A close-up, side-profile photograph of a man wearing a white hard hat and a high-visibility orange and yellow safety vest over a blue and white checkered shirt. He is looking down at a set of plans or a tablet. The background is blurred, showing what appears to be a construction site.

# 08-09

## ANNUAL REPORT

BUILDING AND CONSTRUCTION INDUSTRY  
LONG SERVICE PAYMENTS CORPORATION

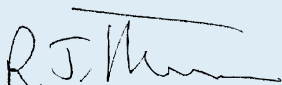
The Hon John Hatzistergos MLC  
Attorney General  
Minister for Industrial Relations  
Parliament House  
Macquarie Street  
SYDNEY 2000

Dear Minister

I have pleasure in submitting the 27th Annual Report of the Building and Construction Industry Long Service Payments Corporation for presentation in Parliament.

The report for the year ended 30 June 2009 has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Annual Reports (Statutory Bodies) Act 1984 and the associated regulations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. J. Thomson', with a horizontal line above the first part of the signature.

**Rob Thomson**  
A/Chief Executive Officer  
29 October 2009



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## 01

## DIRECTOR'S REPORT

2008-2009 was a year of significant changes and challenges for the Corporation and one in which a new era commenced. In January 2009, Keith Napper retired after 19 years as the Director of the Corporation and this change in leadership halfway through the year coupled with some significant challenges tested the Corporation. The most significant of these was the bulk cancellation of 150,000 inactive workers after 15 years, the introduction of an online levy payment system, finalisation of a five year legislative change process, dealing with the effects of the global financial crisis and its impacts on the scheme's investment funds, along with relocation to our new premises in Watt Street, Gosford.

Throughout this watershed year, the Corporation continued to demonstrate why it is the premier building and construction industry long service scheme in Australia. Its professional and customer focused approach was reflected in a continued high level of stakeholder satisfaction and an extremely low level of complaints. The Corporation continued to deliver its core services of claim payments – \$54.3m to 10,773 claimants, levy collection of \$63.1m and registrations of 27,634 new workers and 2,734 new employers. The Corporation as a whole can be rightfully proud of its achievements in 2008-2009 and has the people, procedures and resources in place to continue to lead from the front.

## STRATEGIC DIRECTION

The Corporation achieved its key corporate priorities this year, the most important of which was the inactive worker cancellation run. The Corporation is highly competent in conducting its core business and has been for many years. The challenge this year was dealing effectively with the increased operational tempo and moving forward to the next level of service delivery. As part of this process, a review of the Corporation's mission, vision and key results areas was undertaken and adjusted to better reflect a continued move towards integrated electronic online service delivery. Making the scheme even easier to understand and more user-friendly is fundamental to our success and helps reduce red tape and increase customer satisfaction with government services – two of the NSW State Plan priority areas. Fully engaging with the building and construction industry is also key to achieving our vision.



WHEN I PHONED FOR ADVICE THE OFFICER WAS  
VERY HELPFUL AND KNEW HER WORK. THE PROCESS  
WAS VERY STRAIGHT FORWARD.

DON, PAINTER





## LEGISLATIVE AMENDMENTS

This financial year saw the final stages of a five year legislative change process updating our governing legislation – the Building and Construction Industry Long Service Payments Act 1986.

The work of the previous Director and the support of our Industry Committee saw the recommendations approved by the NSW Government and a draft bill adopting the proposed legislative amendments was prepared for consultation purposes.

Following feedback from the Industry Committee, amendments to the legislation will be submitted for the Government's consideration later this year.

Substantial effort and consideration by the Corporation's staff and members of the Industry Committee have resulted in a Bill that addresses key business changes needed to improve the scheme overall and expedite an online service approach.

## CANCELLATION OF INACTIVE WORKERS

Following concerns raised by the Audit Office in 2007, the Corporation this year undertook a bulk cancellation of inactive workers. Cancellation had not occurred since 1994 due to legal advice, which was overturned upon review. Considerable planning and preparation ensured this major activity was completed in the last quarter

of this financial year. The end result was 146,557 workers removed from the register and only 1,856 appeals received.

## FINANCIAL SITUATION

The Corporation's financial performance and financial position as at 30 June 2009 have been impacted by the volatility and uncertainty in financial markets along with a slowdown in the building and construction industry as a result of the global financial crisis. The Scheme's investments with the NSW Treasury Corporation Long Term Growth Facility (TCorp) made a negative return of 10.33%, whilst the industry slowdown has had a negative impact on the amount of levy collected by the Corporation. These factors combined to make it a fairly poor year for the Corporation from a financial perspective by creating a negative equity position. However, with its nine year plus liability profile, the Corporation is more than able to meet its liabilities and commitments for the foreseeable future. The Corporation has commissioned a full actuarial investigation of the Scheme as at 30 June 2009, one year ahead of schedule, to ensure it is equipped with the most up to date financial information and, like many other organisations, continues to monitor the financial situation very closely with signs that the new financial year is looking more positive.

## ONLINE LEVY PAYMENTS SYSTEM

A new online Levy System went 'live' in April 2009 after considerable development and testing without any major problems. The system allows those required by the legislation to pay the levy to do so electronically over the web. The take-up by users was excellent resulting in an increase in the maximum value of payments from \$2,000 to \$10,000 in order to meet demand.

## RELOCATION OF LSPC TO WATT STREET

As a result of a request from WorkCover NSW to return its office space on the ground floor of the WorkCover Building in Donnison Street, the Corporation planned for, sourced and executed a relocation move to its new building on Level 1 of 19-21 Watt Street Gosford in November 2008. Despite a few minor issues settling in, our Minister the Hon. John Hatzistergos, MLC, Attorney General and Minister for Industrial Relations officially opened the building on 6 April 2009.



## 01

## DIRECTOR'S REPORT

## 02

## CHARTER

**STAFF**

This year has been an opportunity to have a close look at how the Corporation is structured to ensure that we are fit for purpose and capable of meeting the requirements implied in our vision and mission. An internal consultation process at management level took place and generated a high level of interest and discussion. The result has been some recommendations to adjust the structure slightly in the areas of IT, claims processing and the executive.

The Corporation also continued to invest in training and development opportunities with the senior team and a number of the managers participating in the WorkCover Corporate Leadership Development Program. Members of staff progressed with the Certificate IV in Government and most are due to complete later this year, while several other key training opportunities with a specific focus on increasing job skills or knowledge were also undertaken by staff.

**FUTURE DIRECTIONS  
THE YEAR AHEAD**

The new financial year brings with it many opportunities for the Corporation to build on the good work and excellent achievements of 2008-2009, with the new Corporate Plan identifying some key focus areas for improving its service delivery. Key corporate priorities for 2009-2010 include:

- Review and update the Corporation's Internet site to include the Worker and Employer portals, to better meet the needs of our customers
- Implement Legislative amendments once passed in Parliament
- Develop a Tax Agent online facility to further reduce red tape and make it easier for self employed workers to access their entitlements
- Conduct a post implementation review of Worker Register System and online facilities
- Replace two Assistant Directors when they retire as well as continuing to ensure that the Corporation is fit for purpose with trained and motivated staff who enjoy what they do

Overall the Corporation continues to administer the Building and Construction Industry Long Service Payments Act 1986 to an excellent standard and I look forward to working in partnership with the building and construction industry to further improve the efficiency and ease with which we deliver our services to workers and employers.

**Scott Warr, Director**

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

# 03

## ACCESS

Head Office:  
Level 1, 19-21 Watt Street  
GOSFORD NSW 2250

Branch Office:  
Level 1, 10-12 Railway Street  
LIDCOMBE NSW 2141

Mail:  
Locked Bag 3000  
CENTRAL COAST MC NSW 2252

Telephone:  
13 14 41

Fax:  
(02) 9287 5685

Internet Address:  
[www.lspc.nsw.gov.au](http://www.lspc.nsw.gov.au)

E-mail:  
[info@lspc.nsw.gov.au](mailto:info@lspc.nsw.gov.au)

Hours:  
8.30 am to 5.00 pm  
Monday to Friday

# 04

## ROLE OF THE CORPORATION

The Building and Construction Industry Long Service Payments Act 1974 commenced on 1 February 1975 and established a portable long service payments scheme for building and construction workers in New South Wales. On 1 August 1982, the Building and Construction Industry Long Service Payments Amendment Act 1982 established the Corporation with all the assets and liabilities of the scheme.

