NSW GOVERNMENT

ANNUAL REPORT 2018-2019

Long Service Corporation

Long Service Corporation
32 Mann Street
Gosford NSW 2250

Postal address
Locked Bag 3000
Central Coast MC NSW 2252

Contact
T 13 14 41
W 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 on the Long Service Corporation website at www.longservice.nsw.gov.au.

31 October 2019

McKell Building – 2-24 Rawson Place, Sydney NSW 2000
Tel 02 9372 8877 | TTY 1300 301 181
www.customerservice.nsw.gov.au
www.nsw.gov.au

The Hon. Kevin Anderson
Minister for Better Regulation and Innovation
52 Martin Place
SYDNEY NSW 2000

Dear Minister

Long Service Corporation Annual Report 2018-19

I am pleased to submit the annual report for Long Service Corporation for the year ended 30 June 2019, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Report (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and regulations under those Acts.

Yours sincerely

Glenn King
Secretary, Department of Customer Service

Contents

Chief Executive Officer’s Report

I am pleased to present the 2018-19 Annual Report for Long Service Corporation (LSC). I was appointed in April 2019 as Secretary of the Department of Finance, Services and Innovation (DFSI). I would like to acknowledge and thank former CEO Martin Hoffman, who oversaw LSC as part of the Department.

LSC is focused on service delivery and monitors customer satisfaction through a Net Promotor Score (NPS) survey. The baseline score of +15 has increased to +30 over the year which is a significant improvement.

Key priorities delivered to make it easier for customers to do business with LSC included, proactive and targeted messaging to customers through publications, newsletters and annual statement delivery. The addition of help messaging on the levy portal assists customers to provide more accurate details. Translation service advice and simpler messages were incorporated into contract cleaning worker guides and new worker packs which has increased satisfaction of this customer segment. The rebranding of all collateral to the NSW waratah has provided clear identification of LSC as a State Government agency to our customers.

The completion of multiple enhancements to existing systems has provided customers with a better digital experience. For example, claims forms are delivered faster and more efficiently to customers, tax agents can now submit more returns electronically, and greater mobile phone compatibility has been released for levy payers. Improved cyber security was delivered across all customer portals coupled with staff cyber security training as part of LSC’s risk mitigation strategies.

Through extensive customer journey discovery and mapping, LSC now has an in-depth understanding of customer pain points which was used to complete the high-level design phase for the ongoing project to improve customer service through a new integrated leave system (NILS). By better understanding our customers’ experiences, we can develop systems and services that will make it easier for customers to transact with us.

I would like to thank the Chair and members of the Building and Construction Industry Long Service Payments Committee (BCI Committee), the Contract Cleaning Industry Long Service Leave Committee (CCI Committee) and the Audit and Risk Committee for their contribution and advice during the year.

Thank you to LSC Director Kathy Skuta and the team for their continued commitment to providing exceptional customer service and ongoing digital improvements throughout the year. I look forward to working with the team in 2019-20 to deliver on the Government’s Priorities, putting the customer at the centre of everything we do.

Glenn King
Secretary, Department of Customer Service

1. About Long Service Corporation

1.1 Who we are

LSC, a separate statutory authority and part of DFSI, was established as the Building and Construction Industry Long Service Payments Corporation in 1982. With the introduction of the *Long Service Corporation Act 2010* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*, the organisation's name changed to the Long Service Corporation.

LSC administers the *Building and Construction Industry Long Service Payments Act 1986* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* to provide portable long service payments to building and construction and contract cleaning workers in NSW.

Prior to the introduction of these schemes, many workers in the building and construction and contract cleaning industries were unable to qualify for an entitlement for leave under the *Long Service Leave Act 1955* as they did not remain with the same employer for a long enough period. The schemes administered by LSC enable workers to receive long service benefits for their service in their industry.

As at 30 June 2019, LSC provides portable long service schemes to 422,455 workers and 34,154 employers in the building and construction industry and 74,999 workers and 828 employers in the contract cleaning industry.

Our stakeholders

LSC has a diverse range of stakeholders in the building and construction and the contract cleaning industries. The organisation engages with the NSW community, government, employers, workers and third parties. LSC monitors its engagement through customer satisfaction surveys and feedback.

Stakeholders	Key issues
NSW community (Levy payers and general community)	- Levy payers: Levy payment of 0.35% on all building and construction work valued at $25,000 and above; and 1.7% of ordinary wages for the contract cleaning scheme. - General community: Information about levy rate and why we have it.
Workers (Workers, contractors, trade unions)	- Workers: Registration, recording service, claiming entitlements, other scheme related information and advice. - Contractors: Registration, recording service, claiming entitlements, other scheme related information and advice. - Trade unions: Worker advocacy, scheme coverage, scheme entitlements and industry committee membership.
Employers (Employers, employer groups/industry associations)	- Employers: Responsibilities under the Acts, registration, lodging worker service returns, claiming entitlements, compliance, levy contributions, payment plans and queries. - Employer groups: Employer advocacy, scheme coverage, scheme entitlements and industry committee membership.
Third parties (Private certifiers, suppliers, interstate schemes, tax agents)	- 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 contractors in the building and construction scheme.
Government (Local government, government agencies)	- Local government: Levy collection agent, scheme information for the building and construction scheme. - Government agencies contracting work in both industries: Responsibilities under the Acts.

1.2 Legislation administered

LSC administers Acts and Regulations on behalf of the Minister for Better Regulation and Innovation. The following Acts and Regulations constitute the primary legislation which governs LSC's core business:

- *Building and Construction Industry Long Service Payments Act 1986 No 19;*
- *Building and Construction Industry Long Service Payments Regulation 2017;*
- *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010 No 122;*
- *Contract Cleaning Industry (Portable Long Service Leave Scheme) Regulation 2017; and*
- *Long Service Corporation Act 2010 No 123.*

1.3 What we do

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 structure

LSC has four core business areas:

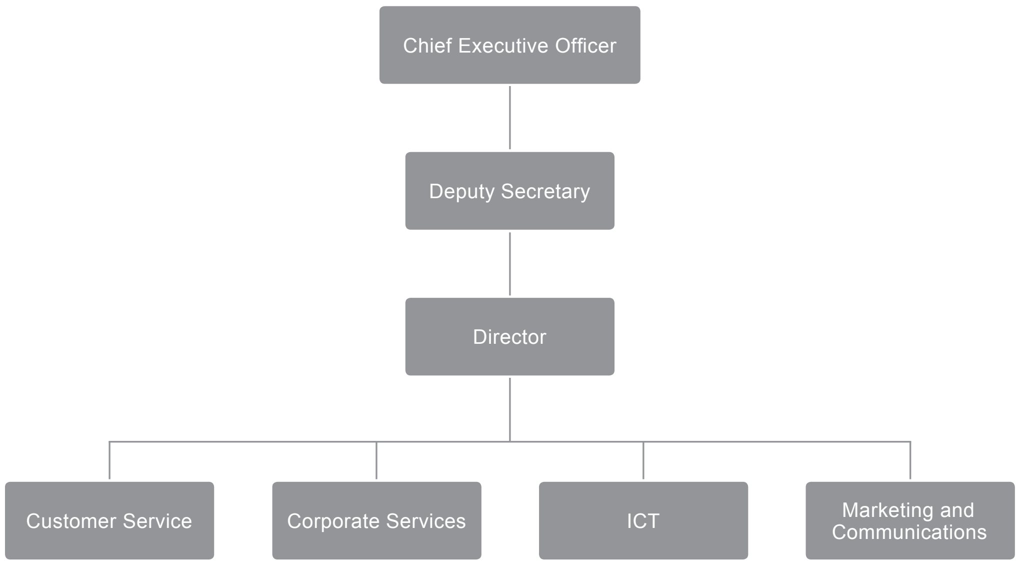
Customer Service – delivers frontline service to customers including quality assurance; appeal investigations; initiatives to improve and streamline client services; and compliance.

Corporate Services – provides on-going support services of financial management; budgeting; levy collection; audit and risk management; committee secretariat; records, assets and facilities management; procurement and contract management.

Information Communication Technology (ICT) – implements new core ICT systems, including enhancement projects to deliver improvements to customer service; information security management and managing business as usual ICT needs.

Marketing and Communications – manages business planning; annual reporting; legislative campaigns; internal and external communication; and website, intranet and digital media management.

Organisational structure



1.4 Principal officers

Glenn King, Secretary (Department of Customer Service)

Rose Webb, Deputy Secretary (Better Regulation Division)

Kathy Skuta, Director

Liz Roberts, Senior Manager Customer Service

Allison Payne, Senior Manager Corporate Services

Chris Merry, Senior Manager ICT

Wendy Garrihy, Acting Manager Marketing and Communications

2. Highlights and achievements

2.1 Director's report

The 2018-19 financial year was one of system and process improvements focused to deliver first class customer service.

LSC finished the year with an operational deficit of $19.7 million (2018: Surplus $153.2 million) and an equity balance of $352.3 million (2018: $372 million). The operating result was strongly influenced by the decline in the Commonwealth Government Bond rate, the discount rate used to calculate the present value of Scheme liabilities, contributing to an $88 million additional liability provision.

LSC's Investment Fund return of 9.5 per cent was marginally below the benchmark of 10.2 per cent. The fund is now valued at over $1.5 billion and includes $53 million transferred into the fund from operating bank accounts during the financial year.

Levy revenue decreased by $5.9 million (3 per cent) to $189 million compared to the previous financial year. Total claims paid increased by 20 per cent to $94.2 million. Total expenses increased by $176.2 million (102 per cent) to $347.4 million. As noted above, $88 million of the increase in expenses was attributable to the movement in the discount rate. The balance of the expense increase was largely as a result of changes made to other assumptions of the Scheme actuary (financial and demographic), and an increase in the number of workers included in the liability valuation.

We successfully relocated our offices in January 2019 from Watt St, Gosford to the new and purpose-built offices located at 32 Mann St, Gosford with no disruption to customer service.

The dedicated team at LSC responded to nearly 160,000 enquiries, an increase of 13 per cent, and paid over 14,000 claims, an increase of almost 20 per cent.

Under Public Interest Disclosure, one investigation took place resulting in no required action.

I look forward to another productive year working with staff and stakeholders to continue to provide a great customer experience. LSC will maintain its focus on delivering service improvements and providing exceptional customer service.

Kathy Skuta
Director

2.2 Review of operations

Business Plan 2018-19

Focus	Actions	Target
Our People	Relocate to new Mann St Gosford office implementing agile work arrangements	Receive positive result from staff survey specific to the move
	Develop and implement strategy to improve staff engagement	People Matter Employment Survey shows positive engagement score of >65%
	Technical support for LSC staff	Minimal downtime
	Promote a healthy workplace where measures are in place to control and reduce risks	Maintain zero tolerance to workplace injury and fatalities
Our Customers, Services and Innovation	Identify and complete level one enhancement projects	Timeline in place to manage enhancement implementation
	Identify and automate low risk operational actions	Plan implemented efficiencies into work processes
	Implement team and individual scorecards	Communicate and train in the scorecard process
	Implement customer complaint analysis systems	Increase customer NPS score
	Contribute to consistent branding across NSW Government	Complete rebranding of LSC collateral to NSW Waratah logo by 30/06/2019
	Create CCI scheme awareness	Increase CCI worker NPS score
	Identify planned BAU and multi-channel communication activity	Detailed three year marketing plan completed by 30/08/2018
Our Governance, Regulation and Finance	Levy reduction on BCI development and review CCI levy and benefits for potential amendment	Reduce red tape and industry compliance costs resulting in decreased levy payments
	Proactively educate BCI and CCI employers on scheme compliance	Implement a BCI and CCI education strategy
	Improve customer experience through greater capacity for electronic transactions	Design and build a new integrated digital system (NILS) to manage portable long service schemes and finance systems
	Better understand customer needs through data and business intelligence	Refine cross system data to be reliable and clean
	Deliver Annual Report	Annual Report delivered on schedule to DFSI
	Effectively manage risk	Ensure compliance with all finance and procurement policies
	Increase cyber security awareness	Cyber security awareness completed by all staff
	Investment strategy review	Investment earnings and Budget targets move toward Risk Appetite tolerances

Organisational overview

- LSC employee engagement improved with a score of 64 per cent (+1) as measured through the NSW Public Sector Employee Survey 2019. Key drivers of higher engagement were improved communication and job satisfaction. A notable detractor was a decline in satisfaction with flexible working arrangements.
- Ninety-three per cent of staff reported that they strive to achieve customer satisfaction which is an indication of our commitment to customer service.
- New measures taken to improve customer service have included developing a Customer Service Standard to document the experience we expect to deliver on every customer service. This will facilitate staff feedback and coaching, as well as implementing clear reporting dashboards to facilitate data analysis highlighting what we are doing well and where we need further improvement.
- The call evaluation program to appraise incoming calls continues to deliver quality customer service to our customers.
- Staff training in 2018-19 financial year included: privacy; updates in policies and procedures on matters such as employees vs contractors, appeals and good decision making, mining worker guideline and customer feedback; system enhancements; customer service standards; and risk and opportunity management. In addition, all people leaders are completing five leadership modules and four staff were trained as Transformation Leaders.
- Performance Development Plans were completed with all ongoing staff.

Operations overview 2018-2019		
	Building and Construction Industry (BCI)	**Contract Cleaning Industry (CCI)**
New worker registrations	51,398 ↑	7,825 ↓
Workers removed from register	20,466 ↓	3,539 ↓
Total numbers of active registered workers	422,455 ↑	74,999 ↑
New employer registrations approved	3,493 ↓	90 ↓
Total number of registered employers	34,154 ↓	828 ↓
Levy payments via online portal	65,496 ↑	n/a
Value of levies collected	$176.2 million ↓	$12.8 million ↑
Worker claims	11,026 *($84.7 million)* ↑	196 *($0.6 million)* ↑
Employer claims	1,259 *($5.4 million)* ↑	1,570 *($3.5 million)* ↑
Inbound calls to Helpline	102,934 ↑	
Customer enquiries by email	32,705 ↑	
Customer enquiries via internet	9,945 ↑	
Paper correspondence	13,570 ↓	

Compliance activity

A compliance program targeting large and medium size CCI employers who were not participating in the scheme resulted in:

- Registration of 136 new employers, increasing active employer registrations by 16.8 per cent;
- Registration of 4,471 new employees, increasing active employee registrations by 6.0 per cent;
- Additional levy revenue of $1.32 million was collected, increasing levy revenue by 10.8 per cent;
- A total of $1.76 million in additional levies was identified, with the remaining $440,000 due in 2019/20 under payment plans negotiated to assist employers meet their obligations.

