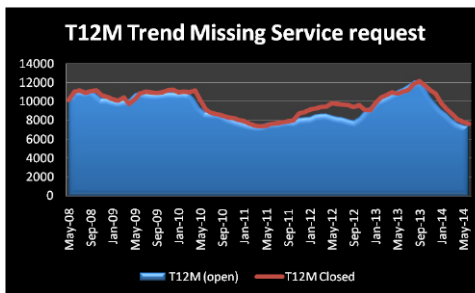


Figure 10. T12M trend for all requests to recognise missing service

- As noted in Figure 10 above, the volume of requests to recognise missing service decreased. Most importantly, as per Figure 9, those requesting that the Corporation investigate missing service due to Employer non-compliance decreased considerably as already highlighted in the Compliance section of this report.
- Note also that the decrease in volume has allowed the team to catch up on some outstanding requests.

Operational Overview

1.6 CCI WORKER REGISTRATIONS

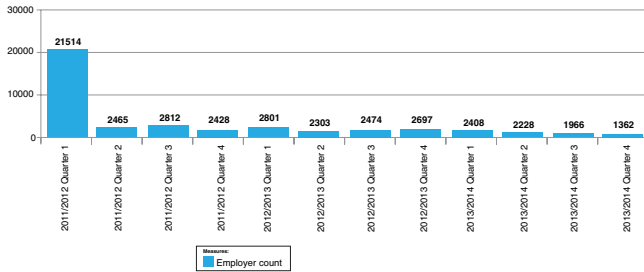


Figure 11. Worker Register trend as at 24 Jul 2014 (internal ref: Zap CCI-003a)

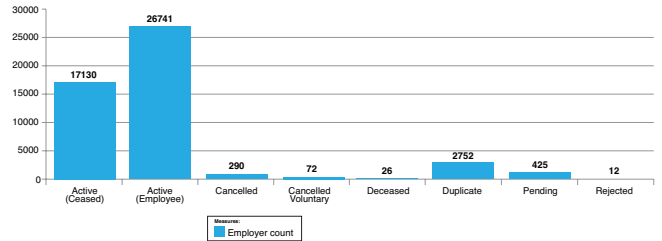


Figure 12. Worker Status as at 24 Jul 2014 (internal ref: Zap CCI-003b)

- Since the scheme was introduced in Jul 2011, 47,448 workers registered in the scheme with the largest group in Q1 FY11/12 when the scheme started (refer Figure 11 above).
- As per Figure 12 above, since then 56.4% (26,741) have remained actively employed;
- 36.1% (17,130) have been terminated by an employer, however, they are still considered registered until there is a four (4) year gap in their record;
- 0.9% (425) are still pending approval;
- 0.8% (362) have been cancelled - 72 voluntarily;
- 5.8% (2,752) were identified as duplicates;
- 26 are marked as deceased;
- Only 12 have been rejected.

1.7 EMPLOYER REGISTRATIONS UPDATE

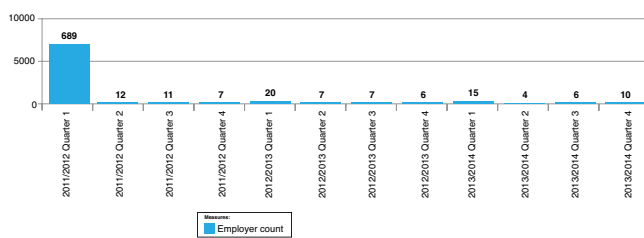


Figure 13. Employer Register trend as at 30 June 2014 (internal ref: Zap CCI-004a)

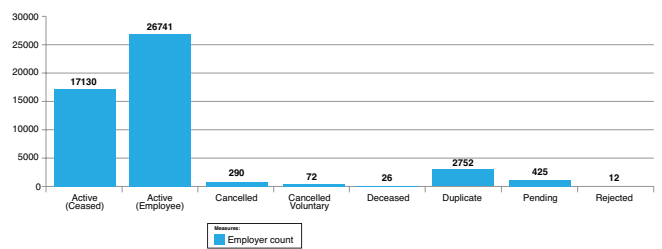


Figure 14. Employer Status as at 30 June 2014 (internal ref: Zap CCI-004b)

- Since the scheme was introduced, in total 1,176 employers have been registered in the scheme. Similar to worker registration trends, the largest number registered Q1 FY2011/12 as per Figure 13 above.
- Since then as per Figure 4, 68% (794) remain actively employing workers;
- 12% (136) were rejected;
- 15% (178) were later cancelled as they were ineligible or no longer employing workers;
- 6% (65) ceased trading;
- The remaining few as noted in Figure 14 above are either pending approval, a duplicate or have gone into liquidation.

Operational Overview

1.8 CCI EMPLOYER RETURNS & COMPLIANCE UPDATE

Category	2011/2012	2011/2012	2011/2012	2011/2012	2012/2013	2012/2013	2012/2013	2012/2013	2013/2014	2013/2014	2013/2014	2013/2014
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of Returns Outstanding	1%	1%	1%	1%	2%	2%	2%	3%	3%	5%	7%	29%
% Employers who have committed returns	99%	99%	99%	99%	98%	98%	98%	97%	97%	95%	93%	71%
Active Employers for Qtr	913	894	890	881	881	867	873	858	856	831	816	814
Employers who have committed their returns	907	887	881	868	867	852	854	832	827	787	759	575
Returns Outstanding	6	7	9	13	14	15	19	26	29	44	57	239
Electronic Returns	811	803	804	795	803	794	800	789	790	770	757	755
Paper Returns	102	91	86	86	78	73	73	69	66	61	59	59

Figure 15. Outstanding employer return by 14th Jul 2014 for Q4 returns (Internal ref: CCI-002b).

- From a trend perspective, 29% of employers had missed the 14th of July 2014 deadline as seen in Figure 15 above.
- Penalty interest policy should address this once finalised in the coming months.
- Our first major compliance activity is scheduled as follows;
 - Letter to Employers originally listed on Workcover provided list but not registered with the Corporation asking them to register otherwise they will be required to produce records.
 - Employers that fail to produce records will be taken to court and prosecuted. Our process has been scrutinized by the Crown Solicitor's office and has been given the green light.

The Building and Construction Industry Long Service Payments Committee

(Referred to as Industry Committee)

The Industry Committee is constituted under the *Building and Construction Industry Long Service Payments Act 1986*. It is an advisory and appellate body, consisting of ten part-time members appointed by the Minister and 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 ensure the quality and effectiveness of services meet customers' needs.

A new Committee was formed in October 2013 as the previous tenure had expired. The term of the current Industry Committee is from 21 October 2013 to 21 October 2014. This year the Industry Committee met on two occasions.

During the year the Committee continued to provide support and advice to the Corporation regarding amendments to the *Building and Construction Industry Long Service Payments Act 1986*. The Committee reviewed proposals for improvements in scheme administration for consideration by the Minister and potential future legislative change. Other matters included working with LSC on a three part test to better determine worker eligibility and providing industry information to the NSW Treasury review panel conducting the Governance review.

Appeals

The Committee heard and gave consideration to 15 appeals from workers. The Committee also endorsed the bulk cancellation of workers under section 19(1) of the Act, where workers had not recorded service for at least four years, and under section 19(2) of the Act, where a worker registration should not have been approved.

Sections 49-54 of the Act empower the Industry Committee to determine appeals lodged by workers, employers and levy payers in respect of certain Corporation decisions. Appeals are considered and determined on the basis of documentary evidence submitted by the parties involved. There was one appeal lodged by a levy payer in the year but this appeal will be heard in the 2014/15 financial year.

In May 2014, in accordance with the Act, the Corporation conducted a cancellation run of workers where there were no records of service for at least four consecutive years and those workers whose registrations should not have been approved. Workers identified for cancellation received notification in March. Appeals lodged as a result of the cancellation run were received in the 2013/14 financial year but will not be heard until the 2014/15 financial year.