Before July 1986 the scheme was funded by a charge on employers. From July 1986, the Building and Construction Industry Long Service

Payments Act 1986 provided that the funding would come from a levy on building and construction work. The levy is currently 0.35% on building and construction work costing \$25,000 or more, with local councils acting as agents to collect the levy for the Corporation.

The Corporation provides a service to over 280,000 registered workers and more than 38,000 registered employers in building and construction work in NSW. Its role includes the keeping of service records of workers, the provision of long service benefits to workers and employers, and the collection of levies on building work.

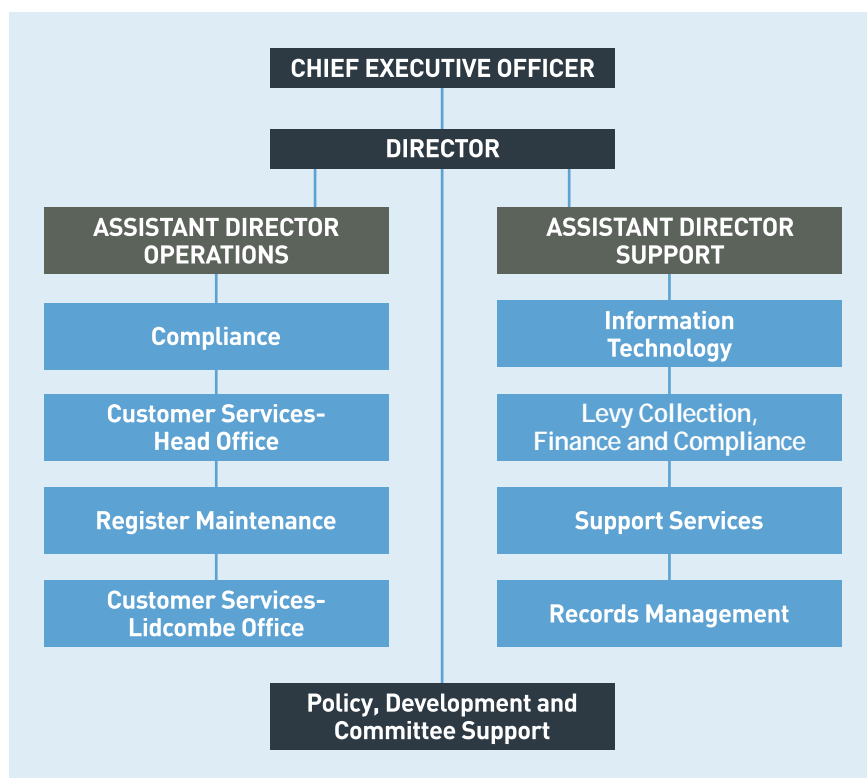


# 05

## ORGANISATION STRUCTURE

# 06

## PRINCIPAL OFFICERS



Mr Jon Blackwell BA, MA  
Chief Executive Officer

Mr Keith Napper Bcom, CA  
Director  
Until 2 February 2009

Mr Scott Warr BA, MMgt  
Director  
From 19 January 2009

Mr Brent Weiley  
Assistant Director – Operations

Mr Robert Armstrong BSc  
Assistant Director – Support



# 07

## CORPORATE PLAN 2008-2009

### OUR MISSION AND PURPOSE

DELIVER INDUSTRY-BASED  
WORKER BENEFITS

### OUR VISION

A COST EFFECTIVE AND QUALITY  
SERVICE PROVIDER

### OUR OBJECTIVES

- Informed and participating industry
- Maximum use of online services
- All records are electronic and systems efficient
- Knowledgeable and motivated staff
- Sound governance is maintained

### OUR VALUES

- Be Professional
- Show Respect
- Earn Trust
- Be Honest
- Be Fair

### KEY FOCUS AREAS

Governance	Business practices are legislatively compliant, values driven, ethical and transparent
People	Staff are skilled, informed and motivated
Services	Services are timely, accurate, accessible and reliable
Marketing and Compliance	Industry participants are aware of their rights and obligations
Finance and Funding	Scheme is financially viable
Management of Records	Records are accurate, complete, accessible and secure



I FOUND THE  
CORPORATION VERY  
HELPFUL AND EASY  
TO DEAL WITH. THEY  
MADE ME FEEL  
AT EASE AND  
REASSURED. THANK  
YOU FOR YOUR HELP.

JACK, PLASTERER

HAVE HAD NO  
PROBLEMS AT ALL  
AFTER BEING A  
MEMBER FOR  
25 YEARS. IT'S A  
GREAT THING TO  
HAVE AND WE MUST  
NEVER LOSE IT.

PAUL, PLUMBER

WE FIND THE  
WHOLE PROCESS  
FUSS FREE AND A  
GREAT SERVICE.

CLAUDIO, CONCRETOR



## 08

## CORPORATE PLAN 2009-2013

1. ENGAGE STAKEHOLDERS TO  
INFORM AND EDUCATE

- Building strong ongoing relationships with Industry
- Actively seeking stakeholder views
- Develop effective partnerships
- Educate and inform stakeholders

2. RELEVANT AND EASY TO USE  
WORKER REGISTER AND LEVY  
SYSTEMS

- Improve Online services
- Improve Helpline services
- Improve the Website
- Recommend and Implement legislative change
- System improvement and development
- Improve accuracy and use of data

## VISION

AN EASY TO USE AND  
EFFECTIVE LONG SERVICE  
PAYMENTS SCHEME

## MISSION

TO WORK IN PARTNERSHIP  
WITH THE BUILDING AND  
CONSTRUCTION INDUSTRY  
TO DELIVER AN EASY TO USE  
PORTABLE LONG SERVICE  
PAYMENTS SCHEME THAT IS  
FINANCIALLY SOUND

## 3. A FINANCIALLY SOUND SCHEME

- Financially viable Scheme
- Optimise investments
- Equitable Levy rate
- Timely and fair claims payments
- Responsible Financial Management

4. BUILDING CORPORATION  
CAPABILITY

- Optimal staffing structure
- Trained and competent staff
- Continuous improvement of business systems and processes
- Information managed electronically
- Leadership and initiative
- Good Communications
- Effective Governance

# 09

## PRIORITIES FOR 2009-2010

### 1. ENGAGE STAKEHOLDERS TO INFORM AND EDUCATE

- Implement stakeholder engagement strategy
- Review, develop and implement marketing/communications strategies
- Develop legislative change awareness strategy
- Evaluate options for presentation of information to TAFE students

### 2. RELEVANT AND EASY TO USE SERVICE SUPPORT SYSTEMS

- Specify and develop tax agent online facility
- Conduct post implementation review of employer online services facility
- Evaluate and redevelop Internet site

### 3. A FINANCIALLY SOUND SCHEME

- Conduct actuarial investigation
- Review investment objectives and strategies
- Evaluate private certifiers online facility

### 4. BUILDING CORPORATION CAPABILITY

- Implement organisational restructure
- Implement performance management system
- Evaluate Intranet site
- Evaluate levy system
- Review business continuity plan



# 10

## ACHIEVEMENTS AND PERFORMANCE

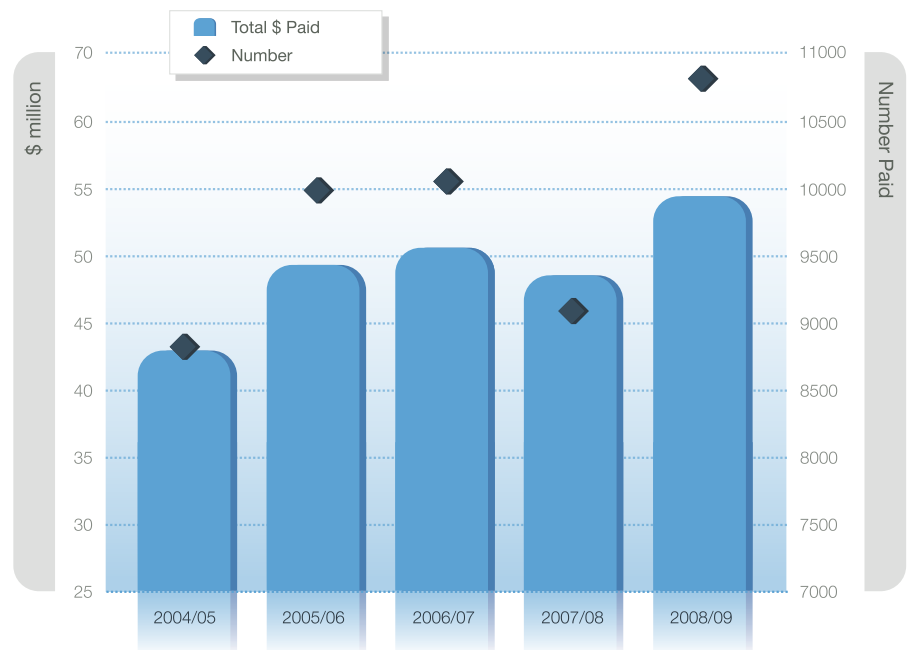
### 2008-09 OPERATIONS DIVISION

#### PAYMENT OF CLAIMS

The Corporation made 10,773 long service payments, an 18% increase on the previous financial year, with a gross value exceeding \$54.3m. 82% were paid within the 10-day performance standard. Those outside the standard were as a result of additional information being required to either accurately determine pay rates or to confirm claimants' scheme eligibility.