Investigations of BCI employers and workers were conducted into 118 cases of suspected ineligible claims and service. This resulted in the cancellation of 111 worker registrations and 1,306 years of service with estimated savings of $1.19 million.

Investigations of new construction projects valued at over $1 million, identified by data matching with construction databases, resulted in the recovery of $1.89 million in unpaid BCI levies.

2.3 Committees - Building and Construction Industry Long Service Payments Committee

The BCI Committee is constituted under the *Building and Construction Industry Long Service Payments Act 1986* (the Act). It is an advisory and appellate body, consisting of 10 part-time members appointed by the Minister and chaired by the CEO or delegate. The BCI 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 Committee decides appeals lodged against LSC decisions to: reject an application for registration in the scheme made on behalf of or by workers; cancel registrations of workers in the scheme; and refuse service credits to registered workers.

It also decides appeals lodged by levy payers in relation to an assessment made of the amount of a long service levy due for construction 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 BCI Committee also acts as 'Customer Council' in relation to customer service standards and helps ensure that the quality and effectiveness of services meet customers' needs.

This year the BCI Committee met on four occasions, providing support and advice to LSC regarding issues such as:

- Greater clarification regarding Supervisor coverage
- Endorsement of guidelines regarding eligibility of building and construction workers on mine sites
- Review of Employer Guide
- Avenues for greater communication with industry stakeholders including workers, employers and apprentices
- Guidance on potential scheme policy changes
- Reviewing the scheme levy.

Appeals

Sections 49-54 of the Act empower the BCI Committee to determine appeals lodged by workers, employers and levy payers in relation to certain LSC decisions. Appeals are considered and determined on the basis of documentary evidence submitted by the parties involved.

There were no new appeals lodged by levy payers in the 2018-19 financial year.

The Committee heard and gave consideration to 166 appeals lodged by workers.

BCI Industry Committee July 2018 - June 2019

BCI Industry Committee Members	Meeting attendance
Mary Snell (BA, LLB, MBA) Deputy Counsel, DFSI *Chairperson*	4 out of 4
David Castledine (B. Eng, LL,B, GAICD) CEO, Civil Contractors Federation (CCF) NSW *Directly appointed by the Minister* *Member to 21 February 2019*	1 out of 2
Liza Isho (B. Laws (LLB)/B Business) Senior Workplace Relations Consultant, Australian Federation of Employers and Industries (AFEI) Associate Solicitor AFEI Legal *Nominated jointly by the Masters Builders Association NSW (MBA) and the AFEI* *Member to 21 February 2019*	2 out of 2
Con Tsiakoulas Unions Organiser, NSW Plumbers Union *Nominated by Unions NSW* *Member to 21 February 2019*	2 out of 2
Melissa Adler (B. Com, LLB) Executive Director Workplace Relations, NSW Housing Industry Association (HIA) *Directly appointed by the Minister* *Member to 7 August 2018*	0 out of 1
Karen Kellock (Dip HR, Cert IV WHS, Cert IV TAE) Apprenticeship Services Manager, MBA NSW *Nominated jointly by the MBA NSW and the AFEI*	4 out of 4
Iain Jarman (Grad Dip Commerce, Grad Dip Corporate, Securities, Finance, Law, Grad Cert Public Sector Management) Industrial Officer, MBA NSW *Nominated jointly by the MBA NSW and the AFEI*	4 out of 4
Paula Thomson (LLB/B Business) Manager Workplace Relations, AFEI Associate *Nominated jointly by the MBA NSW and the AFEI* *Member from 22 February 2019*	2 out of 2
Rita Mallia (B. Economics/Law) State President, Construction Forestry Mining Energy Union (CFMEU), (Construction and General Division) NSW *Nominated by Unions NSW*	2 out of 4
Kate Minter (BA Social Science, Masters Science) Research Officer, Unions NSW *Nominated by Unions NSW*	4 out of 4
Thomas Costa Assistant State Secretary, Unions NSW *Nominated by Unions NSW* *Member from 22 February 2019*	2 out of 2
Brian Seidler (B. Build) Executive Director, MBA NSW *Directly appointed by the Minister*	4 out of 4
David Bare (BE (Mat.) Business Management Certificate (General Management)) Executive Director, HIA *Directly appointed by the Minister*	3 out of 4
Robyn Fortescue (BA) Assistant State Secretary, Australian Manufacturing Workers Union (AMWU) *Nominated by Unions NSW* *Member from 22 February 2019*	2 out of 2
Guy Noble (BA Sociology; LPAB) Manager Workplace Service, HIA *Directly appointed by the Minister* *Member from 22 February 2019*	2 out of 2

2.3 Committees - Contract Cleaning Industry Long Service Leave Committee

The CCI 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 CEO or his delegate. The CCI Committee is constituted under Section 9 of the Act and is empowered to determine appeals under sections 77-84 of the Act.

The Committee decides appeals lodged by workers against LSC decisions: to reject an application for registration in the scheme made on behalf of or by workers; cancel registrations of workers in the scheme and apply a limit on the minimum and maximum rates of pay used to claim (where applicable).

It also decides appeals lodged by employers against LSC 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; and refuse to grant an extension of time to pay a levy.

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

This year the CCI Committee met on three occasions, providing support and advice to LSC regarding issues such as:

- Avenues for ensuring greater employer compliance with legislation
- Education and knowledge sharing of scheme information to employers and workers from non English speaking backgrounds
- Reviewing the scheme levy
- Reviewing new CCI scheme forms and policies.

Appeals

Sections 77-84 of the Act empowers the CCI Committee to determine appeals lodged by workers and employers in relation to certain decisions. Appeals are considered and determined on the basis of documented evidence submitted by the parties involved.

There were no appeals lodged and determined this financial year.

CCI Industry Committee July 2018 - June 2019

CCI Industry Committee Members	Meeting attendance
Mary Snell (BA, LLB, MBA) Deputy Counsel, DFSI *Chairperson*	3 out of 3
Emma Maiden (B. Economics, Dip Law) Assistant Secretary, Unions NSW *Nominated by Unions NSW* *Member to December 2018*	0 out of 2
Georgia Potter-Butler (LLB/BA Barrister and Solicitor NZ) Industrial Officer, Unions NSW *Nominated by Unions NSW*	2 out of 3
Ravindra Naidoo (BA (Hons) Economics, CPA) Financial Controller, Quad Services *Nominated by the Building Service Contractors Association of Australia (BSCAA)*	2 out of 3
Nicholas Jenkinson (MBA Business Management, BA (Hons) Business & Marketing, BTEC National Diploma) State Manager, Pickwick Group *Nominated by the BSCAA*	2 out of 3
John Laws (Cert IV Assessment, Cert IV Finance Broking, Cert Personnel Administration) Executive Director, Australian Cleaning Contractors' Alliance (ACCA), Registered Contract Cleaning Manager *Nominated by the ACCA* *Member to 31 December 2018*	1 out of 2
Alex Morales (BA Communications) Lead Organiser, United Voice *Nominated by United Voice*	3 out of 3
Mel Gatfield (BA Industrial Relations) Branch Secretary, United Voice *Nominated by United Voice*	3 out of 3
Natasha Flores BA (Hons), LLB, MLLR, DipEd Industrial Officer *Nominated by Unions NSW* *Member from 22 February 2019*	1 out of 1
Jamie Halfhide Masters Business Administration, Dip Business Management National Sales Manager, Guardian Property Services *Directly appointed by the Minister* *Member from 22 February 2019*	1 out of 1
Charlie Vasilas General Manager, Ezko Property Services (AUST) Pty Ltd *Directly appointed by the Minister* *Member from 22 February 2019*	1 out of 1

3. Governance

3.1 Audit and risk management and insurance activities

Audit and Risk Committee

LSC has its own independent Audit and Risk Committee (ARC) comprising of a Chair and two members. The committee meets regularly to monitor identified risks and oversee audits and reviews of LSC activities.

ARC Committee	Meeting attendance
Dr Felicity Barr PhD, MHSc, BA, FAICD, FAAG	5 out of 5
Malcolm Freame BEc, FCA, CISA, GAICD	5 out of 5
Neal O'Callaghan BEc, DipAcc, GAICD	5 out of 5

Business Continuity Management and Planning

LSC's localised Business Continuity Management (BCM) plan and its associated supporting documentation was reviewed and tested as part of LSC's participation in the Better Regulation Division's (BRD) test exercise in August 2018. LSC's BCM plan was subsequently reviewed at the time of office relocation in January 2019 to ensure its applicability in the new location. In addition, key LSC staff are nominated as BCM Coordinators for the cluster BCM plan and are included in all relevant correspondence.

LSC was also included in the cluster-wide Crisis Management staff awareness campaign in June 2019.

Compliance, Risk, Assurance Management System

LSC's identified risks and controls are maintained in the Protecht ERM Risk, Compliance and Assurance software management system. During the year LSC was an active participant on the BRD Risk Subcommittee, increasing the Risk Management resources available to LSC.

Risk assessment

Similar to last financial year, strategic and operational risk workshops were conducted with management to identify and assess LSC's material risks and their associated controls.

All LSC's major IT projects undergo monthly risk reviews and assessments, with updates provided to the relevant steering committee and the ARC on changes to risk ratings and the progress of any mitigation strategies and actions.

A risk report is also provided regularly to the ARC on risks rated significant and above as well as new and emerging risks. Key strategic risks and emerging risks are also reported through to the cluster ARC by the BRD risk team.

Insurance

LSC has insurance in place to cover all its assets and major risks. Insurance coverage includes workers' compensation, building contents (including office equipment), motor vehicles and public liability. This insurance is held with the NSW Government's self-insurance scheme, the Treasury Managed Fund (TMF).

The TMF Premium Incentive Scheme encourages effective risk management. Agencies that manage risk well receive lower premiums, while those with poor risk management are penalised.

LSC's initial insurance premiums for 2018-19 totalled $31,385 (2017-18: $28,972).

To minimise the likelihood and impact of workplace injury, LSC's workers compensation risks are actively managed with pre-emptive six monthly workplace inspections, early intervention and a local Work Health and Safety Committee as well as representation on the BRD Health and Safety Committee.

Internal Audit and Risk Management Attestation Statement for the 2018-19 Financial Year for Long Service Corporation (LSC)

I, Glenn King, Chief Executive Officer of the Long Service Corporation, am of the opinion that the LSC has internal audit and risk management processes in operation that are compliant with the eight core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector,* specifically:

Core requirements	For Each requirement please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 the agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- **Independent Chair:** Felicity Barr, appointed July 2013 (initially as a member until July 2017, when she was appointed as Chair), extended in February 2015 to 31 July 2019.

- **Independent Member:** Neal O'Callaghan, appointed July 2013, extended in July 2016 to 1 August 2020.
- **Independent Member[1]:** Malcolm Freame, appointed July 2017 for a period of three years, with an option to extend by another two.

Glenn King
Chief Executive Officer
Long Service Corporation

Date: September 5, 2019

Agency Contact Officer
Geoff Campbell

Chief Audit Executive, 9372 8040

geoff.campbell@finance.nsw.gov.au

[1] Due to a machinery of government change, LSC moved from NSW Treasury to NSW Department of Finance Services and Innovation on 01 January 2018. As a result, through no fault of his own, Mr Freame ceased to meet the definition of independent as per TPP 15-03. Subsequently (20 June 2018), Minister Kean granted an exception to Mr Freame with regards to the independence provision under the policy until 31 December 2018 at which time he again met the definition of independent.

3.3 Cyber Security Annual Attestation Statement for 2018-19

Customer Service

McKell Building – 2-24 Rawson Place, Sydney NSW 2000
Tel 02 9372 8877 | TTY 1300 301 181
www.customerservice.nsw.gov.au
www.nsw.gov.au

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for the Department of Customer Service.

I, Glenn King, Secretary of the Department of Customer Service (DCS), formerly DFSI, am of the opinion that the public sector agencies, or part thereof, (listed below) since the publication of the NSW Government Cyber Security Policy (CSP) on 1 February 2019, have:

i) managed cyber security risks in a manner consistent with the mandatory requirements set out in the CSP;
ii) assessed and managed risks to information and systems;
iii) ensured governance is in place to manage the cyber-security maturity and initiatives;
iv) a cyber incident response plan which has been exercised during the reporting period, and;
v) undertaken independent reviews, audits and ISMS certifications or effectiveness of controls or reporting against the mandatory requirements of the CSP which was found to be adequate.

I, Glenn King, am of the opinion that GovConnect NSW's service providers, GovDC, Revenue NSW, Service NSW and Spatial Services had certified compliance with ISO/IEC 27001 for the reporting period.

I, Glenn King, am of the opinion that Department of Customer Service, Better Regulation Division, Data Analytics Centre, GovConnect NSW, Government Technology Platforms, Long Service Corporation, NSW Telco Authority, Property NSW, Service NSW and State Insurance Regulatory Authority had an independent audit of cyber security controls.

I, Glenn King, am of the opinion that Births Deaths and Marriages, Liquor, Gaming and Racing Bodies, Information and Privacy Commission, having moved under the Department of Customer Service on 1 July 2019 are submitting CSP maturity reporting and attestation to their respective former clusters for FY 18-19.

I, Glenn King, am of the opinion that Independent Pricing and Regulatory Tribunal and NSW Architects Registration Board are submitting CSP maturity reporting and attestation to their respective Ministers for FY 18-19.

The entities included for the purposes of this attestation are:

- The Department of Customer Service
- Better Regulation Division
- Data Analytics Centre
- GovConnect NSW
- Government Technology Platforms
- Long Service Corporation
- NSW Telco Authority
- Revenue NSW
- Property NSW
- Spatial Services
- State Insurance Regulatory Authority

Enhancements are in progress to appropriately manage the cyber security maturity and initiatives of DCS entities to meet the requirements of this policy.

Yours sincerely

Glenn King
Secretary

18 September 2019

3.4 Accessing LSC information

Government Information (Public Access) Act 2009

All Government Information (Public Access) (GIPA) and privacy matters relating to LSC are handled by DFSI Ministerial Services. DFSI GIPA policy and reporting is conducted and reported by the department.

Privacy and Personal Information Protection Act 1998

LSC respects the privacy of members of the public who use our services and of our employees. In accordance with section 33 of the *Privacy and Personal Information Protection Act 1998*, LSC has a Privacy Management Plan in place with a copy provided to the Privacy Commissioner. No applications have been received for internal review of conduct under Part 5 of the 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 includes training on policies and guidelines for protecting personal information and privacy, particularly for staff on the Helpline. Online training modules on privacy requirements are available and ongoing face-to-face training is provided to staff each year to ensure the protection of our customer’s information.

LSC’s formal complaint mechanism encompasses situations where customers have grievances in respect to requirements of the Act.