BC Industry Committee

CHAIRPERSON

Vicki Telfer

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

Meeting attendance: 1 out of 2

MEMBERS NOMINATED BY UNIONS NSW

Russ Collison

State Secretary,
Australian Workers Union NSW

Meeting attendance: 1 out of 2

Keryn McWhinney

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

Meeting attendance: 2 out of 2

Dave McKinley

Union Official,
Electrical Trades Union of Australia

Meeting attendance: 2 out of 2

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

Brian Seidler

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

Meeting attendance: 2 out of 2

Dr John Elder

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

Meeting attendance: 2 out of 2

Steven Forster

Masters BA, LLB (Hons)
Manager, Workplace Relations with the Australian
Federation of Employers & Industries

Meeting attendance: 2 out of 2

BC Industry Committee

MEMBERS DIRECTLY APPOINTED BY THE MINISTER

David Bare

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

Meeting attendance: 2 out of 2

David Castledine

B. Eng, LL,B
Executive Director, NSW – Housing Industry Australia

Meeting attendance: 1 out of 2

Mark Morey

BSW, MSW, LLB
Deputy Assistant Secretary, Unions NSW

Meeting attendance: 2 out of 2

Robyn Fortescue

BA
Assistant State Secretary, Unions NSW

Meeting attendance: 2 out of 2

DEPUTY MEMBERS NOMINATED BY UNIONS NSW

Terry Kesby

CFMEU Organiser
Director of CITAB
Member, Vocational Training Tribunal

Meeting attendance: 1 out of 2

Paul Noack

Dip Financial Planning
Australia Workers Union

Meeting attendance: 1 out of 2

Emma Maiden

BA Economics, Dip Law
Deputy Assistant Secretary Unions NSW

Meeting attendance: Not required to attend

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

Michelle Bass

JP, Dip Human Resources Management
Infrastructure Sector Service Manager
Master Builders Association of Australia

Meeting attendance: 1 out of 2

Shona D'Arbon

B Law
Master Builders Association of Australia

Meeting attendance: Not required to attend

Beverley Glover

Dip Management
Secretary Industrial Relations and Safety
Master Builders Association of Australia

Meeting attendance: 1 out of 2

DEPUTY MEMBERS DIRECTLY APPOINTED BY THE MINISTER

Melissa Howard

BA Commerce, Graduate Law
Executive Director Workplace Relations
Housing Industry Association

Meeting attendance: Not required to attend

John Wade

BA Civil Engineering
President Civil Contractors Federation

Meeting attendance: Not required to attend

Emma Maiden

BA Economics, Dip Law
Deputy Assistant Secretary Unions NSW

Meeting attendance: Not required to attend

Kate Minter

BA Social Science
Education Officer Unions NSW

Meeting attendance: Not required to attend

The Contract Cleaning Industry Long Service Leave Committee

(Referred to as CC Industry Committee)

The Industry Committee is constituted under the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. It is an advisory and appellate body, consisting of eight part-time members appointed by the Minister and chaired by the Chief Executive Officer. 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 by workers against Corporation decisions to:

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

Employer:

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

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

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

A new Committee was formed in October 2013 as the previous tenure had expired. The term of the current Industry Committee is from 21st October 2013 to 21st October 2014. This year the Industry Committee met on two occasions.

During the year the Committee continued to provide support and advice to the Corporation regarding issues such as coverage of supervisors, review of statistical information relating to the timeliness of Employer Returns and suggestions on how to gain greater compliance from industry employers.

Another significant issue was ways to improve the scheme education of the both employers and employees within the industry particularly to those from non English speaking backgrounds. The Committee was willing to work with the Corporation on a Marketing strategy to bridge this gap.

Appeals

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

CC Industry Committee

CHAIRPERSON

Vicki Telfer

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

Meeting attendance: 1 out of 2

MEMBERS NOMINATED BY UNIONS NSW

Emma Maiden

BA Economics, Dip Law
Deputy Assistant Secretary Unions NSW

Meeting attendance: 0 out of 2

Georgia Potter-Butler

LLB/BA Barrister and Solicitor NZ
Industrial Officer, Unions NSW

Meeting attendance: 1 out of 2

MEMBERS NOMINATED BY UNITED VOICE

Mark Boyd

Secretary, Unions NSW

Meeting attendance: 1 out of 2

Mel Gatfield

BA Industrial Relations/Political Science
Assistant Secretary

Meeting attendance: 2 out of 2

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

Ravindra Naidoo

BA Economics, CPA
Financial Controller Quad Services

Meeting attendance: 2 out of 2

Barbara Connolly

BA
Executive Director BSCAA

Meeting attendance: 2 out of 2

CC Industry Committee

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

John Laws

Cert IV Assessment, Cert IV Finance Broking
Executive Director ACCA

Meeting attendance: 2 out of 2

Natalie Stephens

General Manager/Director Procure Property Services,
Vice President ACCA

Meeting attendance: 1 out of 2

DEPUTY MEMBERS NOMINATED BY UNIONS NSW

Maryloise Yaager

Executive Officer Unions NSW

Meeting attendance: Not required to attend

Kate Minter

BA Social Science
Research and Campaigns Officer Unions NSW

Meeting attendance: 1 out of 2

DEPUTY MEMBERS NOMINATED BY UNITED VOICE

Peter Campise

Assistant Secretary United Voice

Meeting attendance: Not required to attend

Ben Donnelly

BA Sociology
Lead Organiser United Voice

Meeting attendance: Not required to attend

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

Aimee Bleasdale

General Manager Administration B.I.C Services

Meeting attendance: 1 out of 2

Adam Atkin

NSW State Manager OSC

Meeting attendance: Not required to attend

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

Debbie Delimitros

Contract and Compliance Office Manager ACCA

Meeting attendance: 1 out of 2

Kay Halliday

Starlight Commercial Pty Ltd

Meeting attendance: Not required to attend

Good Governance

INSURANCES AND RISK MANAGEMENT

INSURANCE

The Long Service Corporation has insurance in place to cover all its assets and major risks.

Its insurance policies include workers compensation, building contents (including office equipment) and public liability. These policies are with the NSW Government's self-insurance scheme, the Treasury Managed Fund.

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

The Treasury Managed Fund Premium Incentive Scheme encourages effective risk management.

Agencies that manage risk will receive lower premiums, while those with poor risk management are penalised. In 2013/2014, as a result of the effective management of risk, the Corporation secured an incentive adjustment (refund of premium) through the Treasury Managed Fund. The adjustment is retrospective so the 2013/2014 adjustment refers to risk management in 2012/2013.

AUDIT AND RISK MANAGEMENT

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

The Corporation recruited independent members and established its own Audit and Risk Committee with effect from 1 July 2013.

The 2013/2014 report from the Corporation's Audit and Risk Management Committee is presented on page 29. It is followed by the CEO/Secretary's disclosure statement for the year.

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

- ▼ The Corporation welcoming and inducting its new Audit and Risk Committee Independent Members.
- ▼ The new LSC Audit and Risk Committee endorsed and the CEO/ Secretary approved a new Audit Plan for 2013/2014 based on the Corporation's Risk Register.
- ▼ Ernst & Young continued as the Treasury appointed provider of internal audit services to the Corporation.
- ▼ Ernst & Young completed two internal audit activities of the Corporation's finance internal controls and areas of revenue leakage.
- ▼ The Corporation's Senior Management Group held regular risk management meetings during the financial year.

Report from the Audit & Risk Committee

Dear Secretary

In compliance with Treasury Circular NSWTC 09/08, the Audit and Risk Committee of the Long Service Corporation ("the Committee") aims to:

- assess risks arising from the operations of the Long Service Corporation (LSCorp) and the adequacy of measures in place to control those risks
- liaise with external audit
- assure the integrity of LSCorp's external financial reporting and internal management reporting
- oversee the internal audit function, risk management, corporate governance, and other internal assurance processes that operate within LSCorp.

The Secretary approved a separate Audit & Risk Committee for LSCorp in May 2013, and the Committee held its first meeting on 17 September, 2013. During 2012-13 LSCorp came under NSW Treasury's Audit & Risk Committee. This was a temporary arrangement following the Corporation's transfer from the [then] Department of Finance and Services.

Committee Membership

The Committee is constituted in compliance with NSW Treasury policy TPP 09-05. All of its members are independent, and all were appointed from the appropriate prequalification list in July 2013.

Current membership:

- Victor Lewis (Chair)
- Felicity Barr
- Neal O'Callaghan

Committee Meetings

The Committee met on five occasions during 2013-14. All members attended at all meetings. During the course of the year the Committee monitored matters including:

- Preparation and external audit of LSCorp's financial statements, including early close
- Risks and controls around key LSCorp projects and programs.
- Revised Investment strategy and relationship with T Corp.

Internal Audit Program

The Committee oversees audits and reviews of the activities of LSCorp. The Corporation has a three-year Strategic Audit Plan, with Year One of the plan representing the annual audit program. The areas to be audited are determined in consultation with the Committee, based on exposure to potential strategic and/or operating risks.

The following assurance audit reports were tabled before the Committee during 2013-14 and commended, with management responses, to the Secretary for approval:

- Core Business Process Control Environment (including process mapping)
- Internal Controls (Financial)
- Revenue Leakage

The Committee regularly monitors the appropriateness and timeliness of the implementation of agreed internal audit recommendations and those included in Audit Office management letters.