The feedback received from our customers is extremely good in relation to claims processing as can be seen from the following testimonials:

### NUMBER AND TOTAL PAYMENTS



TERRIFIC. FROM TIME OF CLAIM TO DEPOSIT THE STAFF WERE EXCELLENT WITH HELPING ME WITH MY CLAIM.

BRIAN, PLUMBER

THE STAFF FROM LONG SERVICE WERE VERY HELPFUL AND THE PAYMENT WAS RECEIVED WITHIN 10 DAYS AS PROMISED.

JOHN, PLASTERER

THE PROCESS WAS WELL ORGANISED AND EFFICIENT. STAFF WERE WELL TRAINED AND CLEAR IN THEIR INFO.

SAM, BUILDING SUPERVISOR

## HELPLINE SERVICES

The Corporation's 13 14 41 Helpline remained the main channel for client contact. 99,000 calls were made to the Helpline during the 8:30am to 5:00pm service period, of which 85,000 (86%) were answered.

The practice of callers being handled directly by a customer service officer has been maintained as clients currently favour that service, rather than introducing a computer voice-recognition system provided by many call centres. The Corporation will however continue to monitor advances in speech-recognition technology and this type of service delivery will be reconsidered when costs and quality make introduction a viable proposition. At present, where demand exceeds available operators, a queuing mechanism is activated and callers hear short recorded messages on current scheme issues.

The Corporation maintains that the achievement of performance targets is secondary to a service ethos. We believe each customer answered deserves to have their query and any other identified matters fully dealt with, even if this means another customer has to wait or is required to call back. This, coupled with exceptionally high service demand periods experienced

during the year relating to employer assistance in their take-up of online services, and the bulk cancellation of worker registrations with at least four consecutive years of non-service crediting, meant the performance standard for Helpline services was not achieved. While it is regrettable that callers are required to hold or call back when demand exceeds available service resources, client industry customer surveys acknowledge ongoing satisfaction with the type and quality of services provided and no complaints have been lodged. The corporation will be reviewing the ongoing viability of our existing service standard.

## WEBSITE

This year was one of stabilisation to facilitate further promotion of the Corporation's online services facility to both employers and workers, and to allow users to gain confidence in using the facility. As a result, there has been a significant increase in the number of registered employers lodging service details through the facility with 85% of service recorded from employers via this method. The use by workers is understandably still low, as the need for them to conduct business with the corporation is similarly low and the Helpline remains their preferred method for general enquiries.

## ACCURACY AND USE OF DATA

The outcome of employer take up of online services coupled with the data control techniques used in the facility is greater accuracy of data.

The ongoing priority of promoting awareness and use of online services to employers and workers is continuing to achieve the desired results. An increased number of registered employers are now using the internet option to meet some or all of their scheme reporting obligations. A relatively small number of workers utilised the facility, but the options currently available on the site are limited.

Development and application of an employer compliance strategy has resulted in improved timeliness of the lodgement of service details by employers.

The corporate priority of undertaking the first four-year service gap cancellation of worker registrations since 1994 was also achieved. Perceived flaws in the applicable legislative provision caused this belated action, but the situation was resolved in the 2007-08 financial year.



# 10

## ACHIEVEMENTS AND PERFORMANCE

### BUILDING STRONG ONGOING RELATIONSHIPS WITH INDUSTRY

Stronger relationships with key industry associations and their members continued to be developed through participation in meetings with employer associations and unions. The Corporation was involved in 41 industry events held by Housing Industry Association, Master Builders Association, Civil Contractors Federation and Master Plumbers Association.

### STAKEHOLDER VIEWS

The Corporation relies on a variety of customer feedback tools to help monitor customer service standards. During 2008-09, feedback was received by a formal market research project undertaken by the University of Technology Sydney. The data collected from worker and employer respondents led to the following major findings:

- Respondents were very satisfied with the Corporation's services overall
- They were particularly satisfied with the opening hours, communication material and responsiveness of staff
- The usability of the Corporation's website was identified as an area for improvement
- 96% of respondents were moderately to highly aware of the Corporation's services and background

### PARTNERSHIPS

The Corporation participated in the 2009 state-wide Building Business Information Expos organised by the Office of Fair Trading. Approximately 4,500 builders and tradespeople attended. The Expos are designed to help businesses experiencing financial difficulties gain access to a range of industry experts who can provide practical advice during the down turn in the economy. Corporation staff attended all 17 of the Expos and provided information about the scheme.

### EDUCATE AND INFORM STAKEHOLDERS

The Corporation's TAFE Excellence in Training Award scheme was maintained and, in its 18th year of operation, has proven to be an excellent method of maintaining the scheme's profile within building and construction industry-related TAFE courses.

The Corporation continued to participate in information evenings run by key industry associations for their members. Advertisements advising of legislative obligations and the promotion of key events in the business cycle appeared in major metropolitan newspapers, a range of community language newspapers and a selection of major industry trade journals.

Our involvement in these events and advertising in relevant publications ensures industry participants are well informed of their obligations and the benefits available.

### 2008-09 SUPPORT DIVISION

#### ACCOMMODATION

In November, the Corporation successfully relocated its head office within Gosford from the ground floor of the WorkCover Building in Donnison Street to Level 1 of 19-21 Watt Street. The Minister the Hon. John Hatzistergos, MLC, Attorney General and Minister for Industrial Relations officially opened the tenancy on 6 April 2009.

The Corporation arranged for considerable modification to convert the tenancy into a suitable environment for a NSW Government Agency. This included arranging for the building owner to install a lift and to provide access for a wheelchair-bound officer, for which we acknowledge the assistance and funding provided by the Commonwealth Government through JobAccess. The Corporation also acknowledges the contribution of the NSW Department of Commerce for their project management.

#### BUSINESS CONTINUITY PLAN

The update of the Business Continuity Plan was deferred to next financial year. A fire in the building that accommodates our Lidcombe Office enabled the Corporation to test this plan in a real emergency situation. The plan proved to be effective, improvements were identified and action taken to incorporate them into the Corporation's Business Continuity Plan.



## RECORDS MANAGEMENT

All records received by the Corporation are imaged and catalogued, with action continuing to image and catalogue pre-existing records. A cost benefit analysis revealed that it was cost prohibitive to digitise records stored in the Government Records Repository.

## ONLINE LEVY PAYMENTS SYSTEM

A new initiative this year was the introduction of an online system for levy payments. Since its introduction in April the take-up rate from levy payers has been better than expected with over 550 payments made in the financial year. In response to user demand, the maximum dollar value of a payment was increased from \$2,000 to \$10,000. Overall the feedback has been positive on this initiative.

## LEVY RISK MANAGEMENT REVIEW OF EXEMPTIONS AND REFUNDS

Due to a change in procedures a 10% compliance check was made on levy exemptions and refunds for the period December to June. This review found almost total compliance with the only minor issue identified being an incorrect site address on a permit that would not have resulted in a change in calculations.