4. Financial performance summary

FINANCIAL PERFORMANCE SUMMARY

REVENUE AND EXPENSES

Financial YTD, revenue from all sources amounted to $327.8 million, whilst expenditure amounted to $347.4 million. This resulted in a comprehensive loss of $19.7 million.

The actual net result was less than budget by $69.1 million, primarily due to the following:

	$'000
• Increased return on TCorp Hour-Glass investment facilities, including LSCIFT	45,986
• Increased collection of levies from both Schemes	31,981
• Decreased Finance cost due to changes in discount rate *	-
• Decreased Finance cost due to unwinding of discount rate	34,257
• Increased Long service expense	(176,549)
• Increased Personnel services expense	(4,083)
• Increase in Consulting and Contractor expenses	(1,161)
• Decreased other expenses	496
	(69,073)

BUDGET FORECAST AND RESULT	Actual 2019 $'000	Budget 2019 $'000	Budget 2020 $'000
Expenses excluding losses			
Operating expenses			
Personnel services	12,140	8,057	8,259
Other operating expenses	303,284	125,725	241,755
Depreciation and amortisation	142	427	1,242
Finance costs	31,881	66,138	35,762
TOTAL EXPENSES EXCLUDING LOSSES	**347,447**	**200,347**	**287,018**
Revenue			
Investment revenue	138,586	92,600	117,566
Retained taxes, fees and fines	188,981	157,000	214,500
Other revenue	194	134	210
Total Revenue	**327,761**	**249,734**	**332,276**
Gain/(loss) on disposal	-	-	-
NET RESULT	**(19,686)**	**49,387**	**45,258**

FINANCIAL TRENDS	Actual 2015 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2018 $'000	Actual 2019 $'000
Expenses excluding losses					
Operating expenses					
Personnel services	7,514	11,992	4,226	5,734	12,140
Other operating expenses	68,151	74,869	94,332	135,487	303,284
Depreciation and amortisation	233	152	122	215	142
Finance costs	56,684	60,781	55,623	29,805	31,881
TOTAL EXPENSES EXCLUDING LOSSES	**132,582**	**147,794**	**154,303**	**171,241**	**347,447**
Revenue					
Investment revenue	94,436	30,231	117,565	129,337	138,586
Retained taxes, fees and fines	144,498	165,630	161,282	194,862	188,981
Other revenue	112	140	173	192	194
Total Revenue	**239,046**	**196,001**	**279,020**	**324,392**	**327,761**
Gain/(loss) on disposal	15		(29)	-	-
NET RESULT (DEFICIT)SURPLUS	**106,479**	**48,207**	**124,688**	**153,151**	**(19,686)**

FINANCIAL POSITION

The principal assets continue to be investments of $1733.8 million, in TCorp "Long Term Growth" Long Service Corporation Investment Fund and the Treasury Banking System and the principal liabilities are the estimates for the Provision for Scheme Liabilities of $1,458.1 million as assessed by actuarial consultants. Equity decreased by $19.7 million with accumulated funds of $352.3 million at 30 June 2019 . 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 Investment Fund administered by NSW Treasury Corporation (TCorp) utilising external managers under contract to Tcorp and the Treasury Banking System.

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

	BALANCE ON HAND AS AT		INVESTMENT PERFORMANCE		BENCH MARK
FUND CATEGORIES	30 JUNE 2019 $'000	30 JUNE 2018 $'000	INCOME $'000	RETURN %	RETURN %
Long term growth	1,512,786	1,327,493	132,293	9.45%	10.15%
Cash	-	-	-	0.00%	0.00%
Term Deposits	221,000	221,000	5,286	2.39%	2.39%
TOTAL	1,733,786	1,548,493	137,579		

ACCOUNTS PAYABLE PERFORMANCE

Aged analysis at end of each quarter		Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
All suppliers						
	Sep-18	1,767,814	-	-	-	-
	Dec-18	1,785,359	-	-	-	-
	Mar-19	898,361	-	-	-	-
	Jun-19	805,001	-	-	-	-
Small business suppliers						
	Sep-18	24,096	-	-	-	-
	Dec-18	13,809	-	-	-	-
	Mar-19	5,589		-	-	-
	Jun-19	7,410	-	-	-	-

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-18**	**Dec-18**	**Mar-19**	**Jun-19**
All suppliers				
Number of accounts due for payment	305	267	156	96
Number of accounts paid on time	305	267	156	96
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	1,767,814	1,785,359	898,361	805,001
Dollar amount of accounts paid on time	1,767,814	1,785,359	898,361	805,001
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	26	19	8	7
Number of accounts paid on time	26	19	8	7
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	24,096	13,809	5,589	7,410
Dollar amount of accounts paid on time	24,096	13,809	5,589	7,410
Actual percentage of accounts paid on time (based on $)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil

Commentary

The Corporation's policy aligns with 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.

5. Financial statements

5.1 Statement of Chief Executive Officer

LONG SERVICE CORPORATION

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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 and financial performance of the Long Service Corporation as at 30 June 2019.

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 2015*, 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.

Glenn King

Chief Executive Officer, Long Service Corporation

Dated: 25/9/19

INDEPENDENT AUDITOR'S REPORT

Long Service Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Long Service Corporation (the Corporation), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2019, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Other Information

The Corporation's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Corporation is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- 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 any other information which may have been hyperlinked to/from the financial statements.

David Daniels
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

26 September 2019
SYDNEY

5.3 Statement of Comprehensive Income

LONG SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Actual 2019 $'000	Budget 2019 $'000	Actual 2018 $'000
Continuing Operations				
Expenses excluding losses				
Personnel services	2(a)	12,140	8,057	5,734
Other operating expenses	2(b)	303,284	125,725	135,487
Depreciation and amortisation	2(c)	142	427	215
Finance costs	2(d)	31,881	66,138	29,805
Total Expenses excluding losses		**347,447**	**200,347**	**171,241**
Revenue				
Investment revenue	3(a)	138,586	92,600	129,337
Retained taxes, fees and fines	3(b)	188,981	157,000	194,862
Other revenue	3(c)	194	134	192
Total Revenue		**327,761**	**249,734**	**324,392**
NET RESULT		**(19,686)**	**49,387**	**153,151**
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME		**(19,686)**	**49,387**	**153,151**

The accompanying notes form part of these financial statements.

5.4 Statement of Financial Position

LONG SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Actual 2019 $'000	Budget 2019 $'000	Actual 2018 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	82,613	111,806	50,455
Receivables	5	8,752	9,251	9,788
Other Financial Assets	6	221,000	-	221,000
Total Current Assets		**312,365**	**121,058**	**281,244**
Non-Current Assets				
Financial assets at fair value	7	1,512,786	1,604,245	1,327,493
Property, Plant and Equipment	8	108	165	186
Intangible assets	9	157	4,820	411
Total Non-Current Assets		**1,513,051**	**1,609,230**	**1,328,090**
Total Assets		**1,825,416**	**1,730,288**	**1,609,333**
LIABILITIES				
Current Liabilities				
Payables	11	2,416	2,640	2,583
Provisions	12	1,210,407	1,056,629	1,046,155
Total Current Liabilities		**1,212,823**	**1,059,269**	**1,048,738**
Non-Current Liabilities				
Provisions	12	260,273	176,868	188,589
Total Non-Current Liabilities		**260,273**	**176,868**	**188,589**
Total Liabilities		**1,473,096**	**1,236,137**	**1,237,327**
Net Assets		**352,320**	**494,151**	**372,006**
EQUITY				
Accumulated funds		352,320	494,151	372,006
Total Equity		**352,320**	**494,151**	**372,006**

The accompanying notes form part of these financial statements.

5.5 Statement of Changes in Equity

LONG SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Accumulated Funds $'000
Balance at 1 July 2018		**372,006**
Net Result for the year		(19,686)
Total comprehensive income for the year		**(19,686)**
Balance at 30 June 2019		**352,320**
Balance at 1 July 2017		**218,855**
Net Result for the year		153,151
Total comprehensive income for the year		**153,151**
Balance at 30 June 2018		**372,006**

The accompanying notes form part of these financial statements.

5.6 Statement of Cash Flows

LONG SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Actual 2019 $'000	Budget 2019 $'000	Actual 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel Services	2(a)	(12,140)	(8,432)	(5,734)
Long Service Scheme Claims paid	2(b)	(94,190)	(67,414)	(78,802)
Other		(3,562)	(4,640)	(9,834)
Total Payments		**(109,892)**	**(80,486)**	**(94,371)**
Receipts				
Retained taxes, fees and fines	3(b)	189,244	157,172	194,043
Interest received	3(a)	6,863	2,101	5,350
Other		126	1,819	3,370
Total Receipts		**196,233**	**161,092**	**202,763**
NET CASH USED IN OPERATING ACTIVITIES	16	**86,341**	**80,606**	**108,392**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments		(53,000)	(69,387)	(122,001)
Purchases of plant and equipment		(12)	(1,981)	(70)
Purchases of intangible assets	9	(1,171)	(2,610)	(96)
NET CASH USED IN INVESTING ACTIVITIES		**(54,183)**	**(73,978)**	**(122,166)**
NET INCREASE/(DECREASE) IN CASH		**32,158**	**6,628**	**(13,774)**
Opening cash and cash equivalents		50,455	105,178	64,229
CLOSING CASH AND CASH EQUIVALENTS	4	**82,613**	**111,806**	**50,455**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Long Service Corporation (the Corporation) is a NSW government entity, within the Department of Finance, Services and Innovation (DFSI) cluster and is controlled by the State of New South Wales, which is the ultimate parent. In accordance with Administrative Arrangements (Administrative Changes – Public Service Statutory bodies) Order 2019, DFSI was abolished on 1 July 2019. On abolition, DFSI's employees, assets, rights and liabilities were transferred to Department of Customer Service ("DCS") and will be used, recovered or settled in the normal course of business by the transferee department. Administrative Arrangements changes relate to the transfer of ongoing functions and activities to another department and/ or statutory body without a significant reduction or termination of those activities. The department and/ or statutory body taking over those activities is expected to use, recover or settle the transferred assets and liabilities in the same manner as the transferee. In other words, in the ordinary course of business.

The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Corporation has its principal office at 32 Mann 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.

The Corporation holds 100% of units issued by the Long Service Corporation Investment Fund (LSCIFT), an Hour-Glass investment facility managed by the New South Wales Treasury Corporation (TCorp) at its principal office at Level 7, Deutsche Bank Place, 126 Phillip Street, Sydney, NSW 2000. The Corporation controls the LSCIFT, making the Corporation a parent entity for reporting purposes.

The financial statements for the year ended 30 June 2019 have been authorised for issue by the Chief Executive Officer on 25 September 2019.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015* and
- Treasurer's Directions issued under the Act.

The Corporation's financial statements are separate financial statements in accordance with AASB 127 'Separate Financial Statements'. The Corporation has applied the exemption from producing consolidated financial statements available under paragraphs 4(a) and Aus4.1 of AASB 10 'Consolidated Financial Statements'.

The Corporation accounts for its investment in its subsidiary, the LSCIFT, by initially measuring the investment at fair value and subsequently classifying the investment as measured at fair value on the basis of the Corporation's business model for managing the investment. Gains or losses are recognised in profit or loss.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management have 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, which is the Corporations presentation and functional currency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Statement of Compliance

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

(d) Accounting for the Goods and Services Tax

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; 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 ATO are classified as operating cash flows.

(e) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous reporting period, 30 June 2018, for all amounts reported in the financial statements.

(f) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2019

The Corporation has adopted AASB 9 *Financial Instruments* (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 *Financial Instruments: Disclosures* (AASB 7R).

The Corporation applied AASB 9 retrospectively but has not restated the comparative information, which is reported under AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

Under AASB 9, subsequent measurement of debt financial assets is based on assessing the contractual cash flow characteristics of the debt instrument and the Corporation's business model for managing the instrument.

The assessment of the Corporation's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Corporation. The Corporation continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following are the changes in the classification of the Corporation's financial assets:

- Trade receivables and other financial assets (i.e. term deposits) classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- Investments in TCorpIM Funds are managed on a fair value basis and hence were designated at fair value through profit or loss under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at transition date of 1 July 2018 and going forward to be classified and measured at fair value through profit or loss.
- The Corporation has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement of the Corporation's financial liabilities.

In summary, upon the adoption of AASB 9, the entity had the following required or elected reclassifications as at 1 July 2018:

Measurement category			**Carrying amount**		
	AASB 139	**AASB 9**	**Original $'000**	**New $'000**	**Difference $'000**
Cash and cash equivalents	Loans and Receivables	Amortised Cost	271,455	271,455	0
TCorp LSCIFT	Fair Value through P&L	Fair Value through P&L	1,327,493	1,327,493	0
Receivables	Loans and Receivables	Amortised Cost	530	530	0
Accrued income	Loans and Receivables	Amortised Cost	8,223	8,223	0
Other - (Provision for Doubtful Debt)	Loans and Receivables	Amortised Cost	(53)	(53)	0
Accrued salaries, wages and on-costs	Amortised Cost	Amortised Cost	8,411	8,411	0
Creditors	Amortised Cost	Amortised Cost	552	552	0
Other	Amortised Cost	Amortised Cost	1,069,914	1,069,914	0

The adoption of AASB 9 has fundamentally changed the Corporation's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Corporation to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to the Corporation on adopting the new impairment model.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards unless Treasury determines otherwise.

The following new Accounting Standards/Interpretations have not been applied and are not yet effective.

- AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3 regarding *Revenue from Contracts with Customers (This Standard is applicable to annual reporting periods beginning on or after 1 January 2019).*
- AASB 16 *Leases (This Standard is applicable to annual reporting periods beginning on or after 1 January 2019).*
- AASB 1058 *Income of Not-for-profit Entities (This Standard is applicable to annual reporting periods beginning on or after 1 January 2019).*
- AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (This Standard amends the mandatory effective date (application date) of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018).*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities. (It is proposed that the amendments be applicable to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted).*

AASB 16 *Leases*

Effective from 1 July 2019, LSC has adopted AASB 16 *Leases*. This standard introduces a new lease accounting model for lessees that requires lessees to recognise all leases on balance sheet (except for short-term leases and low value assets) and recognise the amortisation of lease assets and interest on lease liabilities in the income statement.