Victor J Lewis CA

Independent Chair

Audit and Risk Committee of the NSW Long Service Corporation

4 August 2014

Good Governance

INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT FOR THE 2013/2014 FINANCIAL YEAR FOR LONG SERVICE CORPORATION

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

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

MINISTERIALLY DETERMINED DEPARTURE	REASON FOR DEPARTURE AND DESCRIPTION OF PRACTICABLE ALTERNATIVE MEASURES IMPLEMENTED
<p>Core Requirement 1</p> <p>The Chief Audit Executive should be appointed from within the agency by the Department Head.</p>	<ul style="list-style-type: none"> ➤ Long Service Corporation shares a single Chief Audit Executive with NSW Treasury. ➤ This enables it to employ a more senior officer in this role than would otherwise be possible, and provides a strong link back to the Secretary (Long Service Corporation's CEO) in consideration of risk. For the Secretary, it provides a level of oversight to compensate for LSC's geographic distance. ➤ The Corporation has its own Audit & Risk Committee, with no members in common with Treasury's, to provide independent advice to the Secretary. The Committee is managed by LSC staff.

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

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



Philip Gaetjens
Chief Executive Officer,
8 September 2014

Good Governance

DIGITAL INFORMATION SECURITY POLICY (DISP) COMPLIANCE ATTESTATION STATEMENT FOR THE 2013/2014 FINANCIAL YEAR

I, Philip Gaetjens, NSW Treasury Secretary, am of the opinion that the Long Service Corporation has an Information Security Management System, which was set in place during the financial year being reported on and is consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Philip Gaetjens, NSW Treasury Secretary, am of the opinion that the security controls in place to mitigate identified risks to digital information content and the digital information systems of the Long Service Corporation are adequate for the foreseeable future. Two independent reviews of system risks and controls will take place in 2014/15.

I, Philip Gaetjens, NSW Treasury Secretary, am of the opinion that, in accordance with the *Digital Information Security Policy for the NSW Public Sector*, certified compliance with *AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements* is not required by the Long Service Corporation.



Philip Gaetjens
Chief Executive Officer,
Long Service Corporation

Financial Performance Summary

REVENUE AND EXPENSES

During the financial year, revenue from all sources amounted to \$219.1 million, whilst expenditure amounted to \$127.0 million. This resulted in a net result of \$92.1 million.

The actual net result was greater than budget by \$88.9 million, primarily due to the following:

	\$'000
• Increased return on TCorp long term growth facility	45,964
• Increased collection of levies from both Schemes	31,816
• Decreased Finance Cost due to unwinding of discount rate	2,084
• Decreased Long Service expense	8,563
• Decreased Personnel services expense	490
• Increased other expenses	(45)
	<u>88,872</u>

BUDGET FORECAST AND RESULT

Expenses excluding losses

	Actual 2013/2014 \$'000	Budget 2013/2014 \$'000	Budget 2015/2015 \$'000
Operating expenses			
Personnel services	6,779	7,269	7,459
Other operating expenses	66,623	75,666	84,541
Depreciation and amortisation	224	448	1,134
Finance costs	53,416	55,500	57,900
TOTAL EXPENSES EXCLUDING LOSSES	<u>127,042</u>	<u>138,883</u>	<u>151,034</u>

Revenue

Investment revenue	97,659	51,047	57,561
Retained taxes, fees and fines	121,374	91,029	101,264
Other revenue	87	13	54
Total Revenue	<u>219,120</u>	<u>142,089</u>	<u>158,879</u>
NET RESULT	<u>92,078</u>	<u>3,206</u>	<u>7,845</u>

FINANCIAL TRENDS	Actual	Actual	Actual	Actual	Actual
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses					
Operating expenses					
Personnel services	6,017	5,022	12,448	3,370	6,779
Other operating expenses	65,345	67,923	82,362	126,646	66,623
Depreciation and amortisation	601	586	641	226	224
Finance costs	27,698	29,812	61,211	(31,952)	53,416
TOTAL EXPENSES EXCLUDING LOSSES	99,661	103,343	156,662	98,290	127,042
Revenue					
Investment revenue	53,197	45,749	(2,989)	121,652	97,659
Retained taxes, fees and fines	81,237	84,136	80,193	110,883	121,374
Other revenue	301	530	2	18	87
Total Revenue	134,735	130,415	77,206	232,553	219,120
Gain/(loss) on disposal	-	2	4	-	-
NET RESULT (DEFICIT)SURPLUS	35,074	27,074	(79,452)	134,263	92,078

FINANCIAL POSITION

The principal assets continue to be investments of \$830.1 million in TCorp Long Term Growth Facility and the principal liabilities are the estimates for the Provision for Scheme Liabilities of \$816.0 million as assessed by actuarial consultants. Equity improved significantly by \$92.1 million from an accumulated deficit of \$4.2 million at 30 June 2013 to accumulated funds of \$87.8 million as at 30 June 2014. Please refer to Note 15 to the Financial Statements for details of significant non cash gains affecting this year's result.

INVESTMENTS

The Corporation invested its funds in the "Long Term Growth" Long Service Corporation Facilities Trust and "Cash" Hour-Glass Investment Facility Trust administered by NSW Treasury Corporation (TCorp) utilising external managers under contract to TCorp.

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

FUND CATEGORIES	BALANCE ON HAND		INVESTMENT		BENCH
	AS AT		PERFORMANCE		MARK
	30 JUNE	30 JUNE	INCOME	RETURN	RETURN
	2013	2014	\$'000	%	%
	\$'000	\$'000			
Long term growth	705,084	830,089	95,005	13.40%	13.42%
Cash	437	450	13	2.99%	2.75%
Term Deposits	28,000	-	2,641	4.23%	4.23%
TOTAL	733,521	830,539	97,659		

ACCOUNTS PAYABLE PERFORMANCE

Aged analysis at end of each quarter	Current (within due date) \$'000	Less than 30 days overdue \$'000	Between	Between 61	More than 90 days overdue \$'000
			30 and 60 days overdue \$'000	and 90 days overdue \$'000	
All suppliers					
Sep-13	437,889	-	-	-	-
Dec-13	422,518	-	-	-	-
Mar-14	397,205	-	-	-	-
Jun-14	826,401	-	-	-	-
Small business suppliers					
Sep-13	12,542	-	-	-	-
Dec-13	8,916	-	-	-	-
Mar-14	15,489	-	-	-	-
Jun-14	12,046	-	-	-	-

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

Accounts due or paid within each quarter

Measure	Sep-13	Dec-13	Mar-14	Jun-14
All suppliers				
Number of accounts due for payment	232	200	330	341
Number of accounts paid on time	232	200	330	341
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	437,889	422,518	397,205	826,401
Dollar amount of accounts paid on time	437,889	422,518	397,205	826,401
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil
Small business suppliers				
Number of accounts due for payment	32	28	35	35
Number of accounts paid on time	32	28	35	35
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	12,542	8,916	15,489	12,046
Dollar amount of accounts paid on time on \$)	12,542	8,916	15,489	12,046
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil

Commentary

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

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

Viabie Financial Management

In 2014 the Corporation continued to review its investment strategies, revenue collection, and operating expenditure. As a result it has improved significantly its Total Equity position:

LONG AND SHORT TERM INVESTMENT GROWTH

The Corporation asset consultants are PricewaterhouseCoopers Securities Limited (PwC). PwC has provided valuable direction throughout the year on the improvement of the Corporations investment strategy.

Part of the advice provided was the creation, within TCorp, of the Long Service Corporation Investment Facilities Trust (LSCIFT). LSCIFT will provide greater flexibility of type and mix of investments, in order for the Corporation to meet its long term objectives.

REVENUE GENERATION FROM LEVIES – BUILDING AND CONSTRUCTION INDUSTRY

The Corporation's revenues over 2014 have improved by 9.5% and the actuaries have not recommended a change in levy rates. The Corporation will continue to review its compliance activities with a view to increasing revenues this way rather than increasing the overall levy rate.

BUDGETARY CONSTRAINTS

In line with the NSW government's policy on Enhanced Framework for Budget Compliance, the Corporation will continue to review all expenditure during the 2015 year.

The Corporation's actuaries, Professional Financial Solutions, have recommended building up the buffer of assets over liabilities to 15%, i.e. \$124.0 million.

Financial Statements

▶ Statement by Chief Executive Officer	37
▶ Independent Auditor's report	38
▶ Statement of comprehensive income	40
▶ Statement of financial position	41
▶ Statement of changes in equity	42
▶ Statement of cash flows	43
▶ Notes to the financial statements	44

LONG SERVICE CORPORATION

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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

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

The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Long Service Corporation as at 30 June 2014 and the transactions for the period then ended.