## ACCURACY AND USE OF DATA

The Corporation undertakes compliance checks on all 152 Local Councils. The compliance program is over a five-year period. In 2008-09, 30 councils were checked and a total of 1,077 approvals reviewed. The result was 98% compliance (or 1,058 approvals). Individually, four councils achieved an unsatisfactory result, requiring a follow-up check in 2009-10.

## PARTNERSHIPS

The Corporation continues to liaise with the Building Professionals Board (BPB). The BPB is responsible for the accreditation of all private certifiers within NSW. These certifiers approve some levels of developments that require levy payments. Use is made of newsletters issued by the BPB to all accredited certifiers and the Corporation utilises BPB's email facilities to broadcast urgent matters to certifiers.

Liaison is also maintained with the Association of Accredited Certifiers (AAC). The AAC was established as the peak industry body to provide practical support to professionals actively participating in the certification of building and subdivision works in NSW.

## EDUCATE AND INFORM STAKEHOLDERS

All 152 NSW Local Councils continue to act as agents for the purpose of collecting the levy. The Corporation visits all councils each year and these

visits are opportunities for sharing information and explaining changes that may be occurring or planned whilst addressing any discrepancies and undertaking scheduled compliance checks. The visits are an important measure in maintaining a professional relationship with councils.

A similar approach is taken with private certifiers who issue approvals for building and construction work requiring levy payments. It is considered that this proactive approach assists in ensuring that the levy is correctly paid.

Following legal advice, the Corporation's levy refund policy changed. Refunds were previously distributed to the person who physically paid the levy, but are now paid to the person responsible for the levy. Advice of this change was sent to all Local Councils, private certifiers and key government bodies, and relevant forms updated to reflect the new policy.

## ACTUARIAL REVIEW

The recent volatility and uncertainty in financial markets and the slow down in the building and construction industry has impacted on the Corporation's financial position. As a result, an actuarial review was commissioned. The final report will form the foundation for a review of investment objectives and strategies to ensure sufficient funds are available to cover long-term liabilities.

## 11

## MAJOR OPERATIONAL PERFORMANCE STATISTICS

Activity and /or administrative function	2006-07	2007-08	2008-09
Long service payments made	10,020	9,128	10,773
Value of long service payments made	\$50.5M	\$48.3M	\$54.3M
Cumulative number of payments since scheme began	134,531	143,659	154,432
Cumulative value of payments made since scheme began	\$492.0M	\$540.3M	\$595.3M
New worker registrations approved	32,098	28,809	27,634
Workers removed from register (including bulk cancellation)	4,126	3,712	150,702
Total number of approved workers	391,391	431,631	281,527
New employer registrations approved	2,925	2,850	2,734
Total number of registered employers	34,262	36,353	38,265
Number of employed worker service years recorded	100,338	99,777	108,785
Number of self employed worker service years recorded	26,940	23,548	25,592
Number of other service years recorded	856	622	652
Number of objections by workers to service credits per 1,000 workers	14	8	6
Appeals determined	4	7	9
% of employer audits with satisfactory ratings	95%	90%	93%
Total incoming telephone enquiries to 13 41 41 Helpline	101,657	90,949	98,980
% of 13 41 41 Helpline calls answered in 2 minutes	76%	75%	68%
Total incoming telephone enquiries answered to 13 41 41 Helpline	91,198	75,216	84,879
Total written enquiries	9,526	11,039	10,256
Total counter enquiries	1,486	1,903	2,416
Total funds invested	\$565.7M	\$530.9M	\$478.3M
Scheme liabilities	\$529.4M	\$555.6M	\$602.1M
Investment income	\$67.3M	(\$58.9M)	(\$54.0M)
% investment return – cash	6.4%	6.8%	5.3%
% investment return – long term growth	13.8%	(10.3%)	(10.3%)
Long service levy income	\$69.3M	\$79.6M	\$63.1M
% of levy audits with satisfactory ratings	98%	98%	98%
Net administration costs (see note 1)	\$9.4M	\$9.9M	\$12.5M

Note (1) The Corporation fully funds its employee superannuation liabilities. Some of these are actuarially determined. Due to the uncertainty and volatility in financial markets there has been an adjustment in the estimate of these liabilities. The total superannuation – defined benefit plan liability expense increased from \$551,000 in 2007-08 to \$3,400,000 in 2008-09.

# 12

## FINANCIAL PERFORMANCE

### REVENUES AND EXPENSES

The Corporation's financial performance and its financial position as at 30 June 2009 have been impacted by the volatility and uncertainty in financial markets along with a slow down in the building and construction industry as a result of the global financial crisis. During the financial year, revenue from all sources amounted to \$64.9m, while expenditure amounted to \$113.4m, with a further \$54.3m incurred from investment losses. This resulted in an operating deficit of \$102.8m for the year.

The budget for the year was an operating surplus of \$36.5m, resulting in a decline of \$139.3m. This is mainly a result of the following combined factors:

- Investments are predominantly placed in the NSW Treasury Corporation Long Term Growth Facility (TCorp). Investments in this facility incurred a loss of \$54.3m compared to a budgeted gain of \$47.0m. This resulted in a negative return of 10.33% compared to a budgeted return of 7% for the year.
- The slow down in the building and construction industry affected the amount of levy collected by the Corporation. The Corporation budgeted for \$84.8m in levy income but only received \$63.1m.
- Scheme expenses, comprising the long service expense and finance costs increased from a budget of \$85.6m to \$100.8m based on actuarial advice.

### BUDGET FORECAST AND RESULTS

	Budget 2008-2009 \$'000	Actual 2008-2009 \$'000	Budget 2009-2010 \$'000
<b>REVENUES</b>			
Investment Income	47,350	(54,033)	350
Levy Income	84,808	63,090	89,635
Other Income	205	1,535	205
<b>TOTAL REVENUES</b>	<b>132,363</b>	<b>10,592</b>	<b>90,190</b>
<b>OPERATING EXPENSES</b>			
Long Service Payments	60,800	54,335	79,200
Long Service Payments Liability Expense	24,800	46,508	16,350
Personnel Services (1)	5,656	8,374	6,120
Other Operating Expenses	4,576	4,146	4,193
<b>TOTAL OPERATING EXPENSES</b>	<b>95,832</b>	<b>113,363</b>	<b>105,863</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>36,531</b>	<b>(102,771)</b>	<b>(15,673)</b>

*Note (1)* The Corporation fully funds its employee superannuation liabilities. Some of these are actuarially determined. Due to the uncertainty and volatility in financial markets there has been an adjustment in the estimate of these liabilities. The total superannuation – defined benefit plan liability expense increased from \$551,000 in 2007-08 to \$3,400,000 in 2008-09.

## 12

## FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

## FINANCIAL TRENDS

	Actual 2006-2007 \$'000	Actual 2007-2008 \$'000	Actual 2008-2009 \$'000
<b>REVENUES</b>			
Investment Income	67,252	(58,905)	(54,033)
Levy Income	69,343	79,631	63,090
Other Income	212	354	1,535
<b>TOTAL REVENUES</b>	<b>136,807</b>	<b>21,080</b>	<b>10,592</b>
<b>OPERATING EXPENSES</b>			
Long Service Payments	50,463	47,993	54,335
Long Service Payments Liability Expense	16,079	26,257	46,508
Personnel Services (1)	4,775	5,088	8,374
Other Operating Expenses	4,611	4,805	4,146
<b>TOTAL OPERATING EXPENSES</b>	<b>75,928</b>	<b>84,143</b>	<b>113,363</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>60,879</b>	<b>(63,063)</b>	<b>(102,771)</b>

Note (1) The Corporation fully funds its employee superannuation liabilities. Some of these are actuarially determined. Due to the uncertainty and volatility in financial markets there has been an adjustment in the estimate of these liabilities. The total superannuation – defined benefit plan liability expense increased from \$551,000 in 2007-08 to \$3,400,000 in 2008-09.

## FINANCIAL POSITION

The principal assets continue to be investments of \$472.8m in the TCorp Long Term Growth Facility and the principal liabilities are the estimates for the Provision for Scheme Liabilities of \$602.1m as assessed by actuarial consultants.

Equity decreased by \$102.8m from an accumulated loss of \$18.4m at 30 June 2008 to an accumulated loss of \$121.2m at 30 June 2009.

## CAPITAL EXPENSES

The Corporation spent \$1.2m on the purchase of motor vehicles, the fit-out of its new premises and additional office equipment.