The Corporation has elected to use the modified retrospective approach (Option B) whereby the standard is applied from the date of application, with no requirement to restate comparative information. This approach recognises a right of use asset and a corresponding lease liability on 1 July 2019 at equal value with no adjustment to opening retained earnings required. The Corporation has assessed the impact of applying this approach on the financial statements as follows:

	$'000
New Lease Liabilities	809
New right-of-use (ROU) assets	809
Increase in net profit	19

2. EXPENSES EXCLUDING LOSSES

(a) Personnel Services Expenses

The Corporation received personnel services from the Department of Finance, Services and Innovation for the period 1st July 2018 - 30th June 2019. The Corporation recognises the relevant employee related expenses associated with this arrangement as follows:

	2019 $'000	**2018 $'000**
Salaries and wages (including annual leave)	6,527	6,103
Superannuation - defined benefit plans	4,140	(1,458)
Superannuation - defined contribution plans	555	499
Long service leave	497	181
Workers' compensation insurance	14	53
Payroll tax and fringe benefits tax	406	400
Voluntary redundancy	-	(44)
	12,140	**5,734**

Personnel services expenses of $0k (2018: $0k) have been capitalised in various capital works and therefore are excluded from the above.

Superannuation - defined benefit plans – Note 12	2019 $'000	2018 $'000
Defined benefit plans - Contributions	127	172
Defined benefit plans – Liability adjustments	4,014	(1,630)
	4,140	**(1,458)**

Superannuation net actuarial loss of $4.0 million (2018: $1.6 million gain) in respect of personnel who are members of defined benefit superannuation plans are recognised directly in the Net Result. The actuarial gain and loss in the prior year was impacted by changes in the discount rate used to determine the present value of the defined benefit obligations. AASB 119 together with TC 11/17 mandate the yield on Commonwealth Bond (10yr) as the discount rate converted to an annual effective rate. This rate decreased from 2.65% at 30 June 2018 to 1.32% at 30 June 2019.

(b) Other Operating Expenses

	2019 $'000	2018 $'000
Auditor's remuneration		
- audit of the financial statements	116	86
Claims paid	94,190	78,802
Scheme Liability expense	200,045	50,049
Operating lease rental expense - minimum lease payments	1,262	553
Insurance	10	10
Service agreements	1,013	600
Long Service levy commissions	353	446
Marketing	95	20
Consultants	2,514	1,655
Other contractors	598	328
Occupancy – outgoings, electricity, cleaning and maintenance	134	169
Travel	27	26
Computer expenses	1,738	1,631
Other	1,191	1,110
	303,284	**135,487**

Recognition and Measurement

Operating Leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Insurance

The Corporation'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 claims experience.

(c) Depreciation and Amortisation Expense

	2019 $'000	2018 $'000
Depreciation		
- Computer Equipment	82	59
- Plant and equipment	-	-
- Motor vehicles	7	7
- Leasehold improvements	-	5
	90	**72**
Amortisation		
- Intangible assets	52	143
Total depreciation and amortisation	**142**	**215**

Refer to Notes 8 and 9 for recognition and measurement policies on depreciation and amortisation.

(d) Finance Costs

	2019 $'000	2018 $'000
Unwinding of discount on provisions	**31,881**	**29,805**

Recognition and Measurement

Refer Note 12(a)(i) and Note 12(b)(i) for detail on changes to the discount rate used for the 2019 and 2018 years.

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

3. REVENUE

Recognition and Measurement

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

(a) Investment Revenue

	2019 $'000	2018 $'000
Net gain from TCorp IM Funds measured at fair value through profit or loss	132,293	123,213
Interest income from financial assets at amortised cost	6,293	6,125
	138,586	**129,337**

Recognition and Measurement

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

(b) Retained Taxes, Fees and Fines

	2019 $'000	2018 $'000
Long service levy income	191,311	196,883
Long service levy refunds	(2,330)	(2,021)
	188,981	**194,862**

In relation to the Building and Construction Industry, a levy is applied at the rate of 0.35% on the value of building and construction of $25,000 or above. Long Service Levy income is recognised when it is received or receivable 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.

(c) Other Revenue

	2019 $'000	2018 $'000
Other	194	192
	194	**192**

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and on hand	82,613	50,455
	82,613	**50,455**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown to the Statement of Cash Flows as follows:

	2019 $'000	2018 $'000
Cash and cash equivalents (per Statement of Financial Position)	**82,613**	**50,455**
Closing cash and cash equivalents (per Statement of Cash Flows)	**82,613**	**50,455**

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	2019 $'000	2018 $'000
Current		
Prepayments	206	313
Other	368	980
Less: Allowance for impairment	(182)	(53)
	392	1,240
Retained taxes, fees and fines	8,360	8,548
	8,360	8,548
Total Current Receivables	**8,752**	**9,788**

**Movement in the allowance for expected credit losses Balance at 30 June 2018 under AASB 139*	2019 $'000	2018 $'000
Other - allowance for impairment		
Amounts restated through opening accumulated funds Balance at 1 July 2018 under AASB 9	(53)	(53)
Amounts written off during the year	34	1
Increase in allowance recognised in net results	(164)	(1)
Balance at 30 June 2019	**(182)**	**(53)**

Details regarding credit risk of trade debtors that are neither past due nor impaired are disclosed in Note 19.

Recognition and Measurement

Receivables

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 (from 1 July 2018)

The entity holds receivables with the objective to collect the cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)
Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)
The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual reported cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. For trade receivables, the entity applies a simplified approach in calculating ECLs. The entity recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The balance affected by the policy is not material.

Impairment under AASB 139 (for comparative period ended 30 June 2018)
Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The entity first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually. 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 original effective interest rate. The amount of the impairment loss is recognised in the net result for the year. Any reversals of impairment losses are reversed through the net result for the year if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

6. CURRENT– OTHER FINANCIAL ASSETS

	2019 $'000	2018 $'000
Current Assets		
TCorp Investments – Term Deposits	**221,000**	**221,000**

7. NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE

	2019 $'000	2018 $'000
Non-Current Assets		
TCorp IM Funds	**1,512,786**	**1,327,493**

Recognition and Measurement
All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and measurement under AASB 9 (from 1 July 2018)
The entity's financial assets at fair value are classified at initial recognition, and subsequently measured at either fair value through other comprehensive income or fair value through profit or loss.
Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)
The entity classified its financial assets at fair value either as financial assets at fair value through profit or loss or available-for-sale financial assets. The classification was based on the purpose of acquiring such financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139.

The TCorpIM Funds are designated at fair value through profit or loss as 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 movement in the fair value of the TCorpIM Funds incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2018 – fair value					
Gross carrying amount	282	290	99	968	1,638
Accumulated depreciation and impairment	(281)	(115)	(89)	(968)	(1,452)
Net carrying amount	**1**	**175**	**10**	**-**	**186**
30 June 2019 – fair value					
Gross carrying amount	22	262	99	-	383
Accumulated depreciation and impairment	(22)	(157)	(96)	-	(274)
Net carrying amount	**1**	**105**	**2**	**-**	**108**

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

30 June 2019	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Total $'000
Net carrying amount at beginning of year	1	175	10	-	**186**
Additions	-	12	-	-	**12**
Depreciation expense	-	(82)	(7)	-	**(90)**
Disposals/Write-offs	-	-	-	-	**-**
Net carrying amount at end of year	**1**	**105**	**2**	**-**	**108**

	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Total $'000
Fair value					
At 1 July 2017					
Gross carrying amount	282	368	99	968	1,717
Accumulated depreciation and impairment	(281)	(203)	(82)	(962)	(1,527)
Net carrying amount	**2**	**165**	**17**	**6**	**189**
At 30 June 2018					
Gross carrying amount	282	290	99	968	1,638
Accumulated depreciation and impairment	(281)	(115)	(89)	(968)	(1,452)
Net carrying amount	**1**	**175**	**10**	**0**	**186**

30 June 2018	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Total $'000
Net carrying amount at beginning of year	2	165	17	6	**189**
Additions	-	69	-	-	**69**
Depreciation expense	(0)	(59)	(7)	(5)	**(72)**
Net carrying amount at end of year	**1**	**175**	**10**	**0**	**186**

Recognition and Measurement
Acquisitions of Property, Plant and Equipment
Property, plant and equipment are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

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

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.

Depreciation of Property, Plant and Equipment

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

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

The depreciation rates used for 2018/19 for each class of assets are:

Plant and Equipment	
Mainframe computers and major computer systems	33.0%
Computer equipment - portable	33.0%
Office equipment and furniture	33.0%
Motor vehicles	20.0%

Revaluation of Property, 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 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement.*

All of the Corporation's assets are non-specialised assets with short useful lives and are measured at depreciated historical cost, as an approximation of fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material. Also, refer to Note 10 for further information regarding fair value.

Impairment of Property, 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 are carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as 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 of 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.

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in the net result, a reversal of that impairment loss is also recognised in the net result.

9. INTANGIBLE ASSETS

	2019 $'000	2018 $'000
Software		
Cost (gross carrying amount)	2,708	2,932
Accumulated amortisation and impairment	(2,552)	(2,521)
Net carrying amount 30 June	**157**	**411**

Reconciliation

A reconciliation of the cost of each class of intangible assets at the beginning and end of the current and previous reporting period is set out below:

Software	30 June 2019 $'000	30 June 2018 $'000
Net carrying amount at beginning of year	**411**	**458**
Additions – Externally acquired	1,171	96
Impairment losses	(1,374)	-
Amortisation	(52)	(143)
Net carrying amount at end of year	**157**	**411**

Recognition and Measurement

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the entity and if 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. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

The Corporation's intangible assets (computer software) are amortised using the straight-line method. These rates were reassessed during the year and were changed from a period of 3 years to a period of 4 years, resulting in decreased amortisation of $34.7k. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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 the recoverable amount and the reduction is recognised as an impairment loss.

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 (unadjusted) 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 the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 do not require fair value hierarchy disclosure.

11. CURRENT LIABILITIES - PAYABLES

	2019 $'000	2018 $'000
Accrued salaries, wages and on-costs	28	26
Creditors and other accruals	1,729	1,518
Long service levy commissions	44	49
Long service payments	615	990
	2,416	**2,583**

Details regarding liquidity risk including a maturity analysis of the above payables are disclosed in Note 19.

Recognition and Measurement
Payables represent liabilities for goods and services provided to the Corporation and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially recognised at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

12. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

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

Current	2019 $'000	2018 $'000
Personnel services		
Annual leave	529	543
Long service leave	2,601	2,456
	3,130	**2,999**
Other Provisions		
Scheme Liability	1,207,277	1,043,000
Provision for levy refund	-	156
	1,207,277	**1,043,156**
Total Current Provisions	**1,210,407**	**1,046,155**
Non-Current		
Personnel services		
Long service leave	69	48
Unfunded superannuation liability	9,352	5,338
Scheme liability	250,852	183,203
Total Non-Current Provisions	**260,273**	**188,589**
Total Provisions	**1,470,680**	**1,234,744**

	2019 $'000	2018 $'000
Aggregate personnel services and related on-costs		
Payables - current	28	26
Provisions - current	3,130	2,999
Provisions – non-current	9,421	5,386
	12,579	**8,411**

Employee benefits expected to be settled within 12 months from the reporting date		
Annual leave	391	399
Long service leave	380	295
	771	**694**
Employee benefits expected to be settled in more than 12 months from the reporting date		
Annual leave	138	144
Long service leave	2,221	2,161
	2,359	**2,305**

Movements in provisions (other than employee benefits)

Movements in each class of provision during the year, other than employee benefits, are set out below:

Provision for scheme liability – Building and Construction Industry			
Carrying amount as at beginning of year		1,177,379	1,105,348
Additional provisions recognised		285,105	120,842
Unwinding of discount rate - Note 2(d)		30,612	28,739
Claims paid		(90,101)	(77,550)
Carrying amount at end of year		**1,402,995**	**1,177,379**
Provision for scheme liability – Contract Cleaning Industry			
Carrying amount as at beginning of year		48,824	41,001
Additional provisions recognised		9,130	8,010
Unwinding of discount rate - Note 2(d)		1,269	1,066
Claims paid		(4,089)	(1,253)
Carrying amount at end of year		**55,134**	**48,824**
Provision for levy refund			
Carrying amount as at beginning of year		156	79
Additional provisions recognised		2,330	2,021
Claims paid		**(2,486)**	**(1,944)**
Carrying amount at end of year	**Note 3(b)**	**-**	**156**

Recognition and Measurement

Levy refund

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*

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 determination 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.

Personnel services and related on-costs

Salaries and Wages, Annual leave and Sick Leave

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 amounts 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 using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated 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. All annual leave is classified as a current liability even where the Corporation does not expect to settle the liability within 12 months, as the Corporation does not have an unconditional right to defer settlement.

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.

Long Service Leave and Superannuation

Long service leave is measured at present value of expected future payments to be made in respect of services provided up to the reporting date, in accordance with *AASB 119 Employee Benefits*. Consideration is given to certain factors based on an actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of services (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. Expected future payments are discounted using the Commonwealth government bond rate at the reporting date. 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 formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

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.

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

A full actuarial investigation of the Building and Construction Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2018. They have updated this investigation to 30 June 2019 and estimated the Scheme liabilities are as follows:

	Note	**2019 $'000**	**2018 $'000**
AASB Valuation	(i)	1,402,995	1,177,379
Vested Benefits	(ii)	1,071,245	971,903

(i) The AASB Valuation is the expected benefit payments from the Scheme arising from service up to the valuation date and payable over the future working lifetime of the current workers, which are then discounted to the date of the valuation. In determining these payments as at 30 June 2019, the following key assumptions were made:

- Future wage increase 3.0% (2018: 3.0%)
- Rate of future accrual of service (only used to determine if workers qualify for benefit): 195 days per year (2018: 195 days per year)
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2018: similar decrements but for 2019 we used updated decrements from the 2018 triennial valuation)
- In service claims: based on historical evidence (2018: similar decrements but for 2019 we used updated in-service claim rates from the 2018 triennial valuation)
- Incurred But Not Recorded Service (IBNR): 7% for active workers only (2018: 7%)
- Inforce Inactive Worker: their vested benefits (2018: their vested benefit)
- Out of force Workers: 70% of their vested benefit (2018: 80% of their vested benefit) and
- Discount Rate 1.4% (2018: 2.6% restated). 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 risk-free rate of return on the Scheme assets.

(ii) 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, or if the worker is age 55 or over, and has at least 55 days service. Service includes service prior to the commencement date.