The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation, 2010* and the Treasurer's Directions.

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

On behalf of the Corporation



Philip Gaetjens
Secretary NSW Treasury
Chief Executive Officer, Long Service Corporation

Dated 18 September 2014 at Sydney



INDEPENDENT AUDITOR'S REPORT

Long Service Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Long Service Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

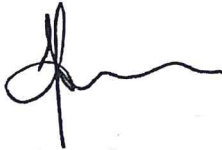
My opinion does *not* provide assurance:

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

Independence

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

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



Aaron Green
Director, Financial Audit Services

18 September 2014
SYDNEY

Financial Statements

For the year ended 30 June 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
	Notes			
Expenses excluding losses				
Operating expenses				
Personnel services expense	2(a)	6,779	7,269	2,893
Other operating expenses	2(b)	66,623	75,666	126,646
Depreciation and amortisation	2(c)	224	448	226
Finance costs	2(d)	53,416	55,500	(31,952)
TOTAL EXPENSES EXCLUDING LOSSES		127,042	138,883	97,813
Revenue				
Investment revenue	3(a)	97,659	51,047	121,652
Retained taxes, fees and fines	3(b)	121,374	91,029	110,883
Other revenue	3(c)	87	13	18
Total Revenue		219,120	142,089	232,553
NET RESULT		92,078	3,206	134,740
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		92,078	3,206	134,740

The accompanying notes form part of these financial statements.

Financial Statements

For the year ended 30 June 2014

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000	1 July 2012 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	4	74,292	56,456	61,003	31,113
Receivables	5	7,942	5,932	5,845	5,341
Total Current Assets		82,234	62,388	66,848	36,454
Non-Current Assets					
Financial assets at fair value	6	830,089	755,292	705,084	584,909
Property, plant and equipment					
- Plant and equipment	7	338	365	513	636
Intangible assets	8	73	210	2	6
Total Non-Current Assets		830,500	755,867	705,599	585,551
Total Assets		912,734	818,255	772,447	622,005
LIABILITIES					
Current Liabilities					
Payables	10	602	3,993	957	1,059
Borrowings		-	-	-	758
Provisions	11	523,847	459,698	488,592	461,272
Total Current Liabilities		524,449	463,691	489,549	463,089
Non-Current Liabilities					
Borrowings		-	-	-	2,536
Provisions	11	301,323	350,464	288,014	296,236
Total Non-Current Liabilities		301,323	350,464	288,014	298,772
Total Liabilities		825,772	814,155	777,563	761,861
Net Assets		86,962	4,100	(5,116)	(139,856)
EQUITY					
Accumulated Funds (Losses)		86,962	4,100	(5,116)	(139,856)
Total Equity		86,962	4,100	(5,116)	(139,856)

The accompanying notes form part of these financial statements.

Statement of changes in equity

Statement of changes in equity for the year ended 30 JUNE 2014

	Accumulated Funds (Losses)
	\$'000
Balance at 1 July 2013	(4,245)
Change in accounting policy	<u>(871)</u>
Restated total equity at 1 July 2013	<u>(5,116)</u>
Net result for the year	<u>92,078</u>
Other comprehensive income:	
Total other comprehensive income for the year	<u>-</u>
Total comprehensive income for the year	<u>92,078</u>
Balance at 30 June 2014	<u><u>86,962</u></u>
Balance at 1 July 2012	(138,508)
Change in accounting policy	<u>(1,348)</u>
Restated total equity at 1 July 2012	<u>(139,856)</u>
Net result for the year	<u>134,740</u>
Other comprehensive income:	
Total other comprehensive income for the year	<u>-</u>
Total comprehensive income for the year	<u>134,740</u>
Balance at 30 June 2013	<u><u>(5,116)</u></u>

The accompanying notes form part of these financial statements.

Statement of cash flows

Statement of cash flows for the year ended 30 JUNE 2014

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(7,026)	(7,269)	(6,164)
Finance costs		-	-	(105)
Other		(73,138)	(78,912)	(68,396)
Total Payments		(80,164)	(86,181)	(74,665)
Receipts				
Interest received		2,654	1,698	1,105
Retained taxes, fees and fines		118,755	91,647	106,597
Other		2,164	570	246
Total Receipts		123,573	93,915	107,948
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	43,409	7,734	33,283
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		-	14	-
Purchases of plant and equipment		(47)	(50)	(99)
Purchases of investments		(30,000)	(4,948)	-
Other		(73)	(250)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(30,120)	(5,234)	(99)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowing and advances		-	-	(3,294)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	(3,294)
NET INCREASE/(DECREASE) IN CASH		13,289	2,500	29,890
Opening cash and cash equivalents		61,003	53,956	31,113
CLOSING CASH AND CASH EQUIVALENTS	4	74,292	56,456	61,003

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2013

Notes to the financial statements

1. Summary of Significant Accounting Policies

(a) Reporting entity

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

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

Financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive Officer on 18 September 2014.

(b) Basis of preparation

The entity's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010*, and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

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

(c) Statement of compliance

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

(d) Borrowing costs

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

(e) Insurance

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

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

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

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

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

(g) Income Recognition

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

(i) Investment Revenue

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

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

(ii) Retained taxes, fees and fines

Long service levy income

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

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

(iii) Other Revenue

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

(h) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

(ii) Capitalisation thresholds

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

(iii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 9 for further information regarding fair value.

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

(iv) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets for not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of plant and equipment

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

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

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

(vi) 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.

(vii) Leased assets

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

Existing operating leases relate to leasing premises at 19-21 Watt Street, Gosford, 12 Railway Street, Lidcombe and small items of plant and equipment.

The Corporation is not a party to any finance lease.

(viii) Intangible assets

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

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

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

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

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

(ix) Receivables

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

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

(x) Investments

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

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

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

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

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

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

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

(xi) Impairment of financial assets

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

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

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

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

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

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

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

(xiii) Other Assets

Other assets are recognised on a historic cost basis.

(i) Liabilities

(i) Payables

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

(ii) 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 11(b).

Finance costs

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

(iii) Provision for Levy Refund

The liability is determined from assumptions based on past experience of the Corporation's levy refunds resulting from requests for determination of the leviable costs.

(iv) Personnel Services

The Corporation's staff were provided by NSW Treasury. Administration of payroll and human resources was provided by WorkCover Authority for the full year.

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

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

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amount of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Corporation has assessed the actuarial advice based on the Corporation's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(b) Long service leave and superannuation

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(c) Consequential on-costs

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

(j) Fair value hierarchy

A number of the Corporation's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. When measuring fair value the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the Corporation can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Corporation recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change occurred.

Refer Note 9 and Note 18(e) for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity

Accumulated Funds (Losses)

The category 'Accumulated Funds (Losses)' includes all current and prior period retained funds and losses.

(l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the *Public Finance and Audit Act 1983* (PFAA) where there has been a transfer of functions between departments.

(m) Comparative information

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

(n) Going Concern

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

An actuarial review was conducted by Professional Financial Solutions in June 2014. The review estimates that the Corporation will remain in surplus in the forward years.

(o) Changes on accounting policies, including new and revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The Corporation has adopted all new, revised or amended Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting year.

Except as mentioned below the adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the Corporation.

AASB 119 'Employee Benefits' and AASB 2011-10 'Amendments to Australian Accounting Standard arising from AASB 119'.

The Corporation has adopted the revised AASB 119 'Employee Benefits' with an application date of 1 July 2013.

The main change to the accounting policy as a result of changes to AASB 119 'Employee Benefits' is:

The standard does not allow investment credits to be netted off against the superannuation contributions tax. This has changed the calculation of the Unfunded Superannuation Liability presented in the statement of financial position. As a result the Unfunded Superannuation Liability and the expenses related to the Superannuation - defined benefit plans has increased.

(ii) Issued but not yet effective

Certain new standards and interpretations have recently been issued or amended but are not yet effective for the current reporting year. It is considered impracticable to presently determine the impact of adopting those new standards and interpretations

The Corporation has not early adopted any new accounting standards, amendments and interpretations in compliance with NSW Treasury mandates per Treasury Circular NSW TC14/03.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2014

2. Expenses Excluding Losses

(a) Personnel services expenses

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

	Notes	2014 \$'000	2013 \$'000
Salaries and wages (including annual leave)		5,594	5,061
Salaries - voluntary redundancy		2	-
Superannuation – defined benefit plans *	19	210	(2,967)
Superannuation – defined contribution plans		409	351
Long service leave		244	135
Payroll tax and fringe benefits tax		303	282
Other expenses		17	31
Total Personnel services expense		6,779	2,893
* Superannuation – defined benefit plans			
Defined benefit plans – contributions		276	291
Defined benefit plans – liability adjustments		(66)	(3,258)
Total Superannuation – defined benefit plans		210	(2,967)

Superannuation net actuarial loss of \$1.1 million (\$1.4 m gain 2012-13) in respect of personnel who are members of defined benefit superannuation plans, are recognised directly in the Net Result. The actuarial gain was impacted by an decrease in the discount rate used to determine the present value of the defined benefit obligations. The rate decreased from 3.80% at 30 June 2013 to 3.57% at 30 June 2014.