## INVESTMENTS

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

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

Fund Categories	Balance on hand As at		Investment Performance		Benchmark Performance
	30.6.08	30.6.09	Income	Return	Return
	\$'000	\$'000	\$'000	%	%
Long Term Growth	525,061	472,773	(54,288)	(10.33)	(10.88)
Cash	5,750	5,505	255	5.35	5.48
<b>TOTAL</b>	<b>530,811</b>	<b>478,278</b>	<b>(54,033)</b>	<b>n/a</b>	<b>n/a</b>

## ACCOUNTS PAYABLE PERFORMANCE

*Aged analysis at end of each quarter*

PAYMENT	September 2008 Qtr	December 2008 Qtr	March 2009 Qtr	June 2009 Qtr
Current	\$244,180	\$461,128	\$228,588	\$334,479
Less than 30 days overdue	\$0	\$0	\$0	\$0
More than 30 days overdue	\$0	\$0	\$0	\$0
<b>Total Accounts Payable</b>	<b>\$244,180</b>	<b>\$461,128</b>	<b>\$228,588</b>	<b>\$334,479</b>

*Accounts Paid on time in each quarter*

	September 2008 Qtr	December 2008 Qtr	March 2009 Qtr	June 2009 Qtr
Target % paid on time	95%	95%	95%	95%
Actual % paid on time	95%	97%	97%	97%
Total dollar amounts paid on time	\$2,037,893	\$2,133,612	\$2,344,476	\$3,475,622
Total dollar amounts paid	\$2,085,591	\$2,143,354	\$2,386,612	\$3,476,397
Total accounts paid on time	294	296	281	287
Total accounts paid	308	305	291	290

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

**NOTE: These budget figures have not been audited.**



# 13

## AUDITED FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

## AS AT 30 JUNE 2009



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDITOR'S REPORT

#### Building and Construction Industry Long Service Payments Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Building and Construction Industry Long Service Payments Corporation (the Corporation), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

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

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

#### Auditor's Responsibility

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

# INDEPENDENT AUDITOR'S REPORT

## AS AT 30 JUNE 2009

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

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

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

### Independence

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

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



C J Giumelli  
Director, Financial Audit Services

16 October 2009  
SYDNEY

# DIRECTORS STATEMENT

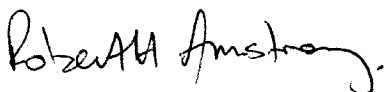
AS AT 30 JUNE 2009

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

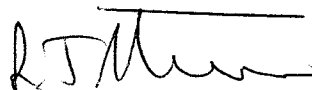
### **FINANCIAL STATEMENTS**

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

1. In our opinion the accompanying financial statements exhibit a true and fair view of the financial position of the Building and Construction Industry Long Service Payments Corporation as at 30 June 2009 and transactions for the year then ended;
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and Regulation and the Treasurer's Directions; and
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Robert Armstrong  
A/Director  
16 October 2009



Rob Thomson  
A/Chief Executive Officer  
16 October 2009



# BALANCE SHEET

## AS AT 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	8,017	8,707
Receivables	3	2,942	5,149
<b>TOTAL CURRENT ASSETS</b>		<b>10,959</b>	13,856
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value	4	472,773	525,061
Property, plant and equipment	5	1,084	141
Intangible assets	6	1,005	1,405
<b>TOTAL NON-CURRENT ASSETS</b>		<b>474,862</b>	526,607
<b>TOTAL ASSETS</b>		<b>485,821</b>	540,463
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	7	515	1,003
Provision for scheme liabilities	8(a)	361,684	361,432
Other provisions	9	4,373	2,264
<b>TOTAL CURRENT LIABILITIES</b>		<b>366,572</b>	364,699
<b>NON-CURRENT LIABILITIES</b>			
Provision for scheme liabilities	8(b)	240,453	194,197
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>240,453</b>	194,197
<b>TOTAL LIABILITIES</b>		<b>607,025</b>	558,896
<b>NET LIABILITIES</b>		<b>(121,204)</b>	(18,433)
<b>EQUITY</b>			
Accumulated loss		(121,204)	(18,433)
<b>TOTAL EQUITY</b>	10	<b>(121,204)</b>	(18,433)

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

## OPERATING STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
<b>REVENUE</b>			
Investment income	11	255	367
Long service levy	12	63,090	79,631
Other revenue	13	1,529	346
<b>TOTAL REVENUE</b>		<b>64,874</b>	80,344
<b>EXPENSES EXCLUDING LOSSES</b>			
Long service expense	14	63,616	40,370
Finance costs	15	37,227	33,880
Operating expenses			
Personnel services expenses	16	8,374	5,088
Other operating expenses	17	3,547	3,889
Depreciation and amortisation	18	599	916
<b>TOTAL EXPENDITURE, EXCLUDING LOSSES</b>		<b>113,363</b>	84,143
Gain on disposal		6	8
Other gains / (losses)	19	(54,288)	(59,272)
<b>DEFICIT FOR YEAR</b>		<b>(102,771)</b>	(63,063)

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

# STATEMENT OF RECOGNISED INCOME AND EXPENSE

## FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		-	-
Deficit for the year		(102,771)	(63,063)
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>		(102,771)	(63,063)

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

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Long service levy received		64,290	79,458
Interest received		467	692
Other		1,732	393
<b>TOTAL RECEIPTS</b>		<b>66,489</b>	<b>80,543</b>
<b>PAYMENTS</b>			
Long service payments		(54,572)	(47,819)
Payments to suppliers		(9,471)	(9,120)
<b>TOTAL PAYMENTS</b>		<b>(64,043)</b>	<b>(56,939)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	20	<b>2,446</b>	<b>23,604</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Proceeds from disposal of plant and equipment		24	45
Proceeds from sale of investments		5,000	-
Purchase of investments		(7,000)	(24,000)
Purchase of plant and equipment		(1,160)	(77)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(3,136)</b>	<b>(24,032)</b>
<b>NET DECREASE IN CASH</b>		<b>(690)</b>	<b>(428)</b>
Opening cash and cash equivalents		8,707	9,135
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	2	<b>8,017</b>	<b>8,707</b>

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 1. STATEMENT OF ACCOUNTING POLICIES

#### (a) Reporting Entity

The Building and Construction Industry Long Service Payments Corporation (Corporation) has its principal office at 19-21 Watt Street, Gosford. The Corporation was established in 1982 and administers the Building and Construction Industry Long Service Payments Act 1986 which provides a portable long service payments scheme to building and construction workers in NSW.

As profit is not the principal objective of the Corporation it is a not-for-profit entity. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The financial report for the year ended 30 June 2009 has been authorised for issue by the Chief Executive Officer on 16 October 2009.

#### (b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2005

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

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

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

#### (c) Statement of compliance

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

#### (d) Insurance

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

#### (e) Accounting for the Goods and Services Tax (GST)

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

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

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

#### (f) Income recognition

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

##### (i) Investment income

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

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



(ii) Long Service Levy

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

(iii) Other revenue

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

(iv) Other Gains/(losses)

The movement in the fair value of the Hour-Glass long term growth facility incorporates distributions received as well as unrealised movements in the fair value and is reported in the line item "Other Gains/(losses)".

**(g) Assets**

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Corporation. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction

or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

(ii) 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.

(iii) 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 Guideline Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the assets fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

As the Corporation does not own Land, Buildings or infrastructure assets, management does not believe that the revaluation of physical non-current assets over five years is warranted, unless it becomes aware of any material difference in the carrying amount of any class of assets. Most of the Corporation's assets are non-specialised with short useful lives and are therefore measured at depreciated historical cost, as a surrogate for fair value.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Corporation is effectively exempted from AASB136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

### (v) Depreciation of Property, Plant and Equipment

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

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

Motor vehicles and plant and equipment are depreciated over 5 years and computer equipment is depreciated over 3 years.

The Corporation's leasehold improvements are considered to have a useful life equivalent to the un-expired period of the lease.

### (vi) Maintenance

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

### (vii) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased asset, and operating leases under which the lessor effectively retains all such risks and benefits.

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

Operating lease payments are charged to the operating statement in the periods in which they are incurred.

### (viii) Intangible Assets

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

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.

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

The Corporation's intangible assets are amortised using the straight-line method over a period of 3 or 5 years.