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

	2019	**2018**
Number of workers:		
Active within last two years	264,120	243,534
Inactive for last two years but active within two prior years	57,816	54,193
Inactive for four or more years	17,730	16,679
Total number of workers valued	**339,666**	**314,406**

	2019 $'000	**2018 $'000**
Expected timing of settlement		
Not later than one year	104,743	94,825
Later than one year and not later than five years	457,513	379,370
Later than five years	840,739	703,183
Total	**1,402,995**	**1,177,379**

Calculation of scheme liability	Actuarial Valuation BCI	
Report as at	**30-Jun-19**	**30-Jun-18**
Carrying amount at beginning of year	1,177,379	1,105,348
Additional Provisions recognised	139,466	122,445
Claims Paid	(90,101)	(79,153)
Additional provision for restoring previously removed workers	7,913	-
Additional provision as a result of changes in assumptions apart from the discount rate	51,224	-
Change in provision as a result of change in discount rate	86,502	-
Unwinding of discount rate	30,612	28,739
Carrying amount at end of year	**1,402,995**	**1,177,379**

Prior Period Comparison to the valuation of scheme liabilities

Accounting standards require the Corporation to measure its scheme liabilities at the best estimate of the expenditure required to settle the obligations, and that future estimated expenditures be discounted to their present value to reflect the time value of money.

In previous years the Corporation discounted its forecast expenditures based on their expected return on investments. This rate was 6% in 2016 and 2017.

In the 2018 financial year, the measurement requirements in the accounting framework were considered, and advice received determined the market yield on Commonwealth Bonds best met the requirements of the Accounting Standards. Consistent with this, the Corporation applied a discount rate of 1.4% at June 2019 (2018:2.6%) to measure its scheme liabilities**.**

Prior to 2018, the above table outling the expected timing of settlement for the scheme liability was based on the Accrued Scheme Reserve valuation, a calculation based on discounting to present value using the projected rate of return of Scheme assets. As the Accrued Scheme Reserve valuation is no longer used in favour of a risk free discount rate, the data in the table above is calculated in line with the AASB valuation and comparative data for 2018 updated to this valuation method for consistency.

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

A full actuarial investigation of the Contract Cleaning Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2018. They have updated this investigation to 30 June 2019 and estimated the scheme liabilities are as follows:

	Note	2019 $'000	2018 $'000
AASB Valuation	(i)	55,134	48,824
Vested Benefits	(ii)	46,006	40,908

(i) The AASB Valuation is the expected benefit payments from the Scheme arising from service up to the valuation date and payable over the future working lifetime of the current workers, which are then discounted to the date of the valuation. In determining these payments as at 30 June 2019, the following key assumptions were made:

- Future wage increase: 3.5% pa up to age 40, and 2.5% p.a. for ages 40 and above (2018: the same);
- Rate of future accrual of service (only used to determine if workers qualify for benefit): 365 days per year (2018: 365 days per year)
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2018: same decrements)
- In service claims: based on historical evidence (2018: based on historical evidence)
- Incurred But Not Recorded Service (IBNR): 0% for active workers only (2018: 0%)
- Inforce Inactive Worker: 90% of their vested benefit (2018: 100% of vested benefit); and
- Discount Rate 1.4% (2018: 2.6% restated). 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.

(ii) 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. Service includes service prior to the commencement date

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

	2019	2018
Number of workers :		
Active	34,050	28,398
Inactive	49,335	43,124
Total number of workers valued	**83,385**	**71,522**

	2019 $'000	2018 $'000
Expected timing of settlement		
Not later than one year	2,757	1,746
Later than one year and not later than five years	19,578	10,321
Later than five years	32,799	36,757
Total	**55,134**	**48,824**

Calculation of scheme liability	**Actuarial Valuation CCI**	
Report as at	**30-Jun-19**	**30-Jun-18**
Carrying amount at beginning of year	48,824	41,001
Additional Provisions recognised	8,168	8,037
Claims Paid	(4,089)	(1,280)
Additional provision for restoring previously removed workers	-	-
Additional provision as a result of changes in assumptions apart from the discount rate	(548)	-
Change in provision as a result of change in discount rate	1,510	-
Unwinding of discount rate	1,269	1,066
Carrying amount at end of year	**55,134**	**48,824**

13. COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

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

Not later than one year	-	61
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	**-**	**61**

The Corporation has not entered into an operating lease agreement for the provision of accommodation.

Property Leases

DFSI has entered into a head accommodation lease with Property NSW. The term of the accommodation lease is for a period of fifteen years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees and public liability insurance are the responsibility of Property NSW and all repairs and maintenance of a structural or capital nature is the responsibility of the lessor.

Equipment Leases

The Corporation leases one item of equipment, from private sector companies. The lease term is two years with the option for renewal for a further term. An early termination fee is applicable for termination of the contract before the expiry of the contract term. There is no option for the purchase of equipment at the expiry of the lease term.

14. CONTINGENT ASSETS AND LIABILITIES

There were no known contingent liabilities or assets as at reporting date (2018: Nil).

15. BUDGET REVIEW

Net Result

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

The actual net result for the Corporation for 2019 is a deficit of $19.7 million (2018: $153.2 million surplus) which was unfavourable to the budgeted net result by $69.1 million. The major variations to budgets are:

Total Revenue was $78.0 million favourable to budget, mainly in LSCIFT investment facilities and levy revenue.

Total Expenses were $147.1 million unfavourable to budget, primarily due to reduced costs associated with finance costs due to unwinding of discount rate ($28.2m), higher personnel costs ($4.5m) mainly due to revaluation of defined benefit superannuation schemes and increased costs associated with consulting and contractor expenses ($2.4m) due to the write off against the New integrated leave system capital project and increased long service expense ($193.1m).

Assets and liabilities

Net Assets: The actual net asset of $352.3 million (2018: $372.0 million net assets) was unfavourable to budget by $141.8 million and was due to the increase in the fair value of TCorp IM Long Term Growth Fund ($129.5m) and increased scheme liability and personnel services expenses ($237.0) and decreased cash, receivables and plant and equipment ($34.4m).

Cash flows

Net increase in cash during the year is $32.2 million compared to a budgeted net increase in cash of $6.7 million. The favourable variance of $25.5 million was driven by increased net cash inflows from operating activities $4.4m and the transfer of $53.0m to TCorp LSCIFT against a budgeted tranfer of $69.4m.

16. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2019 $'000	2018 $'000
Net cash flows from operating activities	86,341	108,392
Depreciation and amortisation	(142)	(215)
Net gain/(loss) on investments	132,498	123,987
Net gain/(loss) on intangibles	(1,374)	-
Increase/(decrease) in Long Service payments liability expense	(199,670)	(47,548)
(Increase)/decrease in provision for levy refund	2,330	2,021
(Increase)/decrease in Finance costs	(31,881)	(29,805)
(Increase)/decrease in receivables	(106)	137
(Increase)/decrease in payables	(3,515)	(5,689)
(Increase)/decrease in provisions	(4,166)	1,871
Net result	(19,686)	153,151

17. NON-CASH INVESTING ACTIVITIES

Additions to investments during the year amounting to $62.2m were financed by distribution income received and re-invested on 30th April 2019.

	2019 $'000	2018 $'000
Investments acquired by distribution income	(62,223)	(84,920)

18. FUND INFORMATION

Fund	Building & Construction Industry		Contract Cleaning Industry		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Expenses excluding losses						
Operating expenses						
Personnel services expenses	**11,442**	5,152	**698**	582	**12,140**	5,734
Other operating expenses	**293,012**	156,984	**10,272**	(21,497)	**303,284**	135,487
Depreciation and amortisation	**129**	195	**13**	20	**142**	215
Finance costs	**30,612**	(1,557)	**1,269**	31,362	**31,881**	29,805
Total expenses excluding losses	**335,195**	**160,774**	**12,252**	**10,467**	**347,447**	**171,241**
Revenue						
Investment revenue	**133,185**	124,856	**5,401**	4,481	**138,586**	129,337
Retained taxes, fees and fines	**176,165**	183,291	**12,816**	11,571	**188,981**	194,862
Other revenue	**194**	192	-	-	**194**	192
Total Revenue	**309,544**	**308,340**	**18,217**	**16,052**	**327,761**	**324,392**
Gain/(loss) on disposal	-	-	-	-	-	-
Total comprehensive income	**(25,651)**	**147,566**	**5,965**	**5,585**	**(19,686)**	**153,151**

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	4	**77,047**	48,731	**5,566**	1,724	**82,613**	50,455
Receivables	5	**5,321**	6,698	**3,431**	3,090	**8,752**	9,788
Other Financial Assets	6	**211,993**	211,993	**9,007**	9,007	**221,000**	221,000
Total Current Assets		**294,361**	**267,422**	**18,004**	**13,821**	**312,365**	**281,243**
Non-Current Assets							
Financial assets at fair value	7	**1,454,706**	1,277,523	58,080	49,970	**1,512,786**	1,327,493

	Notes						
Plant and equipment	8	**108**	186	**-**	-	**108**	186
Intangible assets	9	**157**	411	**-**	-	**157**	411
Total Non-Current Assets		**1,454,971**	**1,278,120**	**58,080**	**49,970**	**1,513,051**	**1,328,090**
Total Assets		**1,749,332**	**1,545,542**	**76,084**	**63,791**	**1,825,416**	**1,609,333**

Fund		**Building & Construction Industry**		**Contract Cleaning Industry**		**Total**	
	Notes	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
LIABILITIES Current Liabilities							
Payables	**11**	**2,125**	2,258	**291**	325	**2,416**	2,582
Provisions	**12**	**1,163,686**	1,005,163	**46,721**	40,992	**1,210,407**	1,046,155
Total Current Liabilities		**1,165,811**	**1,007,421**	**47,012**	**41,317**	**1,212,823**	**1,048,737**
Non-Current Liabilities							
Provisions	**12**	**251,569**	180,517	**8,704**	8,072	**260,273**	188,589
Total Non-Current Liabilities		**251,569**	**180,517**	**8,704**	**8,072**	**260,273**	**188,589**
Total Liabilities		**1,417,380**	**1,187,938**	**55,716**	**49,389**	**1,473,096**	**1,237,326**
Net Assets		**331,952**	**357,604**	**20,368**	**14,402**	**352,320**	**372,006**
EQUITY							
Accumulated Funds (Losses)		**331,952**	357,604	**20,368**	14,402	**352,320**	372,006
Total Equity		**331,952**	**357,604**	**20,368**	**14,402**	**352,320**	**372,006**

19. 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 approves 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 continuous basis.

(a) Financial instrument categories

(i) As at 30 June 2019 under AASB 9

Financial Assets **Class:**	**Note**	**Category**	**Carrying Amount** **$'000**
Cash and cash equivalents	4	N/A	82,613
Financial Assets at fair value[1]	7	Fair value through profit or loss – mandatory classification	1,512,786
Other Financial Assets	6	Amortised cost	221,000

Financial Liabilities **Class:**	**Note**	**Category**	**Carrying Amount** **$'000**
Payables[2]	11	Financial liabilities measured at amortised cost.	1,801

Notes

[1] Excludes statutory receivables and prepayments (i.e. not within scope of *AASB 7*)

[2] Excludes statutory payables and unearned revenue (i.e. not within scope of *AASB 7*)

(ii) As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets **Class:**	**Note**	**Category**	**Carrying Amount** **$'000**
Cash and cash equivalents	4	N/A	50,455
Financial Assets at fair value[1]	7	Financial assets at fair value through profit or loss – designated as such at initial recognition	1,327,493
Other Financial Assets	6	Loans and Receivables (at amortised cost)	221,000

Financial Liabilities Class:	Note	Category	Carrying Amount $'000
Payables[2]	11	Financial liabilities measured at amortised cost.	1,593

Notes

[1] Excludes statutory receivables and prepayments (i.e. not within scope of *AASB 7*)

[2] Excludes statutory payables and unearned revenue (i.e. not within scope of *AASB 7*)

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Corporation transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

• The Corporation has transferred substantially all the risks and rewards of the asset; or

• The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Corporation's continuing involvement in the asset. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

i. Credit risk

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

The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation ("TCorp") 11 am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables – trade debtors

Collectability of trade 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. All trade debtors are recognised at the amounts receivable at the reporting date.

The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP and the unemployment rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

The balance affected by the policy is not material.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, notification of companies in liquidation.

	Total [1,2] $'000	Past Due But Not Impaired[1,2] $'000	Impaired[1,2] $'000
2019			
< 3 months overdue	204	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Total receivables - gross of allowance for impairment	**204**	**-**	**-**
2018			
< 3 months overdue	775	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Total receivables - gross of allowance for impairment	**775**	**-**	**-**

Other financial assets - Term Deposits

The Corporation has placed funds on deposit with TCorp, which has an issuer rating on average of 'AA-. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. There were no indicators for impairment on these securities during the year.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Collectability of trade 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. Debtors which are known to be uncollectible 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 and debtor credit ratings. No interest is earned on trade debtors.

For the comparative period as at 30 June 2018, the aging analysis of trade debtors is as follows:

	Total [1,2] $'000	Past Due But Not Impaired[1,2] $'000	Considered Impaired[1,2] $'000
2018			
< 3 months overdue	775	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Total receivables - gross of allowance for impairment	**775**	**-**	-

Notes:

1 Each column in the table reports "gross receivables".

2 The aging analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure and excludes receivables that are not past due and not impaired.

Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018.

ii. Liquidity Risk

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances. During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The entity'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 TC11-12. For small business suppliers, where 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, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

The table below summarises the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	Nominal Amount	**Interest Rate Exposure**	**Maturity Dates**		
			<1 yr.	**1-5 yrs.**	**>5 yrs.**
2019	**$'000**		**$'000**	**$'000**	**$'000**
Payables	1,801	Non-Interest Bearing	1,801	-	-
2018					
Payables	1,593	Non-Interest Bearing	1,593	-	-

iii. 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 TCorp IM Long Term Growth Fund.
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 reporting date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Corporation's interest-bearing assets. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	$'000				
	Carrying Amount	**Net Result -1.0%**	**Equity -1.0%**	**Net Result +1.0%**	**Equity +1.0%**
2019					
Financial Assets (i)	221,000	(2,210)	-	2,210	-
Cash and cash equivalents	82,613	(826)	-	826	-

	$'000				
	Carrying Amount	**Net Result -1.0%**	**Equity -1.0%**	**Net Result +1.0%**	**Equity +1.0%**
2018					
Financial Assets (i)	221,000	(2,210)	-	2,210	-
Cash and cash equivalents	50,455	(505)	-	505	-

(i) Both receivables and payables are excluded as the Corporation deems there exists no interest exposure.

Currency risk

The Corporation has some foreign currency risk exposure from its investments in the TCorp IM Long Term Growth Fund. The Long Term Growth Fund 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.

Other price risk – TCorpIM Funds

Exposure to 'other price risk' primarily arises through the investment in the TcorpIM funds, which are held for strategic rather than trading purposes. The Corporation's only direct equity investment is in the LSCIFT. The Corporation holds units in the following cash and investment facility trusts:

Facility	Investment Sectors	Investment Horizon	2019 $'000	2018 $'000
Long Service Corporation Investment Facility Trust	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	1,512,786	1,327,493

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 and manager 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 facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorp IM Long Term Growth Fund 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.