(b) Other operating expenses including the following:

	2014	2013
Notes	\$'000	\$'000
Auditors remuneration - audit of financial statements	80	68
Long service expense		
Claims paid	68,047	64,930
Liability expense	(4,594)	58,571
11 (b)	63,453	123,501
Operating lease rental expense		
- minimum lease payment	352	353
Insurance	11	12
Consultants	180	230
Contractors	174	240
Computing	626	617
Marketing	110	37
Travel	33	33
Occupancy - outgoings, electricity, cleaning and maintenance	156	187
Long service levy commissions	495	480
Service agreements	166	133
Other administrative expenses	787	755
Total other operating expenses	66,623	126,646

(c) Depreciation and amortisation expense

Depreciation		
- Plant and equipment	20	44
- Computer equipment	46	19
- Motor vehicles	19	22
- Leasehold improvements	137	137
	222	222
Amortisation		
- Computer software	2	4
	2	4
Total depreciation and amortisation expense	224	226

(d) Finance costs

		2014	2013
	Notes	\$'000	\$'000
Interest NSW Treasury advance		-	105
Reduction in provision due to change in discount rate	11 (b)	-	(54,280)
Unwinding of discount rate	11 (b)	53,416	22,223
		53,416	(31,952)

Refer Note 11(b)(i) for detail on changes to the discount rate used for the 2014 and 2013 years.

3. Revenue

(a) Investment revenue

Interest revenue from financial assets not at fair value through profit or loss - Bank interest		2,641	967
Interest revenue from financial assets not at fair value through profit or loss - TCorp cash facility		13	510
TCorp Hour-Glass investment facilities designated at fair value through profit or loss - Long Term Growth		95,005	120,175
		97,659	121,652

(b) Retained taxes, fees and fines

Long service levy income		122,640	108,565
Long service levy refunds		(1,266)	2,318
		121,374	110,883

(c) Other revenue

Miscellaneous income		87	18
		87	18

4. Current Assets - Cash and Cash Equivalents

Cash at bank and on hand		73,842	32,566
Short Term Deposit			
Bank term deposit		-	28,000
TCorp Hour-Glass cash facility		450	437
		74,292	61,003

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

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

	2014	2013
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	74,292	61,003
Closing Cash and cash equivalents (per statement of cash flows)	74,292	61,003

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

5. *Current Assets - Receivables*

Current

Retained taxes, fees and fines	7,734	5,329
Other	114	444
Less: Allowance for impairment	(10)	(10)
Prepayments	104	82
	7,942	5,845

Movement in the allowance for impairment

Balance at 1 July	(10)	(4)
Amounts written off	13	3
(Increase) / decrease in allowance recognised in profit and loss	(13)	(9)
Balance at 30 June	(10)	(10)

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

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

Non-Current

TCorp - Hour-Glass long term growth facility	-	705,084
TCorp - Hour-Glass investment facility trust	830,089	-
	830,089	705,084

Refer Note 18 for further information regarding fair value measurement, credit risk, liquidity risk and market risk arising from financial instruments.

7. Non-Current Assets - Plant and Equipment

	Plant and Equipment	Leasehold Improvements	Computer Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2013 - fair value					
Gross carrying amount	337	1,122	164	110	1,733
Accumulated depreciation and impairment	(298)	(813)	(49)	(60)	(1,220)
Net carrying amount	39	309	115	50	513
At 30 June 2014 - fair value					
Gross carrying amount	337	1,122	191	110	1,760
Accumulated depreciation and impairment	(318)	(950)	(75)	(79)	(1,422)
Net carrying amount	19	172	116	31	338

Reconciliation

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

Year ended 30 June 2014					
Net carrying amount at start of year	39	309	115	50	513
Additions	-	-	47	-	47
Depreciation expense	(20)	(137)	(46)	(19)	(222)
Net carrying amount at end of year	19	172	116	31	338

At 1 July 2012 - fair value

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

At 30 June 2013 - fair value

Gross carrying amount	337	1,122	164	110	1,733
Accumulated depreciation and impairment	(298)	(813)	(49)	(60)	(1,220)
Net carrying amount	39	309	115	50	513

Reconciliation

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

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

Further details regarding the fair value measurement of plant and equipment are disclosed in Note 9.

8. Intangible Assets

Software

	\$'000
At 1 July 2013	
Cost (gross carrying amount)	2,276
Accumulated amortisation and impairment	(2,274)
Net carrying amount	2
At 30 June 2014	
Cost (gross carrying amount)	2,349
Accumulated amortisation and impairment	(2,276)
Net carrying amount	73
Year ended 30 June 2014	
Net carrying amount at start of year	2
Additions - externally acquired	73
Amortisation	(2)
Net carrying amount at end of year	73



	<u>\$'000</u>
At 1 July 2012	
Cost (gross carrying amount)	2,276
Accumulated amortisation and impairment	<u>(2,270)</u>
Net carrying amount	<u><u>6</u></u>
At 30 June 2013	
Cost (gross carrying amount)	2,276
Accumulated amortisation and impairment	<u>(2,274)</u>
Net carrying amount	<u><u>2</u></u>
Year ended 30 June 2013	
Net carrying amount at start of year	6
Amortisation	<u>(4)</u>
Net carrying amount at end of year	<u><u>2</u></u>

9. Fair value measurement of Non-Financial Assets

(a) Fair value hierarchy

	2014			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Plant and equipment (Note 7)	-	338	-	<u><u>338</u></u>

There were no transfers between Levels 1 and 2 during the period.

(b) Valuation techniques, inputs and processes

All of the Corporation's Plant and Equipment assets are measured at historical cost less accumulated depreciation as a surrogate for fair value because the assets are non-specialised assets and any difference between fair value and depreciated historical cost is unlikely to be material.

The fair value measurement base for these assets are all categorised as Level 2 as the valuation is based on the observable inputs i.e. transaction price at the date of acquisition.

10. Current Liabilities - Payables

	2014 \$'000	2013 \$'000
Current		
Personnel Services		
- Accrued salaries, wages and on costs	188	391
	188	391
Creditors and other accruals	187	240
Long Service Payments	182	282
Long Service Levy commissions	45	44
	602	957

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

11. Current / Non-Current Liabilities - Provisions

Current	Note		
Other Provisions			
Personnel services			
- Annual leave *		609	458
- Long service leave **		2,133	2,282
	11(a)(i)	2,742	2,740
Scheme liability ***	11(b)(i)	520,967	485,500
Provision for levy refund	11(c)(i)	138	352
		521,105	485,852
		523,847	488,592

* The current Other Provisions Personnel services included \$70,286 (2013: \$50,000) of annual leave entitlements accrued but not expected to be taken within 12 months

** The current Other Provisions Personnel services included \$1.9 million (2013: \$1.1 million) of long service leave entitlements accrued but not expected to be taken within 12 months

*** The current Other Provisions includes \$521.0 million (2013: \$485.5 million) for scheme liability and although this amount represents the value for which the Corporation does not have an unconditional right to defer settlement for at least twelve months, the Corporation only expects to pay claims of \$70.2 million over the next twelve months.