### (ix) Receivables

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

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

#### (x) Investments

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

- *Fair value through profit or loss*  
– The Corporation subsequently measures investments classified as ‘held for trading’ or designated upon initial recognition ‘at fair value through profit or loss’ at fair value. Financial assets are classified as ‘held for trading’ if they are acquired for the purpose of selling in the near term. Gains or losses on these assets are recognised in the operating statement.

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

The risk management strategy of the Corporation has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item ‘other gains / (losses)’.

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

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

#### (xi) Impairment of Financial Assets

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

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

#### (xii) Other Assets

Other assets are recognised on a cost basis.

#### (h) Liabilities

##### (i) Payables

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

##### (ii) Personnel Services

The Corporation’s staff are provided by the Office of the Workcover Authority. Salaries and wages and associated on-costs, annual leave and long service leave are recognised and measured in respect of employee services up to the reporting date

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

at nominal amounts based on the amounts expected to be paid when the liabilities are settled. Superannuation is actuarially assessed prior to each reporting date and is measured at the present value of the estimated future payments. The amount recognised is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligation is to be settled directly.

### (i) Provision for Scheme Liabilities

The liability is determined by annual actuarial valuation. The assumptions used in arriving at that valuation are set out in note 8.

### (j) Finance costs

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

### (k) Comparative information

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

### (l) Going Concern

The going concern basis has been applied in the preparation of this financial report even though the Corporation has a negative equity position at the reporting date due to significant losses on investments during the last two financial years.

The Corporation has adopted the going concern basis because, over the foreseeable future, it has adequate resources to pay its liabilities as and when they become payable, and should circumstances require a reassessment of the financial position, the Government has the ability to vary the levy rate, and therefore revenue streams.

In view of the above, the Corporation has reasonable grounds to believe that it will realise its assets and extinguish its liabilities in the normal course of business at amounts stated in the financial report.

### (m) New or Revised Australian Accounting Standards issued but not effective

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

- AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements
- AASB 2008-9 regarding AASB 1049 amendments consistent with AASB 101
- AASB 2009-2 regarding financial instrument disclosures
- AASB 2008-5 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project

The AASB amendments above are applicable for the reporting periods beginning on or after 1 January 2009.

- AASB 2008-6 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project

The AASB amendment above is applicable for the year commencing 1 July 2009.

The new standards are concerned with disclosures and will have no direct impact on the Corporation's financial results.

## 2. CASH AND CASH EQUIVALENTS

	2009 \$'000	2008 \$'000
Cash at bank and on hand	2,512	2,957
TCorp Hour-Glass cash facility	5,505	5,750
	<b>8,017</b>	<b>8,707</b>

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

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

	2009 \$'000	2008 \$'000
Cash and cash equivalents (per Balance Sheet)	8,017	8,707
Closing Cash and cash equivalents (per Cash Flow Statement)	<b>8,017</b>	<b>8,707</b>

Details regarding credit risk, liquidity risk and market risk arising from financial instruments, are disclosed in Note 22.

## 3. RECEIVABLES

	2009 \$'000	2008 \$'000
Long service levy	2,834	4,034
Interest	-	29
Other	73	81
Less: Allowance for impairment	-	-
Personnel services - prepaid superannuation	-	966
Prepayments	35	39
	<b>2,942</b>	<b>5,149</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 22.

## 4. FINANCIAL ASSETS AT FAIR VALUE

	2009 \$'000	2008 \$'000
TCorp Hour-Glass long term growth facility	<b>472,773</b>	<b>525,061</b>

Details regarding credit risk, liquidity risk and market risk, arising from financial instruments, are disclosed in Note 22.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 5. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>At 1 July 2008 – fair value</b>					
Gross carrying amount	461	885	378	87	1,811
Accumulated depreciation and impairment	461	854	332	23	1,670
Net Carrying Amount	-	31	46	64	141
<b>At 30 June 2009 – fair value</b>					
Gross carrying amount	286	1,122	318	95	1,821
Accumulated depreciation and impairment	158	264	294	21	737
Net Carrying Amount	128	858	24	74	1,084

#### Reconciliation

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>30 June 2009</b>					
Net carrying amount at start of year	-	31	46	64	141
Additions	151	961	-	48	1,160
Disposals	(326)	(723)	(61)	(40)	(1,150)
Adjustments for disposals	326	723	61	22	1,132
Depreciation expense	(23)	(134)	(22)	(20)	(199)
Net carrying amount at end of year	128	858	24	74	1,084
<b>At 1 July 2007 – fair value</b>					
Gross carrying amount	517	885	408	100	1,910
Accumulated depreciation and impairment	482	507	298	26	1,313
Net Carrying Amount	35	378	110	74	597
<b>At 30 June 2008 – fair value</b>					
Gross carrying amount	461	885	378	87	1,811
Accumulated depreciation and impairment	461	854	332	23	1,670
Net Carrying Amount	-	31	46	64	141

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Reconciliation

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>30 June 2008</b>					
Net carrying amount at start of year	35	378	110	74	597
Additions	-	-	30	47	77
Disposals	-	-	(59)	(60)	(119)
Adjustments for disposals	-	-	59	23	82
Depreciation expense	(35)	(347)	(94)	(20)	(496)
Net carrying amount at end of year	-	31	46	64	141

## 6. INTANGIBLE ASSETS

	Software \$'000
<b>At 1 July 2008</b>	
Cost (gross carrying amount)	2,117
Accumulated amortisation and impairment	712
Net Carrying Amount	1,405
<b>At 30 June 2009</b>	
Cost (gross carrying amount)	2,041
Accumulated amortisation and impairment	1,036
Net Carrying Amount	1,005
<b>30 June 2009</b>	
Net carrying amount at start of year	1,405
Disposals	(75)
Adjustments for disposals	75
Amortisation	(400)
Net carrying amount at end of year	1,005



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 6. INTANGIBLE ASSETS (CONTINUED)

	Software \$'000
<b>At 1 July 2007</b>	
Cost (gross carrying amount)	2,117
Accumulated amortisation and impairment	292
Net Carrying Amount	1,825
<b>At 30 June 2008</b>	
Cost (gross carrying amount)	2,117
Accumulated amortisation and impairment	712
Net Carrying Amount	1,405
<b>30 June 2008</b>	
Net carrying amount at start of year	1,825
Amortisation	(420)
Net carrying amount at end of year	1,405

### 7. PAYABLES

	2009 \$'000	2008 \$'000
Long service payments	169	414
Long service levy commissions	55	73
Administrative expenses	291	516
	515	1,003

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of payables, are disclosed in Note 22.

## 8. PROVISION FOR SCHEME LIABILITIES

	2009 \$'000	2008 \$'000
<b>(a) Current</b>	<b>361,684</b>	361,432
<b>(b) Non-Current</b>	<b>240,453</b>	194,197
	<b>602,137</b>	555,629

The Corporation expects to pay claims of \$56.3 million during 2009/2010

### Movement in Provision

Carrying amount at beginning of year	555,629	529,372
Additional provisions recognised	63,616	40,370
Claims paid	(54,335)	(47,993)
Unwinding of discount rate	37,227	33,880
<b>Carrying amount at end of year</b>	<b>602,137</b>	555,629

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

A full actuarial investigation was undertaken as at 30 June 2009 by Professional Financial Solutions. Based on data requested for the twelve months ending 30 June 2009, the actuaries estimated the scheme liabilities to be as follows:

	Note	2009 \$'000	2008 \$'000
AASB Valuation	(i)	602,137	555,629
Accrued Benefit Reserve	(ii)	572,883	547,327
Vested Benefits	(iii)	530,133	482,675

- (i) The AASB Valuation is a calculation of benefits in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets that requires Scheme liabilities, taking into consideration an allowance for unreported service of active workers, to be discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability, rather than the rate of return on the Scheme assets. The financial assumptions used in the actuarial update were: rate of increase in wages 4.0% per annum (2008 4.5% per annum for all years) and a government bond rate 4.6% (2008 6.7%).
- (ii) The Accrued Benefit Reserve is the calculation of scheme liabilities, taking into consideration an allowance for unreported service of active workers, and discounted by the projected rate of return on the Scheme assets as determined by the actuary. The actuary uses the Accrued Benefit Reserve to assess the Corporation's funding position and for purposes of setting the recommended rate of levy payable to the Fund. The financial assumptions used to calculate the Accrued Benefit Reserve were: rate of increase in wages 4.0% per annum (2008 4.5% per annum for all years) and a rate of return on assets 7.5% (2008 7.5%).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 8. PROVISION FOR SCHEME LIABILITIES (CONTINUED)

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

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

	2009	2008
Active within last 2 years	167,743	161,365
Inactive for last 2 years but active within 2 prior years	52,736	55,521
Inactive for 4 or more years	10,420	9,094
Total number of workers considered	230,899	225,980

### 9. OTHER PROVISIONS

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

	2009 \$'000	2008 \$'000
Recreation leave	349	349
Long service leave	1,639	1,670
Unfunded Superannuation Liability	2,084	-
Other Costs	301	245
Total Provision for personnel services	4,373	2,264

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of payables, are disclosed in Note 22.