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 TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM statement).

	Impact on Profit/ Loss			
	2019		**2018**	
	Change in Unit price	**$'000**	**Change in Unit price**	**$'000**
Long Service Corporation Investment Facility Trust (LSCIFT)	+/-13%	**196,662**	+/-15%	**199,124**

(e) Fair value measurement

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments are generally recognised at cost, with the exception of the TCorp IM Long Term Growth Fund, which is 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.

(f) Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

	Level 1 $'000	**Level 2 $'000**	**Level 3 $**	**Total**
2019 *Other Financial Assets* Term Deposits		221,000		221,000
Financial Assets at fair value (i) TCorp IM Long Term Growth Fund investment facility - LSCIFT		1,512,786		1,512,786
		1,733,786		1,733,786
2018 *Other Financial Assets* Term Deposits	-	221,000	-	221,000
Financial Assets at fair value (i) TCorp IM Long Term Growth Fund investment facility - LSCIFT	-	1,327,493	-	1,327,493
	-	1,548,493	-	1,548,493

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

The value of the TcCorpIM Funds 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 TcCorpIM Funds are valued using 'redemption' pricing.

20. RELATED PARTY DISCLOSURES

Key management personnel

The total remuneration of the key management personnel of the Corporation are as follows:

	2019 $'000	2018 $'000
Short-term employee benefits:		
- Salaries	192	136
- Non-monetary benefits		
Other long-term employee benefits	8	217
Post-employment benefits	29	21
Termination benefits		
Total remuneration	**230**	**374**

Other related party transactions

The Corporation entered into transactions with other entities that are controlled by NSW Government.
These transactions in aggregate are a significant portion of the entity's receiving of services.

- New South Wales Treasury Corporation TCorp - Long Service Corporation Investment Fund $53m
- Department of Finance, Services and Innovation - Provision of management services $1,013k, payment of rent Parramatta office $18k
- Property NSW - Payment of rent and Make good- Watt St Gosford office and payment of rent Mann St Gosford office $624k
- NSW Self Insurance Corporation - Provision of workers compensation and general lines insurance contributions $24.1k

21. EVENTS AFTER THE REPORTING PERIOD

(a) Adjusting Events

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of the Corporation as at 30 June 2019.

(b) Non- Adjusting Events

The abolishment of the Department of Finance, Services and Innovation (DFSI) cluster, and subsequent transfer to the new Department of Customer Service (DCS) In accordance with Administrative Arrangements (Administrative Changes – Public Service Statutory bodies) Order 2019 as disclosed in Note 1.(a) will not give rise to a material impact on the reported results or financial position of the Corporation as at 30 June 2019.

END OF AUDITED FINANCIAL STATEMENTS

5.8 Controlled Entity financial statements

Long Service Corporation Investment Fund
Annual Financial Report
For the year ended 30 June 2019

Contents

This financial report covers Long Service Corporation Investment Fund as an individual entity.

The Trustee of Long Service Corporation Investment Fund (ABN 73 631 375 853) is New South Wales Treasury Corporation (ABN 99 095 235 825)

	Notes	30 June 2019 $	30 June 2018 $
Investment income			
Interest income from financial assets at fair value through profit or loss		**100,338**	34,952
Trust distribution income		**58,370,815**	82,981,548
Net gains/(losses) on financial instruments held at fair value through profit or loss	12	**74,325,747**	42,464,269
Total net investment income/(loss)		**132,796,900**	125,480,769
Expenses			
Interest expense		**-**	2,925
Trustee fees	14	**99,947**	93,753
Expense recovery fees	14	**20,486**	31,084
Custody fees		**43,153**	31,660
Transaction costs		**30,853**	29,552
Other operating expenses		**-**	5,053
Total operating expenses		**194,439**	194,027
Operating profit/(loss)		**132,602,461**	125,286,742
Finance costs attributable to unitholders			
Distributions to unitholders		**-**	(84,919,656)
(Increase)/decrease in net assets attributable to unitholders	5	**-**	(40,367,086)
Profit/(loss) for the year		**132,602,461**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**132,602,461**	-

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	30 June 2019 $	30 June 2018 $
Assets			
Cash and cash equivalents	11	**12,932,774**	5,505,995
Margin and collateral accounts		**1,519,214**	1,234,822
Receivables	9	**19,015**	8,861
Financial assets held at fair value through profit or loss	6	**1,500,320,355**	1,322,545,885
Total assets		**1,514,791,358**	1,329,295,563
Liabilities			
Payables	10	**11,993**	59,338
Financial liabilities held at fair value through profit or loss	7	**89,635**	148,956
Total liabilities (excluding net assets attributable to unitholders)		**101,628**	208,294
Net assets attributable to unitholders - liability*	5	**-**	1,329,087,269
Net assets attributable to unitholders - equity*	5	**1,514,689,730**	-

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as a financial liability at 30 June 2018. Refer to Note 1 for further details.

The above Statement of financial position should be read in conjunction with the accompanying notes.

	Notes	30 June 2019 $	30 June 2018 $
Total equity at the beginning of the financial year		**-**	-
Reclassification due to AMIT tax regime implementation*		**1,329,087,269**	-
Comprehensive income for the year			
Profit/(loss) for the year		**132,602,461**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**132,602,461**	-
Transactions with unitholders			
Applications	5	**53,000,000**	-
Redemptions	5	**-**	-
Units issued upon reinvestment of distributions	5	**62,223,625**	-
Distributions paid and payable	5	**(62,223,625)**	-
Total transactions with unitholders		**53,000,000**	-
Total equity at the end of the financial year		**1,514,689,730**	-

* Effective from 1 July 2018, the Fund's units have been reclassified from financial liability to equity. Refer Note 1 for further details. As a result, equity transactions, including distributions, have been disclosed in the above statement for the year ended 30 June 2019.

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**139,286,594**	67,013,693
Purchase of financial instruments held at fair value through profit or loss		**(189,007,027)**	(186,794,585)
Trust distributions received		**4,412,183**	2,424,085
Interest received		**93,231**	29,699
Other income received		**-**	1,318
Interest expense paid		**-**	(2,925)
Trustee fees paid		**(140,543)**	(84,389)
Expense recovery fees paid		**(25,625)**	(28,188)
Transaction costs paid		**(30,853)**	(29,552)
Custody fees paid		**(44,762)**	(18,980)
Payment of other operating expenses		**(3,048)**	-
Net cash inflow/(outflow) from operating activities	15(a)	**(45,459,850)**	(117,489,824)
Cash flows from financing activities			
Proceeds from applications by unitholders		**53,000,000**	122,000,000
Payments for redemptions by unitholders		**-**	-
Net cash inflow/(outflow) from financing activities		**53,000,000**	122,000,000
Net increase/(decrease) in cash and cash equivalents		**7,540,150**	4,510,176
Cash and cash equivalents at the beginning of the year		**5,505,995**	1,188,186
Effects of foreign currency exchange rate changes on cash and cash equivalents		**(113,371)**	(192,367)
Cash and cash equivalents at the end of the year	11	**12,932,774**	5,505,995
Non-cash operating activities	15(b)	**53,958,632**	80,557,463
Non-cash financing activities	15(b)	**62,223,625**	84,919,656

The above Statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

This financial report covers Long Service Corporation Investment Fund (the "Fund") as an individual entity.

The Trustee of the Fund is New South Wales Treasury Corporation (ABN 99 095 235 825) (the "Trustee"). The Trustee's registered office is Level 7, Deutsche Bank Place, 126 Phillip Street, Sydney, NSW 2000.

The Fund aims to achieve a maximum total return by investing in unlisted managed investment funds and in accordance with the provisions of the Fund Constitution.

The financial statements were authorised for issue by the directors of the Trustee on 23 September 2019. The Trustee has the power to amend and reissue the financial report.

Reclassification of units from financial liability to equity

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2018. The Trustee is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been reclassified from a financial liability to equity on 1 July 2018, see Note 5 for further information.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

(a) Basis of preparation

This financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), and the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015. The Fund is a for-profit entity for the purposes of preparing financial reports. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have determined that the accounting policies adopted are appropriate to meet the needs of the unitholders.

The financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance sheet date. All assets and liabilities are expected to be recovered or settled within 12 months. In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. As such, the amount expected to be settled within 12 months cannot be reliably determined.

The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) New accounting standards and interpretations

The Fund has adopted the following new accounting standards and interpretations, which became effective for the year beginning 1 July 2018:

(i) AASB 9 Financial Instruments (and applicable amendments)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also introduced revised rules around hedge accounting. The adoption of AASB 9 did not have an impact on the recognition and measurement of the Fund's financial instruments as it requires them to continue to be carried at fair value through profit or loss. Further, the derecognition rules have not been changed from the previous requirements and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

(ii) AASB 15 Revenue from Contracts with Customers

The AASB issued a new standard for the recognition of revenue. This replaces AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of the new revenue recognition rules did not have an impact on the Fund's accounting policies or the amounts recognised in the financial statements.

Further, there are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(c) Financial instruments

(i) Classification

The Fund's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments held at fair value through profit or loss upon initial recognition

  These include financial assets that are not held for trading purposes and which may be sold. These are investments unlisted managed investment funds.

  Financial assets and financial liabilities held at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Trustee to evaluate the information about these financial instruments on a fair value basis with other related financial information.

- Derivative financial instruments such as futures and forward foreign exchange contracts are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value in accordance with AASB13: *Fair Value Measurement*. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities held at fair value through profit or loss' category are presented in the Statement of comprehensive income within 'Net gains/(losses) on financial instruments held at fair value through profit or loss' in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in profit or loss to reflect a change in factors, including time, that market participants would consider in setting a price.

Further details on how the fair values of financial instruments are determined are disclosed in Note 3(e) and Note 3(f).

2 Summary of significant accounting policies (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously (refer to Note 4 for further details).

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Trustee if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at the Statement of financial position date if the holder exercises the right to put the units back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the criteria under *AASB 132 Financial instruments: Presentation*. As at 30 June 2018, net assets attributable to unitholders are classified as a financial liability. Effective from 1 July 2018 following the election into AMIT, the Fund's units satisfied the criteria under AASB132 and have been reclassified from a financial liability to equity.

(e) Cash and cash equivalents

For the Statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(f) Investment income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Interest income earned on interest bearing securities is recognised using the effective interest method. This method determines the rate that discounts estimated future cash receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying value of the amount of the financial instrument.

Trust distributions are recognised on an entitlements basis.

(g) Expenses

All expenses are recognised in the Statement of comprehensive income on an accruals basis.

(h) Income tax

In accordance with current legislation, there is no provision for income tax on the Fund’s taxable income as it is intended that the entirety is attributed to its unitholders.

The benefit of any imputation credits and foreign tax paid are passed on to unitholders as their individual circumstances allow for these to be passed on.

(i) Distributions

Distributions are payable as set out in the Fund's Constitution and the TCorpIM Funds Distribution Policy. Such distributions are determined by the Trustee of the Fund.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity following the Fund’s election into AMIT on 1 July 2018, the Fund's distributions are no longer classified as a finance cost in the Statement of comprehensive income but rather as distributions paid and payable in the Statement of changes in equity.

2 Summary of significant accounting policies (continued)

(j) Increase/decrease in net assets attributable to unitholders

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised as profit/(loss) in the Statement of changes in equity.

Where the Fund's units are classified as financial liabilities, movements in net assets attributable to unitholders are recognised in the Statement of comprehensive income as finance costs.

(k) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for capital and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included within the net gains or losses on financial instruments at fair value through profit or loss.

(l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days.

(m) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of the last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

(n) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the Statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of each reporting period.

(o) Applications and redemptions

Applications for and redemptions of units in the Fund are transacted at the prevailing unit price of the Fund in accordance with the provisions of the Fund Constitution.

(p) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) hence investment management fees, custodial fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position.

2 Summary of significant accounting policies (continued)

(q) Use of estimates and significant judgement

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund's investments are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 2(c).

The Fund holds units in other unlisted managed investment funds (refer to Note 14). The Trustee has determined that the Fund does not control these entities as the Fund does not have the power over their relevant activities.

(r) Margin and collateral accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker/counterparty and is only available to meet margin calls and mitigate the risk of financial loss from defaults.

3 Financial risk management

The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds. The Trustee is responsible for managing these risks and does so through a process of ongoing identification, measurement and monitoring.

Risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably foreseeable changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Trustee. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

This information is prepared and regularly reported to relevant parties within the Trustee.

As part of its risk management strategy, the Fund may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Trustee monitors the Fund's exposures to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund's investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Fund buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

(i) Price risk

The Fund is exposed to equity securities and derivatives price risk. This arises from investments held by the Fund for which prices in the future are uncertain. These investments are classified on the Statement of financial position at fair value through profit or loss. The fair value of the investments represents the Fund's maximum price risk. The Fund mitigates price risk by diversifying exposure across a range of investment managers and markets. Benchmarks are established for each investment manager and the Trustee monitors performance and tracking errors relative to those benchmarks.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Fund may hold monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises in relation to the value of monetary securities denominated in other currencies which will fluctuate due to changes in foreign exchange rates. The foreign exchange risk relating to non-monetary assets (such as equity investments and holdings in managed investment funds) and non-monetary liabilities in foreign currencies is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund may also be exposed to foreign exchange risk indirectly through its holdings in managed investment funds denominated in Australian dollars but whose underlying securities are denominated in foreign currencies. This also forms a component of price risk, not foreign exchange risk.

The table below summarises all of the Fund's assets and liabilities, both monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

Assets	**30 June 2019** **AUD equivalent in exposure by currency** **$**	30 June 2018 AUD equivalent in exposure by currency $
US Dollars	**1,537,863**	-
Other Currencies	**978**	-
Total assets	**1,538,841**	-

Liabilities	**30 June 2019** **AUD equivalent in exposure by currency** **$**	30 June 2018 AUD equivalent in exposure by currency $
US Dollars	**(52,227)**	(2,299,233)
Euro	**(13,037)**	(243,690)
British Pounds	**(2,631)**	(34,524)
Japanese Yen	**(6,159)**	(118,036)
Swiss Francs	**(690)**	(146,022)
Other Currencies	**(2,472)**	(136,291)
Total liabilities	**(77,216)**	(2,977,796)

(iii) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is primarily measured and managed using duration.