Non-current	Note	2014	2013
		\$'000	\$'000
Other Provisions			
Personnel Services			
- Long service leave		110	90
- Unfunded superannuation liability	19	6,134	6,200
	11(a)(ii)	6,244	6,290
Scheme liability	11(b)(ii)	295,079	281,724
		295,079	281,724
		301,323	288,014

Aggregate Personnel services and related on costs			
Payables - current		188	391
Provisions - current		2,742	2,740
Provisions - non-current		6,244	6,290
		9,174	9,421

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

11. (a) Provision for Personnel services

(i)	Current	2,742	2,740
(ii)	Non-Current	6,244	6,290
		8,986	9,030

Movement in Provision

Carrying amount at beginning of year		9,030	12,298
Unused amount reversed			(2,421)
Additional provisions recognised		1,040	
Amounts paid		(1,084)	(847)
Carrying amount at end of year		8,986	9,030

11. (b) Provision for Scheme liability

(i)	Current	520,967	485,500
(ii)	Non-current	295,079	281,724
		816,046	767,224

Movement in Provision

30 June 2014

	Notes	Building and Construction Industry \$'000	Contract Cleaning Industry \$'000	Total \$'000
Carrying amount at beginning of year		757,439	9,785	767,224
Additional provisions recognised	2 (b)	58,909	4,544	63,453
Claims paid	2 (b)	(67,976)	(71)	(68,047)
Unwinding of discount rate	2 (d)	53,021	395	53,416
Carrying amount at end of year		801,393	14,653	816,046

30 June 2013

Carrying amount at beginning of year		734,373	6,337	740,710
Additional provisions recognised	2 (b)	118,166	5,335	123,501
Claims paid	2 (b)	(64,906)	(24)	(64,930)
Reduction in provision due to change in discount rate	2 (d)	(52,227)	(2,053)	(54,280)
Unwinding of discount rate	2 (d)	22,033	190	22,223
Carrying amount at end of year		757,439	9,785	767,224

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

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

Building and Construction Industry Long Service Payments Act, 1986

A full actuarial investigation was undertaken by Professional Financial Solutions as at 30 June 2012. They have further updated this to 30 June 2014 and estimated the scheme liabilities to be as follows:

	Note	2014 \$'000	2013 \$'000
AASB Valuation	(i)	801,393	757,439
Accrued Benefit Reserve	(ii)	801,393	757,439
Vested Benefits	(iii)	748,900	745,900

- (i) The AASB Valuation is a calculation of benefits in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* that requires Scheme liabilities, taking into consideration an allowance for unreported service of active workers, to be discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability. The discount rate is considered to be the long term rate of return on the Scheme assets properly invested to fund the growth in the Schemes Liabilities. The financial assumptions used in the actuarial update were: rate of increase in wages 4.0% per annum (2013: 4.0%) and long term rate of return on the investment portfolio 7.0% (2013: 7.0%).

- (ii) The Accrued Benefit Reserve is the calculation of scheme liabilities, taking into consideration an allowance for unreported service of active workers, and discounted by the projected rate of return on the Scheme assets as determined by the actuary. The actuary uses the Accrued Benefit Reserve to assess the Corporation's funding position and for purposes of setting the recommended rate of levy payable to the Fund. The financial assumptions used to calculate the Accrued Benefit Reserve were: rate of increase in wages 4.0% per annum (2013: 4.0%) and a rate of return on assets 7.0% (2013: 7.0%).
- (iii) The Vested Benefit is the amount of benefits payable if service ceased on the valuation date. Workers qualify for a vested benefit if they have attained age 55 and have at least 55 days of accumulated service credits or if they are under 55 and have at least 1,100 days of accumulated service credits.

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

	2014	2013
Active within last two years	198,404	196,332
Inactive for last two years but active within two prior years	50,441	48,070
Inactive for four or more years	13,055	12,281
Total number of workers considered	261,900	256,683

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

A full actuarial investigation was undertaken by Professional Financial Solutions as at 30 June 2012. They have further updated this to the 30 June 2014 and estimated the scheme liabilities to be as follows:

	Note	2014 \$'000	2013 \$'000
AASB Valuation	(i)	14,653	9,785
Accrued Benefit Reserve	(ii)	14,653	9,785
Vested Benefits	(iii)	-	-

- (i) The AASB Valuation is a calculation of benefits in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* that requires Scheme liabilities, taking into account the cost of establishing the Fund and the development of a data base consisting of active workers some with entitlements to foundation credits (predating the 30th June 2011) for workers registered within the first six months of the Scheme's establishment. The scheme liability has been discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability. The discount rate is considered to be the long term rate of return on the Scheme assets properly invested to fund the growth in the Schemes liabilities. The financial assumptions used in the actuarial update were: rate of increase in wages 3.5% per annum (2013: 3.5%) and long term rate of return on the investment portfolio 4.0% in the year 2014/2015 and 7.0% thereafter (2013: 4% in the year 2013/14 and 7.0% thereafter).

- (ii) The Accrued Benefit Reserve is the calculation of scheme liabilities, taking into consideration the items mentioned in (i) above and discounted by the projected rate of return on the Scheme assets as determined by the actuary. The actuary uses the Accrued Benefit Reserve to assess the Corporation's funding position and for purposes of setting the recommended rate of levy payable to the Fund. The financial assumptions used to calculate the Accrued Benefit Reserve were: rate of increase in wages 3.5% per annum (2013: a rate of increase in wages of 3.5% in the first year then 4.0% thereafter) and a rate of return on assets 4.0% in the year 2014/2015 and 7.0% thereafter (2013: 4% in the year 2013/14 and 7.0% thereafter).
- (iii) The Vested Benefit is the amount of benefits payable if service ceased on the valuation date and the worker has more than five years eligible service (including service prior to the commencement date). As workers do not become eligible for benefits until they have five years of service and the fund commenced on the 1st July 2011, there are no Fund vested benefits as at 30 June 2014.

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

	2014	2013
Active	26,320	25,161
Total number of workers considered	26,320	25,161

11. (c) Provision for Levy Refund

	2014	2013
	\$'000	\$'000
(i) Current	138	352
(ii) Non-Current	-	-
	138	352

Movement in Provision

Carrying amount at beginning of year	352	4,500
Additional provisions recognised	1,266	-
Unused amount reversed	-	(2,318)
Claims paid	(1,480)	(1,830)
Carrying amount at end of year	138	352

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

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

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

12. Commitments for expenditure

	2014	2013
	\$'000	\$'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of software contracted for at balance date and not provided for:		
Not later than one year	106	-
Total (including GST)	106	-

The total capital commitments above include input tax credits of \$10,000 (2013: Nil) that are expected to be recoverable from the ATO.

(b) Operating Lease Commitments

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

Not later than one year	442	424
Later than one year and not later than five years	231	394
Later than five years	-	-
Total (including GST)	673	818

The total operating lease commitments above include input tax credits of \$82,000 (2013: \$74,000) that are expected to be recoverable from the ATO.

13. Contingent Liabilities and Contingent Assets

There were no known contingent assets as at reporting date (2013: Nil).

Contingent liabilities as at reporting date (2013: Nil):

Levy Refund - an appeal has been lodged disputing the amount of the levy payable. If successful an amount of \$655,000 may be refunded. The amount and timing are subject to the judicial processes available to the levy payer.

14. Budget Review

Net result

The actual net result was greater than budget by \$88.9 million, primarily due to the following:

	2014
	\$'000
• Increased return on TCorp long term growth facility	45,964
• Increased collection of levies from both Schemes	31,816
• Decreased Finance cost due to unwinding of discount rate	2,084
• Decreased Long service expense	8,563
• Decreased Personnel services expense	490
• Increased other expenses	(45)
	88,872

Assets and liabilities

Total assets were greater than budget by \$94.5 million and total liabilities were greater than budget by \$10.8 million. This resulted in an increase in the Corporation's equity of \$83.7 million over budget. This was primarily due to the following:

	2014
	\$'000
• Increase in fair value of TCorp investment facility	74,797
• Increases in cash, receivables, plant and equipment	19,682
• Decrease in Scheme liability and personnel services	(11,617)
	<u>82,862</u>

Cash flows

Net Increase in cash flows from operating activities due to:

• Decrease in scheme payments and operating expenses	6,017
• Better than expected levy receipts due to increased compliance and increased activity in the building and construction industry	27,108
• Better than expected returns from bank interest and miscellaneous items	2,550

Net decrease in cash flows from investing activities due to:

• Lower than expected Capital Expenditure	166
• Purchase of TCorp long term growth investments	(25,052)

Reduction in cash flows from financing activities due to:

Changes in opening cash position	7,047
	<u>17,836</u>

15. Disaggregation of published budget information

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

(i) Other operating expenses

Published Budget amount	140,354
Personnel services	(7,269)
Depreciation and amortisation	(448)
Levy Refund	(1,471)
Finance Costs	(55,500)
	<u>75,666</u>

(ii) Retained taxes, fees and fines

Published Budget amount	92,500
Levy refund	(1,471)
	<u>91,029</u>

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

	2014 \$'000	2013 \$'000
Net cash flows from operating activities	43,409	33,283
Plus/(minus) non-cash items:		
Depreciation and amortisation	(224)	(226)
Investment (gains) / losses	95,005	120,547
Long service payments liability expense	4,694	(58,539)
Provision for Levy refund	1,266	4,148
Finance costs	(53,416)	32,057
Change in asset and liabilities:		
Increase/(decrease) in receivables	22	(16)
(Increase)/decrease in payables	1,278	218
(Increase)/decrease in provisions	44	3,268
Net result	92,078	134,740