### 10. CHANGES IN EQUITY

	2009 \$'000	2008 \$'000
Retained surplus/(Accumulated loss) at the beginning of the financial year	(18,433)	44,630
(Deficit) for the year	(102,771)	(63,063)
(Accumulated loss) at the end of the financial year	(121,204)	(18,433)

## 11. INVESTMENT INCOME

	2009 \$'000	2008 \$'000
TCorp Hour-Glass cash facility	255	367
	255	367

## 12. LONG SERVICE LEVY

Long service levy	64,422	81,235
Long service levy refunds	(1,332)	(1,604)
	63,090	79,631

## 13. OTHER REVENUE

Interest	183	338
Miscellaneous income	1,346	8
	1,529	346

## 14. LONG SERVICE EXPENSE

Claims paid	54,335	47,993
Liability expense	9,281	(7,623)
	63,616	40,370

## 15. FINANCE COSTS

Unwinding of discount rate	37,227	33,880
	37,227	33,880

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 16. PERSONNEL SERVICES EXPENSES

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

	2009 \$'000	2008 \$'000
Salaries and wages (including recreation leave)	4,198	3,964
Superannuation – defined benefit plans	3,400	551
Superannuation – defined contribution plans	237	205
Long service leave	234	75
Payroll tax and fringe benefits tax	291	277
Other expenses	14	16
	<b>8,374</b>	<b>5,088</b>
Superannuation – defined benefit plans		
Defined benefit plans – contributions	351	390
Defined benefit plans – liability adjustments	3,049	161
Total Superannuation – defined benefit plans	<b>3,400</b>	<b>551</b>

### 17. OTHER OPERATING EXPENSES

	2009 \$'000	2008 \$'000
Computing	426	436
Marketing	86	110
Travel	43	54
Occupancy	766	754
Long service levy commissions	568	695
Contractors	587	807
Consultancy	15	39
Audit remuneration - audit of financial report	62	68
Services agreement	176	170
Other administrative expenses	818	756
	<b>3,547</b>	<b>3,889</b>

## 18. DEPRECIATION AND AMORTISATION EXPENSES

	2009 \$'000	2008 \$'000
Depreciation	199	496
Amortisation	400	420
	599	916

## 19. OTHER GAINS / (LOSSES)

	2009 \$'000	2008 \$'000
Loss on TCorp Hour-Glass long term growth facility	(54,288)	(59,272)
	(54,288)	(59,272)

## 20. NET CASH FLOWS FROM OPERATING ACTIVITIES

	2009 \$'000	2008 \$'000
Reconciliation of (Deficit) for year to net cash flows from operating activities		
(Deficit) for year	(102,771)	(63,063)
Plus/(minus) non-cash items:		
Depreciation and amortisation	599	916
Investment losses	54,288	59,272
Long service payments liability expense	9,281	(7,623)
Finance costs	37,227	33,880
Net (profit) on disposal of plant and equipment	(6)	(8)
Change in asset and liabilities:		
(Increase)/decrease in receivables	1,241	(165)
Increase/(decrease) in payables	(433)	269
Increase/(decrease) in provisions	3,020	126
Net cash flows from operating activities	2,446	23,604

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 21. COMMITMENTS FOR EXPENDITURE

	2009 \$'000	2008 \$'000
<b>(a) Operating Lease Commitments</b>		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	423	453
Later than one year and not later than 5 years	1,619	2,024
Later than 5 years	535	535
Total (including GST)	2,577	3,012

The total operating lease commitments above include input tax credits of \$234,269 that are expected to be recoverable from the ATO.

### (b) Other Expenditure Commitments

Not later than one year	17	34
Total (including GST)	17	34

The total other expenditure commitments above include input tax credits of \$1,521 that are expected to be recoverable from the ATO.

### 22. 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 this financial report.

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



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Categories of financial instruments

Financial Assets	Note	Category	Carrying Amount 2009 \$'000	Carrying Amount 2008 \$'000
<b>Class:</b>				
Cash and cash equivalents	2	N/A	8,017	8,707
Receivables*	3	Receivables (at amortised cost)	-	29
Financial Assets at fair value	4	At fair value through profit or loss	472,773	525,061

\* Excludes statutory receivables and prepayments

Financial Liabilities	Note	Category	Carrying Amount 2009 \$'000	Carrying Amount 2008 \$'000
<b>Class:</b>				
Payables *	7	Financial liabilities measured at amortised cost	346	589
Other Payables	9	Financial liabilities measured at amortised cost	4,373	2,264

\* Excludes statutory payables

### (b) Credit Risk

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

Credit risk arises from the financial assets of the Corporation, including cash, receivables and investments in the Hour-Glass facilities. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

#### Cash

Cash comprises cash on hand, cash at bank and deposits in the Hour-Glass cash facility. Interest on cash at bank is earned at 0.5% less than the cash rate. The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

#### Receivables – trade debtors

The Corporation does not have any trade debtors.

There are no financial assets that are past due or impaired.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Liquidity risk

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was awarded during the year (2008 \$Nil).

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

	Nominal Amount	Interest Rate Exposure	Maturity Dates		
			<1 yr	1-5 yrs	>5 yrs
<b>2009</b>					
Payables	346	Non Interest Bearing	346	-	-
Other Payables	4,373	Non Interest Bearing	4,373	-	-
<b>2008</b>					
Payables	589	Non Interest Bearing	589	-	-
Other Payables	2,264	Non Interest Bearing	2,264	-	-

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

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily associated with the movement in the unit price of the Hour-Glass Investment facilities. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

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 reporting date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

#### Interest rate risk

The Corporation's exposure to interest rate risk arises primarily through interest bearing assets. A reasonable possible change of +/- 1% has been used consistent with current trends in interest rates, resulting in a potential change to profit or loss of +/- \$25,000. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

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

Facility	Investment Sectors	Investment Horizon	2009 \$'000	2008 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 – Up to 2 years)	5,505	5,750
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	472,773	525,061

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

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 in that facility. Unit prices are calculated and published daily.

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

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

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

	Impact on Profit/loss		
	Change in Unit price	2009 \$'000	2008 \$'000
Hour Glass Investment – Cash facility	+/-1%	55	56
Hour Glass Investment – Long-term growth facility	+/-15%	70,916	78,759

#### (e) Fair Value

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

Except where specified below, the amortised cost of financial instruments recognised in the Balance Sheet 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.



### 23. CONTINGENT LIABILITIES

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

### 24. AFTER BALANCE DATE EVENTS

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

**END OF AUDITED FINANCIAL STATEMENTS**

## 14

BUILDING AND CONSTRUCTION INDUSTRY  
LONG SERVICE PAYMENTS COMMITTEE

The Committee is constituted under the Building and Construction Industry Long Service Payments Act 1986. It is an advisory and appellate body consisting of 10 part-time members appointed by the Minister and chaired by the Chief Executive Officer.

The 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 Corporation decisions to:

- reject an application for registration in the scheme made on behalf of or by workers
- cancel registrations of workers in the scheme
- refuse service credits to registered workers

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

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

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

The term of the previous Committee expired on 31 July 2008, with a new Committee then nominated and subsequently appointed. The term of the current Committee is from 1 December 2008 to 30 November 2011. This year the Committee met on two occasions.