The Fund is exposed to interest rate risk on cash and cash equivalents which is not considered material.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to market risk. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimates, having regard to a number of factors (where applicable), including historical levels of changes in interest rates and foreign exchange rates and historical movements of the Fund's investments. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Impact on operating profit/net assets attributable to unitholders			
	Price risk		Foreign exchange risk	
	-13%	**+13%**	**-8%**	**+8%**
	$	**$**	**$**	**$**
30 June 2019	**(195,024,883)**	**195,024,883**	**(115,088)**	**115,088**
	-14%	+14%	-8%	+8%
	$	$	$	$
30 June 2018	(185,120,894)	185,120,894	(238,926)	238,926

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Fund's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial asset, other than equity and derivative financial instruments, is the carrying amount of those assets as indicated in the Statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

In relation to equity and derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, or where applicable ensuring that transactions are undertaken with a large number of counterparties.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

The Fund may obtain, or provide, collateral to support amounts due under derivative transactions with certain counterparties. These arrangements are agreed between the Fund and each counterparty and take the form of annexures to the standard industry agreement governing the underlying derivative transaction.

The exposure to credit risk for cash and cash equivalents are low as all counterparties have a rating of A-1 (as determined by Standard and Poor's) or higher.

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount or timing.

These risks are controlled through the Fund's investment in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Financial liabilities of the Fund comprise trade and other payables and derivative financial instruments. It also included net assets attributable to unitholders to 30 June 2018.

Note 5 sets out how the Trustee manages net assets attributable to unitholders.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The table below details the Fund's financial liabilities into the relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows.

At 30 June 2019	**Less than 1 month**	**1-6 months**	**6-12 months**	**Over 12 months**	**Total**
	$	**$**	**$**	**$**	**$**
Liabilities					
Forward foreign exchange contracts					
Inflows	**1,085,793**	**-**	**-**	**-**	**1,085,793**
(Outflows)	**(1,098,554)**	**-**	**-**	**-**	**(1,098,554)**
Equity futures					
(Outflows)	**(2,313)**	**(74,561)**	**-**	**-**	**(76,874)**
Payables	**(11,993)**	**-**	**-**	**-**	**(11,993)**
Total liabilities	**(27,067)**	**(74,561)**	**-**	**-**	**(101,628)**

At 30 June 2018	Less than 1 month	1-6 months	6-12 months	Over 12 months	Total
	$	$	$	$	$
Liabilities					
Forward foreign exchange contracts					
Inflows	171,119	-	-	-	171,119
(Outflows)	(173,225)	-	-	-	(173,225)
Equity futures					
(Outflows)	(2,434)	(144,416)	-	-	(146,850)
Payables	(59,338)	-	-	-	(59,338)
Net assets attributable to unitholders	(1,329,087,269)	-	-	-	(1,329,087,269)
Total liabilities	(1,329,151,147)	(144,416)	-	-	(1,329,295,563)

Units are redeemable on demand at the unitholders option. However, the Trustee's directors do not envisage that the contractual maturity disclosed in the table is representative of the actual cashflows, as holders of these instruments typically retain them for the medium to long term.

(e) Fair value estimation

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in fair value recognised in the Statement of comprehensive income.

- Fair value in an active market

  The fair value of financial assets and liabilities traded in an active market is based on their quoted market prices at the Statement of financial position date without any deduction for estimated future selling costs. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

3 Financial risk management (continued)

(e) Fair value estimation (continued)

- *Fair value in an active market (continued)*

  The appropriate quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. A financial instrument is regarded as quoted in an investment market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Fair value in an inactive or unquoted market

  The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the Statement of financial position date taking into account current market conditions (volatility and appropriate yield curves) and the current creditworthiness of the counterparties.

(f) Fair value measurement

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable.

Investments in unlisted managed investment funds are recorded at the redemption value per unit as reported by the managers of such funds.

The following tables present the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

As at 30 June 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Forward foreign exchange contracts	**-**	**92,606**	**-**	**92,606**
Equity futures	**289,056**	**-**	**-**	**289,056**
Interest rate futures	**36,345**	**-**	**-**	**36,345**
Unlisted managed investment funds	**-**	**1,354,518,815**	**145,383,533**	**1,499,902,348**
Total	**325,401**	**1,354,611,421**	**145,383,533**	**1,500,320,355**
Financial liabilities				
Forward foreign exchange contracts	**-**	**(12,761)**	**-**	**(12,761)**
Equity futures	**(76,874)**	**-**	**-**	**(76,874)**
Total	**(76,874)**	**(12,761)**	**-**	**(89,635)**

3 Financial risk management (continued)

(f) Fair value measurement (continued)

As at 30 June 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Forward foreign exchange contracts	-	92,067	-	92,067
Equity futures	265,294	-	-	265,294
Interest rate futures	161,719	-	-	161,719
Unlisted managed investment funds	-	1,200,584,791	121,442,014	1,322,026,805
Total	427,013	1,200,676,858	121,442,014	1,322,545,885
Financial liabilities				
Forward foreign exchange contracts	-	(2,106)	-	(2,106)
Equity futures	(146,850)	-	-	(146,850)
Total	(146,850)	(2,106)	-	(148,956)

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

There were no transfers between levels of the fair value hierarchy during the year ended 30 June 2019 and 30 June 2018.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include the investments in unlisted managed investment funds that hold direct assets such as unlisted property and unlisted infrastructure, given the estimation and judgement involved in the valuation of these assets by the fund manager and their valuer.

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in Note 2(c).

30 June 2019	**Unlisted managed investment funds** **$**
Opening balance	**121,442,014**
Purchases	**20,458,070**
Gains/(losses) recognised in the Statement of comprehensive income	**3,483,449**
Closing balance	**145,383,533**
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	**3,483,449**

30 June 2018	Unlisted managed investment funds $
Opening balance	94,655,828
Purchases	17,926,272
Gains/(losses) recognised in the Statement of comprehensive income	8,859,914
Closing balance	121,442,014
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	8,859,914

The Fund's investment in these unlisted managed investment funds is carried at fair value based on redemption value per unit reported by the manager of such funds. The Trustee regularly monitors performance of such funds including its underlying assets.

3 Financial risk management (continued)

(f) Fair value measurement (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	Fair value at 30 June 2019	**Unobservable inputs**	**Reasonable possible shift +/- (absolute value)**	**Change in valuation**
	$			**$**
Unlisted managed investment funds	**145,383,533**	**Published redemption prices**	**+/-7%**	**10,176,847/ (10,176,847)**

	Fair value at 30 June 2018	Unobservable inputs	Reasonable possible shift +/- (absolute value)	Change in valuation
	$			$
Unlisted managed investment funds	121,442,014	Published redemption prices	+/-7%	8,500,941/ (8,500,941)

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are permitted to be offset and the net amount reported in the Statement of financial position where the Fund currently has a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Fund enters into derivative transactions governed by master netting arrangements set out in International Swaps and Derivatives Association (ISDA) agreements between the Fund and market counterparties. In certain circumstances, such as a credit default, all outstanding transactions under the ISDA agreement are terminated, the termination value is determined and only a single net amount is payable to/receivable from a counterparty in settlement of all transactions. The Fund's ISDA agreements do not currently meet the criteria for offsetting in the Statement of financial position. This is because the Fund does not currently have a legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events. These amounts have therefore not been offset in the Statement of financial position, but have been presented separately in the following table. The column "Net amount" shows the impact on the Fund's Statement of financial position if all set off rights were exercised.

30 June 2019	**Gross amount of financial instruments presented in the Statement of financial position**	**Amounts subject to master netting arrangements**	**Net amount excluding collateral**	**Cash collateral received/posted**	**Net amount**
	$	**$**	**$**	**$**	**$**
Financial assets					
Forward foreign exchange contracts	**92,606**	**(12,761)**	**79,845**	**-**	**79,845**
Equity futures	**289,056**	**-**	**289,056**	**-**	**289,056**
Interest rate futures	**36,345**	**-**	**36,345**	**-**	**36,345**
Margin and collateral accounts	**1,519,214**	**-**	**1,519,214**	**(76,874)**	**1,442,340**
Total	**1,937,221**	**(12,761)**	**1,924,460**	**(76,874)**	**1,847,586**
Financial liabilities					
Forward foreign exchange contracts	**(12,761)**	**12,761**	**-**	**-**	**-**
Equity futures	**(76,874)**	**-**	**(76,874)**	**76,874**	**-**
Total	**(89,635)**	**12,761**	**(76,874)**	**76,874**	**-**

4 Offsetting financial assets and financial liabilities (continued)

30 June 2018	Gross amount of financial instruments presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Net amount excluding collateral	Cash collateral received/posted	Net amount
	$	$	$	$	$
Financial assets					
Forward foreign exchange contracts	92,067	(2,106)	89,961	-	89,961
Equity futures	265,294	-	265,294	-	265,294
Interest rate futures	161,719	-	161,719	-	161,719
Margin and collateral accounts	1,234,822	-	1,234,822	(146,850)	1,087,972
Total	1,753,902	(2,106)	1,751,796	(146,850)	1,604,946
Financial liabilities					
Forward foreign exchange contracts	(2,106)	2,106	-	-	-
Equity futures	(146,850)	-	(146,850)	146,850	-
Total	(148,956)	2,106	(146,850)	146,850	-

5 Net assets attributable to unitholders

Under *AASB 132 Financial instruments: Presentation*, puttable financial instruments that meet the definition of a financial liability are to be classified as equity where certain strict criteria are met.

Prior to 1 July 2018, the Fund classified its net assets attributable to unitholders as liabilities in accordance with AASB 132. On 1 July 2018, the Fund has elected into the AMIT regime. To allow this, the Fund's Constitution has been amended including removing the contractual obligation to pay distributions to unitholders. Therefore from 1 July 2018, the net assets attributable to unitholders of the Fund have been classified as equity per the requirements of AASB 132.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Fund's distributions are no longer classified as a finance cost in the Statement of comprehensive income, but rather as distributions paid and payable in the Statement of changes in equity.

Movement in number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	No.	No.	**$**	$
Opening balance	**1,336,379,844**	1,130,012,082	**1,329,087,269**	1,081,800,527
Profit/(loss) for the year	**-**	-	**132,602,461**	-
Applications	**55,098,137**	120,990,484	**53,000,000**	122,000,000
Units issued upon reinvestment of distributions	**59,608,025**	85,377,278	**62,223,625**	84,919,656
Distributions paid and payable	**-**	-	**(62,223,625)**	-
Increase/(decrease) in net assets attributable to unitholders	**-**	-	**-**	40,367,086
Closing balance	**1,451,086,006**	1,336,379,844	**1,514,689,730**	1,329,087,269

As stipulated in the Fund Constitution, each unit represents a right to an equal undivided interest in the Fund and does not extend to a right to the underlying assets in the Fund.

5 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. Net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Trustee. Under the terms of the Fund Constitution, the Trustee has the discretion to reject an application for units and may defer or adjust a redemption of units in certain circumstances.

6 Financial assets held at fair value through profit or loss

	As at	
	30 June 2019 Fair value	30 June 2018 Fair value
	$	$
Equity futures	**289,056**	265,294
Interest rate futures	**36,345**	161,719
Forward foreign exchange contracts	**92,606**	92,067
Unlisted managed investment funds	**1,499,902,348**	1,322,026,805
Total financial assets held at fair value through profit or loss	**1,500,320,355**	1,322,545,885

7 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2019	30 June 2018
Equity futures	**(76,874)**	(146,850)
Forward foreign exchange contracts	**(12,761)**	(2,106)
Total financial liabilities held at fair value through profit or loss	**(89,635)**	(148,956)

8 Derivative financial instruments

In the normal course of business, the Fund may enter into transactions in various derivative financial instruments. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund's net assets attributable to unitholders.

8 Derivative financial instruments (continued)

The Fund holds the following derivative financial instruments during the year:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

Equity futures are contractual obligations to receive or pay a net amount based on changes in underlying securities at a future date at a specified price, established in an organised financial market.

Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Forward foreign exchange contracts

Forward foreign exchange contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting date.

The Fund's derivative financial instruments at year end are detailed below:

		Fair Value	
	Contract/notional	**Assets**	**Liabilities**
	$	**$**	**$**
30 June 2019			
Forward foreign exchange contracts	**3,865,604**	**92,606**	**(12,761)**
Equity futures	**17,347,726**	**289,056**	**(76,874)**
Interest rate futures	**6,427,240**	**36,345**	**-**
		418,007	**(89,635)**

		Fair Value	
	Contract/notional	Assets	Liabilities
	$	$	$
30 June 2018			
Forward foreign exchange contracts	4,666,608	92,067	(2,106)
Equity futures	14,280,431	265,294	(146,850)
Interest rate futures	14,943,680	161,719	-
		519,080	(148,956)

An overview of the risk exposures relating to derivatives is included in Note 3.

9 Receivables

	As at	
	30 June 2019	30 June 2018
	$	$
Interest receivable	**13,470**	6,363
GST receivable	**5,545**	2,498
Total	**19,015**	8,861

10 Payables

	As at 30 June 2019 $	As at 30 June 2018 $
Trustee fees payable	**922**	41,519
Expense recovery fees payable	**-**	5,139
Custody fees payable	**11,071**	12,680
Total	**11,993**	59,338

11 Cash and cash equivalents

	As at 30 June 2019 $	As at 30 June 2018 $
Cash at bank	**12,932,774**	5,505,995
Total	**12,932,774**	5,505,995

12 Net gains/(losses) on financial instruments held at fair value through profit or loss

The net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss (including FX gains/(losses))	**74,325,747**	42,464,269
	74,325,747	42,464,269

13 Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Audit of the financial statements	**13,398**	13,266
Total	**13,398**	13,266

Auditor's remuneration disclosed is inclusive of GST. Audit fees are being paid for by the Trustee. To cover this and certain other expenses paid by the Trustee on behalf of the Fund, the Trustee receives expense recovery fees from the Fund as discussed in Note 14.

14 Related party transactions

Trustee

The Trustee of Long Service Corporation Investment Fund is New South Wales Treasury Corporation. Accordingly, transactions with entities related to the Trustee are disclosed below.

Ultimate parent entity

The ultimate parent entity and controlling party of the Fund is the New South Wales Government.

Key management personnel

Directors

Key management personnel includes persons who were directors of the Trustee at any time during the financial year.

Key management personnel compensation

Key management personnel compensation is paid by the Trustee. Payments made from the Fund to the Trustee do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

Cabinet Ministers

Cabinet Ministers of the New South Wales Government are considered to be related parties of the Fund and each State-controlled entity. There were no related party transactions with the Cabinet Ministers.

Other New South Wales Government entities

Other NSW Government entities invest in the Fund. The Fund transacts with these investors in accordance with the provisions of the Fund Constitution.

14 Related party transactions (continued)

Trustee fees and other transactions

Under the terms of the Fund Constitution for the Fund, the Trustee is entitled to receive trustee fees monthly.