17. Fund information

Fund	Building & Construction Industry		Contract Cleaning Industry		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses excluding losses						
Operating expenses						
Personnel services expenses	6,086	2,262	693	631	6,779	2,893
Other operating expenses	61,636	120,856	4,987	5,790	66,623	126,646
Depreciation and amortisation	202	200	22	26	224	226
Finance costs	53,021	(30,194)	395	(1,758)	53,416	(31,952)
Total expenses excluding losses	120,945	93,124	6,097	4,689	127,042	97,813
Revenue						
Investment revenue	97,070	121,292	589	360	97,659	121,652
Retained taxes, fees and fines	112,627	102,472	8,747	8,411	121,374	110,883
Other revenue	87	18	-	-	87	18
Total Revenue	209,784	223,782	9,336	8,771	219,120	232,553
Total comprehensive income	88,839	130,658	3,239	4,082	92,078	134,740

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	4	54,436	49,108	19,856	11,895	74,292	61,003
Receivables	5	5,680	3,628	2,262	2,217	7,942	5,845
Total Current Assets		60,116	52,736	22,118	14,112	82,234	66,848
Non-Current Assets							
Financial assets at fair value	6	830,089	705,084	-	-	830,089	705,084
Plant and equipment	7	338	513	-	-	338	513
Intangible assets	8	1	2	72	-	73	2
Total Non-Current Assets		830,428	705,599	72	-	830,500	705,599
Total Assets		890,544	758,335	22,190	14,112	912,734	772,447

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
LIABILITIES							
Current Liabilities							
Payables	10	462	791	140	166	602	957
Provisions	11	523,567	488,307	280	285	523,847	488,592
Total Current Liabilities		524,029	489,098	420	451	524,449	489,549
Non-Current Liabilities							
Provisions	11	286,659	278,220	14,664	9,794	301,323	288,014
Total Non-Current Liabilities		286,659	278,220	14,664	9,794	301,323	288,014
Total Liabilities		810,688	767,318	15,084	10,245	825,772	777,563
Net Assets		79,856	(8,983)	7,106	3,867	86,962	(5,116)
EQUITY							
Accumulated Funds (Losses)		79,856	(8,983)	7,106	3,867	86,962	(5,116)
Total Equity		79,856	(8,983)	7,106	3,867	86,962	(5,116)

18. Financial instruments

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

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

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Corporation's management, Audit and Risk Committee and external asset consultants on a continual basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2014	2013
Class:			\$'000	\$'000
Cash and cash equivalents	4	N/A	74,292	61,003
Receivables *	5	Receivables (at amortised cost)	2	375
Financial Assets at fair value	6	At fair value through profit or loss	830,089	705,084

* Excludes statutory receivables and prepayments

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2014	2013
Class:			\$'000	\$'000
Payables *	10	Financial liabilities measured at amortised cost.	602	957

* Excludes statutory payables

(b) Credit risk

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

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

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

Cash

Cash comprises cash on hand, cash at bank and deposits in the Hour-Glass cash facility. The TCorp Hour-Glass cash facility is further discussed in paragraph (d) below.

The Corporation holds cash and deposits of \$73.8 million with Australian banks who are rated AA- by Standard and Poors. Interest on cash at bank is earned at 0.85% above the unofficial cash rate.

Receivables

All debtors are recognised as amounts receivables at balance date. Collectability of debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions. No interest is earned on debtors.

The Corporation is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$Nil; 2013: \$363) and less than three months past due (2014: \$Nil; 2013: \$2) are not considered impaired. Together, these represent 97.3% of the total debtors.

The only financial assets that are past due or impaired are 'retained taxes fees and fines', and 'other' in the 'receivable' category of the statement of financial position.

	Total \$'000	Past Due but not impaired \$'000			Considered impaired \$'000
		<3 months overdue	3-6 month overdue	>6 months overdue	
Receivables					
2014	2	-	2	-	0
2013	375	2	-	-	10

*The aging analysis excludes statutory receivables.

(c) Liquidity risk

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

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

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

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

	Nominal Amount	Interest Rate Exposure	Maturity Dates		
			<1 yr.	1-5 yrs.	>5 yrs.
2014	\$'000		\$'000	\$'000	\$'000
Payables	602	Non Interest Bearing	602	-	-
2013					
Payables	957	Non Interest Bearing	957	-	-

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

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

The Corporation's exposure to interest rate risk arises primarily through interest bearing assets. A reasonable possible change of +/- 1% has been used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

\$'000					
		-1%		1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
2014					
Cash and cash equivalents	74,292	(743)	-	743	-
2013					
Cash and cash equivalents	61,003	(610)	-	610	-

Currency risk

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

As at 30 June 2014, the Corporation has no transactional or structural currency exposures (2013: Nil)

Other price risk – TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2014 \$'000	2013 \$'000
Cash Facility	Cash and money market instruments	Up to 1.5 years	450	437
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	-	705,084
Long Service Corporation Investment Facility Trust	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	830,089	-

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

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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

	Impact on Profit/Loss		
	Change in Unit price	2014 \$'000	2013 \$'000
Hour Glass Investment – Cash facility	+/-1%	5	4
Hour Glass Investment – Long-term growth facility	+/-15%	-	105,763
Long Service Corporation Investment Facility Trust	+/-15%	124,513	-

(e) Fair Value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

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

(ii) Fair Value recognised in the statement of financial position

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

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

	2014			2013
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
TCorp Hour Glass Facility	-	830,089	-	705,084
Total	-	830,089	-	705,084

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

There were no transfers between level 1 and 2 during the year ended 30 June 2014.

The value of the Hour-Glass Investments is based on the Corporation's share of the value of the underlying assets of the facility based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

19 Impact of change in accounting policy

The following note disclosure details the monetary affect on the provision of personnel services as required by Treasurer's Direction TC 11/19, as a consequence of changes to AASB 119 *Employee Benefits*.

(a) Impact on total comprehensive income for the year ended 30 June 2013

	30/06/2013 previously reported \$'000	AASB 119 adjustment \$'000	30/06/2013 as restated \$'000
Expenses			
Superannuation – defined benefit plans	(2,490)	(477)	(2,967)
Personnel services expense	3,370	(477)	2,893
Total Expenses	98,290	(477)	97,813
Net Result	134,263	477	134,740
Total Comprehensive Income	134,263	477	134,740

(b) Impact on total comprehensive income for the year ended 30 June 2014

	AASB 119 adjustment
	\$'000
Expenses	
Superannuation – defined benefit plans	(9)
Total Expenses	(9)
Net Result	9
Total Comprehensive Income	9

(c) Impact on assets, liabilities and equity as at 1 July 2012

	As at 1/07/2012 as previously reported	AASB 119 adjustment	As at 01/07/2012 as restated
	\$'000	\$'000	\$'000
Non-Current Liabilities			
- Unfunded superannuation liability	8,110	1,348	9,458
Provisions	294,888	1,348	296,236
Total Non-Current Liabilities	297,424	1,348	298,772

(d) Impact on assets, liabilities and equity as at 30 June 2013

	As at 30/06/2013 as previously reported	AASB 119 adjustment	As at 30/06/13 as restated
	\$'000	\$'000	\$'000
Non-Current Liabilities			
- Unfunded superannuation liability	5,329	871	6,200
Provisions	287,143	871	288,014
Total Non-Current Liabilities	287,143	871	288,014

(e) Impact on assets, liabilities and equity as at 30 June 2014

	AASB 119 adjustment
	\$'000
Non-Current Liabilities	
- Unfunded superannuation liability	862
Provisions	862
Total Non-Current Liabilities	862

20. Events after the reporting date

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

End of Audited Financial Accounts

Appendices

▶ Appendix 1. Consumer Response	76
▶ Appendix 2. Legislative Change	76
▶ Appendix 3. Government Information (Public Access) Act 2009	77
▶ Appendix 4. Privacy and Personal Information Protection Act	82
▶ Appendix 5. Womens Action Plan	82
▶ Appendix 6. Human Resources	83
▶ Appendix 7. Expenditure On Consultants	85
▶ Appendix 8. Other Disclosures	86
▶ Appendix 9. Statutory Reporting Compliance	87

Appendix 1

CONSUMER RESPONSE

Customer complaints

There were two (2) complaints received relating to staff behaviour and two (2) complaints received on the interpretation of Corporation policy. On six (6) occasions the Corporation received negative comments. Two (2) were on communications issued by the Corporation, three (3) were on customer accessibility via the Corporation's communication channels and one (1) on dissatisfaction with service levels.

In the same period eight (8) compliments were received on the helpfulness and professionalism of Corporation staff.