The Trustee pays certain expenses incurred for services provided to the Fund. To cover these costs, the Trustee receives expense recovery fees from the Fund.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the year and amounts at year end between the Fund and the Trustee were as follows:

	Year ended 30 June 2019	Year ended 30 June 2018
	$	$
Expense recovery fees for the year	**20,486**	31,084
Trustee fees for the year	**99,947**	93,753
Aggregate amounts payable to the Trustee at the reporting date	**922**	46,658

Investments

Details of related parties investments held by the Fund, which New South Wales Treasury Corporation acts as Trustee, are set out below.

30 June 2019	**Fair value of investment**	**Interest held**	**Distributions/ Interest received or receivable during the year**
	$	**%**	**$**
TCorpIM Indexed International Share (Unhedged) Fund	**99,268,297**	**15.89**	**2,204,369**
TCorpIM International Share (Unhedged) Fund	**280,228,560**	**3.70**	**13,952,573**
TCorpIM Listed Property Fund	**79,978,151**	**26.10**	**731,384**
TCorpIM Australian Share Fund	**379,368,208**	**6.32**	**20,536,209**
TCorp Indexed Australian Share Fund	**48,035,141**	**21.08**	**1,990,267**
TCorpIM Australian Bond Fund	**218,074,484**	**24.66**	**6,145,469**
TCorpIM Liquidity Cash Fund	**62,667,690**	**1.99**	**2,132,764**
TCorpIM Short Term Income Fund	**33,342,265**	**0.91**	**655,372**
TCorpIM Emerging Market Share Fund	**82,695,031**	**4.31**	**1,937,445**
TCorpIM Unlisted Property Fund	**77,472,247**	**4.73**	**5,277,446**
TCorpIM Unlisted Infrastructure Fund	**67,911,286**	**6.04**	**1,856,647**
TCorpIM Multi-Asset Class Fund	**70,011,498**	**3.92**	**924,158**
TCorpIM International Share (Hedged) Fund	**849,491**	**0.07**	**26,710**

14 Related party transactions (continued)

Investments (continued)

30 June 2018	Fair value of investment $	Interest held %	Distributions/ Interest received or receivable during the year $
TCorpIM Indexed International Share (Unhedged) Fund	88,415,431	15.89	2,302,623
TCorpIM International Share (Unhedged) Fund	226,902,415	3.58	14,407,565
TCorpIM Listed Property Fund	61,808,998	25.22	2,550,053
TCorpIM Australian Share Fund	342,943,275	6.34	29,052,680
TCorp Indexed Australian Share Fund	43,107,750	21.08	2,011,847
TCorpIM Australian Bond Fund	154,885,459	28.32	4,719,858
TCorpIM Liquidity Cash Fund	134,505,487	3.42	1,607,352
TCorpIM Short Term Income Fund	10,638,536	1.07	256,175
TCorpIM Emerging Market Share Fund	75,895,436	7.12	16,898,936
TCorpIM Unlisted Property Fund	56,891,158	3.59	3,036,723
TCorpIM Unlisted Infrastructure Fund	64,550,856	6.13	1,613,635
TCorpIM Multi-Asset Class Fund	60,677,376	9.70	4,447,487
TCorpIM International Share (Hedged) Fund	804,628	0.09	76,624

15 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2019	30 June 2018
	$	$
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	**132,602,461**	125,286,742
Net (gains)/losses on financial instruments held at fair value through profit or loss (including FX (gains)/losses)	**(74,325,747)**	(42,464,269)
Proceeds from sale of financial instruments held at fair value through profit or loss	**139,286,594**	67,013,693
Purchases of financial instruments held at fair value through profit or loss	**(189,007,027)**	(186,794,585)
Dividends/distributions reinvested	**(53,958,632)**	(80,557,463)
Net change in receivables and other assets	**(10,154)**	(3,935)
Net change in accounts payables and accrued liabilities	**(47,345)**	29,993
Net cash inflow/(outflow) from operating activities	**(45,459,850)**	(117,489,824)
(b) Non-cash activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**62,223,625**	84,919,656
During the year, the following acquisitions were satisfied by participation in dividend and distribution reinvestment plan	**53,958,632**	80,557,463
	116,182,257	165,477,119

16 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements. Structured entities of the Fund include investments in related party unlisted managed investment funds as disclosed in Note 14.

The Fund has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset. Income from the structured entities are in the form of distributions. Exposure to trading assets are managed in accordance with financial risk management practices as set out in Note 3.

17 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period up to the date of signing the Annual Financial Report which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2019 (30 June 2018: Nil).

Statement by the Trustee

In the opinion of the directors of the Trustee

(a) The financial statements and notes of the Fund are in accordance with the requirements of the Fund Constitution, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015, and:

  (i) are properly drawn up so as to present fairly the Fund's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the year ended on that date; and

  (ii) comply with Australian Accounting Standards and other mandatory professional reporting requirements.

(b) There are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due and payable.

(c) The directors are not aware of any circumstances as at the date of this statement, which would render any particulars included in the financial report misleading or inaccurate.

This declaration is made in accordance with a resolution of the directors.

P H Warne
Director

D M Deverall
Director

Sydney
23 September 2019

INDEPENDENT AUDITOR'S REPORT

Long Service Corporation Investment Fund

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial report of the Long Service Corporation Investment Fund (the Fund), which comprises the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial report:

- gives a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- is in accordance with the requirements of the Fund's constitution.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Fund in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

The Trustee’s Responsibilities for the Financial Report

The Directors of the Fund’s Trustee, New South Wales Treasury Corporation, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Fund’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor’s Responsibilities for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor’s report.

My opinion does not provide assurance:

- that the Fund carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial report on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial report.

David Daniels
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

6. Appendices

6.1 Consultants

Consultant	Product description	Amount (excl GST) $
Consultants costing $50,000 or more		
Finance/Accounting/IT		
Capgemini Australia	New Integrated Leave System (NILS) Project Consulting	1,761,067
PM-Partners Group	New Integrated Leave System (NILS) Project Consulting	286,844
Dialog Information Technology	NILS Finance system	205,262
Professional Financial Solutions (PFS)	Actuarial reports and advice	157,258
Formation Technology	Software development	72,790
Subtotal		**2,483,220**
Consultants costing less than $50,000		
Superior Software for Windows (SSW)	Online portal work	15,018
UQ Power	Formulation of business plan	7,500
ZAP Technology	ZAP BI tool upgrade and report	5,180
Subtotal		**27,698**
Total Expenditure on Consultants		**2,510,918**

6.2 Consumer response

LSC recorded a total of 270 separate feedback items during the year, including 142 complaints, 68 suggestions and 60 compliments. This represents a significant decrease (78 per cent) in the number of feedback items recorded when compared to the 2017-18 year. The greater feedback for 2017-18 is attributed to an outage of a key customer facing system which accounted for 79 per cent of the feedback received that year. The main complaint areas this year were processing and wait times, and the quality of communications. LSC are working on new initiatives to improve processing times and have implemented a new marketing strategy to improve engagement with and communications to the industries we service. It is encouraging to note that 64 of the compliments (94 per cent) were attributed to the quality of our customer service.

Online survey results from our portals were again very positive with 89 per cent of 11,464 respondents stating the employer portal met their needs extremely or very well and 83 per cent of 9,236 respondents indicating the worker portal met their needs extremely or very well. LSC has recently introduced a survey for the tax agent portal with 91 per cent of 641 respondents stating the portal met their needs extremely or very well.

LSC also introduced Net Promoter Score (NPS) surveys to measure customer satisfaction which saw a +15 point improvement on our baseline score over the year, from +15 to +30. Survey feedback generally praised the high quality of service provided by customer-facing staff and identified processing times and better communication as areas to improve.

6.3 Corporate credit card use

In accordance with Treasurer's Direction 205.01-205.08 and Treasury Policy and Guidelines TPP 05/1, LSC certifies that corporate credit cards used by officers on behalf of LSC have complied with government requirements. LSC has three credit cards issued with a total limit of $30,000.

6.4 Employment and senior executive statistics

Human Resources

In June 2019 LSC had 67.06 full-time equivalent (FTE) employees. This equates to a headcount of 70.

Senior Executive Band	2018[1,2,3]		2019[1,2,3]	
	Female	Male	Female	Male
Band 4 (Secretary)	-	-	-	-
Band 3 (Deputy Secretary)	-	-	-	-
Band 2 (Executive Director)	-	-	-	-
Band 1/Senior Officer (Director)	1	0	1	0
Total	1		1	

Note 1: Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

Note 2: Statistics are based on Workforce Profile Census data as at 28 June 2018 and 27 June 2019.

Note 3: All employees reported in 2018 and 2019 are appointed under the *Government Sector Employment Act 2013*. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

Senior Executive Band - Average Remuneration	2018[4]	2019[4]
Band 4 (Secretary)	N/A	N/A
Band 3 (Deputy Secretary)	N/A	N/A
Band 2 (Executive Director)	N/A	N/A
Band 1/Senior Officer (Director)	$214,380	$223,477

Note 4: Salary ranges effective at the Workforce Profile census dates of 28 June 2018 and 27 June 2019.

Staff by age	2018	2019
20 - 24 years	0	0
25 - 29 years	3	3
30 - 34 years	7	4
35 - 39 years	11	9
40 - 44 years	12	15
45 - 49 years	15	12
50 - 54 years	6	12
55 - 59 years	11	8
60 + years	5	7

Non-executive staff by classification and grade		
Grade	**Actual staff numbers**	**Full-time equivalent**
Clerk Grade 1 - 2	0	0
Clerk Grade 3 - 4	15	14.2
Clerk Grade 5 - 6	28	26.6
Clerk Grade 7 - 8	11	10.2
Clerk Grade 9 - 10	12	12
Clerk Grade 11 - 12	3	3

Employee related costs	2018	2019
Executive	$238,100	$415,272
Non-Executive	$5,647,175	$11,724,728
Total	$5,885,275	$12,140,000
Ratio Senior Executive	4.0%	3.42%

6.5 Employment relations, policies and practices

LSC staff are employees of DFSI and all human resource services and support is provided by departmental People and Culture (P&C) with the exception of Payroll, which is managed by LSC.

6.6 Legislative changes

There were no changes to the *Long Service Corporation Act 2010*, *Building and Construction Industry Long Service Payments Act 1986,* nor the *Contract Cleaning Industry (Portable Long Service Scheme) Act 2010* or the regulations.

6.7 Public interest disclosures

All staff have a responsibility to report suspected wrongdoing including corruption; maladministration; serious and substantial waste of public money; and breaches of the *Government Information (Public Access) Act 2009* (GIPA Act). The *Public Interest Disclosures Act 1994* (PID Act) is aimed at encouraging and facilitating the disclosure, in the public interest, of wrongdoing in the public sector.

LSC is committed to protecting staff that make public interest disclosures and adopts the department's Fraud and Corruption Internal Reporting Policy, which is consistent with the NSW Ombudsman's model policy. The policy is widely available on the DFSI intranet and includes details of the nominated officers who are authorised to receive a disclosure.

PID resources are available to staff on the DFSI intranet and highlighted during induction training and at regular intervals through mandatory online training.

Section 4 of the Public Interest Disclosures Regulation 2011:			
	Public interest disclosures made by public officials in performing day to day functions	Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	All other public interest disclosures
Number of public officials who made PID's	1	0	0
Number of PID's received	1	0	0
Of PID's received, number primarily about:			
Corrupt conduct	1	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Number of PID's finalised	1	0	0

6.8 Other disclosures

- LSC has no subsidiaries and has not entered into joint ventures or partnerships with any other organisations.
- LSC does not own real estate property nor was any real estate property disposed of during the year.
- There were no agreements entered into with Multicultural NSW under the *Multicultural NSW Act 2000.*
- There were no grants made to non government community organisations.
- Officers made no overseas visits during the year.
- No research or development programs were undertaken.

6.9 Exemptions from the report provision

As a small statutory body LSC need only report on a triennial basis (last reported in 2017-2018) in relation to:

- Equal employment opportunity.
- Disability inclusion action plan.
- Multicultural policies and services program.
- Work health and safety.
- Workforce diversity.

6.10 Statutory reporting compliance index

Compliance requirement	Section in the Annual Report	Page
Access		2
Agreements with Multicultural NSW	Appendix 6.9 Exemptions from the report provision	92
Aims and objectives	1.1 Who we are 1.3 What we do	6 7
Auditor's Report	5.2 Independent Auditor's Report	25
Budgets	4 Financial performance summary	21
Charter	1.1 Who we are	6
Consultants	Appendix 6.1 Consultants	88
Consumer response	Appendix 6.2 Consumer response	89
Corporate credit card use	Appendix 6.3 Corporate credit card use	89
Corporate objectives	2.2 Review of operations	10
Cyber Security Annual Attestation Statement	3.3 Cyber Security Annual Attestation Statement for 2018-19	19
Disclosure of controlled entities	5.8 Controlled Entity financial statements	61
Disclosure of subsidiaries	Appendix 6.8 Other disclosures	92
Economic and other factors	Chief Executive Officer's Report 2 Highlights and achievements	5 9
Exemptions	6.9 Exemptions from the report provision	92
Financial statements	5 Financial statements	24
Funds granted to non government community organisations	Appendix 6.8 Other disclosures	92
Government Information (Public Access) Act 2009	3.4 Accessing LSC information	20
Human Resources	Appendix 6.4 Employment and senior executive statistics	90
Identification of audited financial statements	5 Financial statements	24
Implementation of Price Determination		Not Applicable
Internal Audit and Risk Management Policy Attestation	3.2 Internal Audit and Risk Management Attestation Statement	17
Investment performance	5.8 Controlled Entity financial statements	61
Land disposal	Appendix 6.8 Other disclosures	92
Legal change	6.6 Legislative changes	91
Legislation	1.2 Legislation administered	7
Letter of submission		3
Liability management performance		Not Applicable
Management and activities	2 Highlights and achievements 3 Governance	9 16
Management and structure	1.3 What we do 1.4 Principal officers	7 8

Compliance requirement	Section in the Annual Report	Page
Organisational structure	1.3 What we do	7
Payment of accounts	4 Financial performance summary	21
Production costs of Annual Report		2
Promotion	Appendix 6.8 Other disclosures	92
Protecting privacy and personal information	3.4 Accessing LSC information	20
Public interest disclosures	Appendix 6.7 Public interest disclosures	92
Research and development	Appendix 6.8 Other disclosures	92
Risk management and insurance activities	3.1 Audit and risk management and insurance activities	16
Senior Executive grades and remuneration	Appendix 6.4 Employment and senior executive statistics	90
Senior Executives	1.4 Principal officers	8
Summary review of operations	2.2 Review of operations	10
Website address		2

NSW GOVERNMENT

Long Service Corporation