Appendix 2

LEGISLATIVE CHANGE

There were no changes during the year to the *Long Service Corporation Act 2010*, the *Building and Construction Industry Long Service Payments Act 1986* or the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* or to the regulations.

Appendix 3

OBLIGATIONS UNDER THE GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

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

A review of the Corporation's procedures and practices under section 7 of the Act was conducted 27 June 2014. The Corporation has six (6) Right to Information Officers (RIO's), two (2) Senior RIO's and two (2) Executive RIO's for the actioning of requests. A policy is in place and staff are trained in GIPA Act guidelines. The Corporation's Agency Information Guide is on our Internet. The Long Service Corporation did not receive any requests this financial year.

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

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

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

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

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

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

TABLE A: NUMBER OF APPLICATIONS BY TYPE OF APPLICANT AND OUTCOME*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

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

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

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

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

TABLE C: INVALID APPLICATIONS

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

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

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

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

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

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

TABLE F: TIMELINESS	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

TABLE G: NUMBER OF APPLICATIONS REVIEWED UNDER PART 5 OF THE ACT (BY TYPE OF REVIEW AND OUTCOME)			
	Number of applications	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

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

TABLE H: APPLICATIONS FOR REVIEW UNDER PART 5 OF THE ACT (BY TYPE OF APPLICANT)	
	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 4

PRIVACY AND PERSONAL INFORMATION PROTECTION ACT

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

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

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

Appendix 5

WOMENS ACTION PLAN

Scheme

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

Staff

The Corporation has continued its flexible work time agreement which offers a wide bandwidth, no core time and provides for up to three (3) flexi-days in a six (6) week period to assist staff in meeting their work and family commitments. Nine (9) female officers worked in part-time leave without pay arrangements to assist in returning to work after maternity leave or to assist with parental responsibilities.

Appendix 6

HUMAN RESOURCES

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

Work practices/industrial relations

The Corporation performed well under its first full year after its restructure. This review and restructure enabled the Corporation to:

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

The Corporation has worked closely with staff and the Public Sector Association in areas such as:

- ▼ Grievance resolution
- ▼ Performance of higher duties
- ▼ Recruitment
- ▼ Implementation of the *Government Sector Employment Act 2013*

Training and development

The Corporation has a Performance Management Scheme in place. All staff have access to Safety and Return to Work courses and their online training in addition to external courses. Study leave is also available for appropriate courses. Staff training courses undertaken throughout the year include Conflict Resolution, Modern Business Writing, Risk Management, Marketing, Lean Six Sigma Management Training, Analysis and Problem Solving, Records Management, Good Governance and Work Health and Safety.

STAFFING STATISTICS

COMPARISON OF STAFF LEVELS		
BAND	2013/14	
	FEMALE	MALE
Band 4 (Secretary)	0	0
Band 3 (Deputy Secretary)	0	0
Band 2 (Executive Director)	0	0
Band 1 (Director)	0	2
Totals	0	2
	2	

STAFFING STATISTICS

COMPARISON OF STAFF LEVELS		
	RANGE \$	AVERAGE REMUNERATION
BAND		2013/14 \$
Band 4 (Secretary)	422,501 - 488,100	N/A
Band 3 (Deputy Secretary)	299,751 - 422,500	N/A
Band 2 (Executive Director)	238,301 - 299,750	N/A
Band 1 (Director)	167,100 - 238,300	176,402

5.2% of the Long Service Corporation's employee related expenditure in 2013/14 was related to senior executives.

CHIEF AND SENIOR EXECUTIVE OFFICERS				
	2010/11	2011/12	2012/13	2013/14
SES Officers/Senior Officers	1	1	2	2
Number of Female SES officer	-	-	-	-
Number of SES officers at Level 5 and above	-	-	-	-

COMPARISON OF STAFF LEVELS CHIEF AND SENIOR EXECUTIVE OFFICERS				
	FTE 2010/11	FTE 2011/12	FTE 2012/13	FTE 2013/14
Temporary Contracting Staff	3.3	3	6.4	1
Employees covered by the Crown Employees Award	54.8	61.9	60.7	65.57
Total	58.1	64.69	67.1	66.57

Appendix 7

EXPENDITURE ON CONSULTANTS

Expenditure on consultants 1 July 2013 - 30 June 2014

CONSULTANTS COSTING \$50,000 OR MORE	PROJECT	AMOUNT (EXCL GST) \$
Finance and Accounting/Tax		
PricewaterhouseCoopers Securities Ltd	Preparation of Qrtly Invest Report (Mar 13, Jun 13, Sept 13, Dec 13 & Mar 14)	96,577
Subtotal		96,577
CONSULTANTS COSTING LESS THAN \$50,000	PROJECT	AMOUNT (EXCL GST) \$
Finance and Accounting/Tax		
PricewaterhouseCoopers Securities Ltd	2 projects totalling	53,970
Ferriers Practice	Provision for scheme liability & Disclosure 2013	2,625
Information Technology		
Information	Trim review and upgrade advice	5,400
Subtotal		61,995
Total		158,572

Appendix 8

OTHER DISCLOSURES

- ▼ The Corporation has no subsidiaries and has not entered into joint ventures or partnerships with other organisations.
- ▼ The Corporation does not own real estate property nor was any real estate property disposed of during the year.
- ▼ Officers made no overseas visits during the year
- ▼ No research or development programs were undertaken
- ▼ There were no grants made to non government community organisations
- ▼ The Corporation does not use or hold credit cards

STATISTICAL INFORMATION ON PUBLIC INTEREST DISCLOSURES	
	July 2013 – June 2014
Number of public officials who made PIDs	0
Number of PIDs received	0
Of PIDs received, number primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of PIDs finalised	0

Between July 2013 and June 2014 no Long Service Corporation officials made public interest disclosures.

As a member of the NSW Treasury cluster the Corporation adopted Treasury's "Public Interest Disclosures Internal Reporting Policy".

An awareness session on Fraud and Corruption and Public Interest Disclosure Reporting was delivered to all Corporation staff during 2013/2014. The Director Long Service Corporation also endorsed that all Corporation staff undergo the PID Awareness e-learning module available on the NSW Ombudsman website.

Exemptions from the Reporting Provision:

As a small statutory body the Corporation need only report on a triennial basis in relation to: Disability, Workforce diversity, Multicultural policies and services program, Occupational health and safety and Waste. These areas were reported in 2011/2012.

Appendix 9

STATUTORY REPORTING COMPLIANCE

REQUIREMENT	REFERENCE
Aboriginal and Torres Strait Islanders	Not Applicable – See Exemptions - Page 86
Access Details	Page 2
Agreements with the Community Relations Commission	Not Applicable – Other disclosures - Page 86
Aims and Objectives	Page 6 - 7
Annual Report production costs and details	Page 2
Budgets	Page 36
Charter	Page 6
Consultants	Page 85
Consumer Response	Page 76
Credit Card Certification	Not Applicable – Other disclosures - Page 86
Digital Information Security Policy Compliance Attestation Statement	Page 31
Disability Plan	Not Applicable – See Exemptions - Page 86
Disclosure of Controlled Entities	Not Applicable
Economic and other factors affecting achievement of operational objectives	Page 9
Exemptions from reporting	Page 86
Financial Statements	Page 36
Funds granted to non-government community organisations	Not Applicable – Other disclosures - Page 86
Government Information (Public Access) Act 2009	Page 77
Human Resources	Page 83
Identification of audited financial statements	Page 36 - 74
Implementation of price determination	Not Applicable – Other disclosures - Page 86
Internal Audit and Risk Management Policy Attestation	Page 30
Investment performance	Page 33
Land disposal	Not Applicable – Other disclosures - Page 86
Legal Change	Page 76
Letter of Submission to the Minister for Industrial Relations	Page 3
Liability management performance	Page 59
Management and Activities	Page 6 - 7
Management and Structure	Page 10 - 11
Multicultural Policies and Services Program	Not Applicable – See Exemptions - Page 86
Occupational Health and Safety	Not Applicable – See Exemptions - Page 86
Payment of accounts	Page 34
Performance and numbers of senior executives	Page 83
Privacy and Personal Information Protection	Page 82
Promotion	Not Applicable – Other disclosures - Page 86
Public Interest Disclosures	Not Applicable – Other disclosures - Page 86
Requirements arising from employment arrangements	Refer to Notes to the Financial Statements 1(i) (iv) - Page 49
Research and development	Not Applicable – Other disclosures - Page 86
Risk management and insurance activities	Page 28
Summary Review of Operations	Page 14 - 21
Time for Payment of Accounts	Page 34
Waste Reduction	Not Applicable – See Exemptions - Page 86
Workforce Diversity	Not Applicable – See Exemptions - Page 86



Long Service
CORPORATION