During the year the Committee reviewed proposals from the Corporation for improvements in scheme administration for consideration by the Minister and potential future legislative change. Significant matters considered included pay-rates from the scheme and a variety of pay-rate models to improve administration and equity, verification requirements for self-employed worker service claims and coverage issues.

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

## APPEALS

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

There were no appeals lodged by levy payers during the year, but nine worker appeals were considered and determined as shown in Table A.

In April 2009 the Corporation conducted a large cancellation run involving cancellation of workers where there were no records of service for at least four consecutive years and those workers whose registrations should not have been approved. The cancellation of workers had not been undertaken for 15 years. Workers identified for cancellation received notification in April. Appeals lodged as a result of the cancellation run were received in the 2008-09 financial year but will not be heard until the 2009-10 financial year (refer Table B).



## RESULTS OF APPEALS

TABLE A

Appeal Against	Upheld		Dismissed	
	07-08	08-09	07-08	08-09
Refusal of registration (Section 49(1)(a))	0	1	0	2
Refusal of service credits (Section 50(1))	4	1	3	5
Assessment of the amount of long service levy due (Section 51(1))	0	0	0	0
Interest on, and extension of time for payment of long service levy (Section 52)	0	0	0	0
Total	4	2	3	7

## APPEALS LODGED AS A DIRECT RESULT OF THE CANCELLATION RUN

TABLE B

Reason for Appeal	Received	Number withdrawn after lodgement	Total (less withdrawn)
Cancellation of registration (Section 19(1A)) – 4 year service gap	1,626	234	1,392
Cancellation of registration (Section 19(2)) – registration should not have been approved	230	24	206
Total	1,856	258	1,598

## 14

BUILDING AND CONSTRUCTION INDUSTRY  
LONG SERVICE PAYMENTS COMMITTEE

## CHAIRPERSON

**Mr Jon Blackwell BA, MA**  
**Chief Executive Officer**  
*Attended 2 out of 2 meetings*

## MEMBERS

MEMBERS NOMINATED BY  
UNIONS NSW

**Mr Andrew Ferguson BEc, MEc, Dip**  
**Ind Law, Dip Urban Studies**  
**State Secretary, Construction**  
**Forestry Mining and Energy Union**  
**(Construction and General Division)**  
*Attended 0 out of 2 meetings, Deputy*  
*Member Keryn McWhinney attended in*  
*place of the Member on 2 occasions*

**Mr Russ Collison**  
**State Secretary, AWU NSW**  
*Attended 1 out of 2 meetings, Deputy*  
*Member Paul Farrow attended in place*  
*of Member on 1 occasion*

**Mr Michael Doust**  
**Organiser Electrical Trades Union of**  
**Australia**  
*Attended 1 out of 2 meetings*

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

**Mr Brian Seidler B Build.**  
**Executive Director, Master Builders'**  
**Association of NSW**  
*Attended 2 out of 2 meetings*

**Dr John Elder AM BBus, MIR (Hons),**  
**Phd (Syd Univ), Dip IR**  
**Director, Australian Construction**  
**Industry Redundancy Trust**  
*Attended 2 out of 2 meetings*

**Mr Tony Doyle BCom(Hons), MCom**  
**Manager Workplace Relations**  
**Australian Federation of Employers**  
**and Industries**  
*Attended 2 out of 2 meetings*

MEMBERS DIRECTLY APPOINTED BY  
THE MINISTER

**Mr Doug Wright AM BEc, BA**  
**Representational and Special**  
**Services, Australian Industry Group**  
*Attended 1 out of 2 meetings, Deputy*  
*member Michelle Bass attended in*  
*place of member for 1 meeting*

**Mr Brian Beer**  
**State President, Australian**  
**Manufacturing Workers Union**  
**(Retired)**  
*Attended 1 out of 2 meetings*

**Mr Chris Christodoulou BA Ind Rel**  
**Assistant Secretary, Unions NSW**  
*Attended 2 out of 2 meetings*

**Mr Graham Wolfe BE (Structural**  
**Engineering) Hons**  
**Executive Director (NSW), Housing**  
**Industry Association**  
*Attended 1 out of 2 meetings*

## DEPUTY MEMBERS

DEPUTY MEMBERS NOMINATED BY  
UNIONS NSW

**Ms Keryn McWhinney Dip Ind Law**  
**Senior Wage Claims Officer, CFMEU**  
**(Construction and General Division)**  
**NSW Branch**  
*Attended 2 meetings in place of*  
*Member Andrew Ferguson*

**Mr Steve McCarney**  
**State Secretary CEPU Plumbing**  
**Division NSW Branch**  
*Was not required to attend any*  
*meetings*

**Mr Paul Farrow**  
**Organiser, AWU NSW Branch**  
*Attended 1 meeting in place of Member*  
*Russ Collison*

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

**Mr Peter Slattery Master of Business**  
**(Employment Relations)**  
**Employee Relations Manager, Laing**  
**O'Rourke.**  
*Was not required to attend any*  
*meetings*

**Ms Fiona Curdie-Evans BAppSc (OT)**  
**Managing Director, Mend Group**  
**Pty Ltd**  
*Was not required to attend any*  
*meetings*





**Peter Glover JP**  
**Director Construction**  
**Master Builders Association of New South Wales**  
*Was not required to attend any meetings*

DEPUTY MEMBERS DIRECTLY  
 APPOINTED BY THE MINISTER

**Ms Michelle Bass JP Dip Human Resources Management**  
**OHS and Training Manager Civil Contractors Federation NSW Branch**  
*Attended 1 meeting as Deputy to Members Doug Wright and Graeme Wolfe*

**Adam Kerslake LLB, BA Industrial Relations**  
**Deputy Assistant Secretary Unions NSW**  
*Was not required to attend any meetings*

RETIRED MEMBERS

The following Members and Deputies retired from their Committee duties when the Committee term expired on 31 July 2008.

MEMBERS DIRECTLY APPOINTED BY  
 THE MINISTER

**Mr John Robertson GradDip Employment Relations/Industrial Law (UTS)**  
**Secretary, Unions NSW**  
*Was not required to attend any meetings*

**Ms Elizabeth Crouch BEC, GAICD Consultant**  
*Was not required to attend any meetings*

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

**Mr Mervyn Warner Dip Personnel Admin**  
**Personnel and Industrial Relations Consultant**  
*Was not required to attend any meetings*

DEPUTY MEMBER DIRECTLY  
 APPOINTED BY THE MINISTER

**Mr Brent Ferguson Bec Workplace Relations Consultant**  
*Was not required to attend any meetings*

**Ms Catherine Brokenborough BA Dip Ed, Carpentry and Joinery Regional Environmental Health and Safety Skilling and Development Manager, Bovis Lend Lease**  
*Was not required to attend any meetings*





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# SERVICE STANDARDS

## OUR COMMITMENT TO CUSTOMER SERVICE

### THE CORPORATION'S AIMS ARE TO:

- provide accurate and helpful advice on the scheme
- pay benefits accurately and promptly
- assist workers by maintaining accurate long service records
- provide a high level of responsiveness to customer needs that is courteous, consistent, reliable, informative, timely and objective
- increase awareness of the scheme amongst workers who are eligible for membership
- fund long service payments by the collection of a levy on building work

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

Levels of service customers can normally expect are shown in the following tables.

Service provided	Level of Service
Applications for long service payments	Will be processed within 10 working days. While applications are under investigation, applicants will be kept informed of progress at 10-day intervals after the application lodgement date
Objection to accuracy of records	Acknowledgements will be posted within 10 working days. While objections are under investigation, workers will be kept informed of progress at 42-day intervals from the original receipt date
Partial exemptions from payment of levies	Applications will be processed within three working days
Refunds of levies	Will be processed within 10 working days from the time monies are received
Calls to the 13 14 41 Helpline	80% of calls will be answered within two minutes
Response to written enquiries and worker and employer applications for registration	A written response or acknowledgement of receipt will be posted within 10 working days. Where a matter remains unresolved after this time, a letter will be issued advising progress at 42-day intervals from the original receipt date



# PERFORMANCE INDICATORS FOR PROVISION OF SERVICES

Service	Target	Results
Turnaround of long service payment applications	Will be processed within 10 working days. While applications are under investigation, applicants will be kept informed of progress at 10-day intervals from the application lodgement date	Achieved
Turnaround of objections to accuracy of records	Acknowledgements will be posted within 10 working days. While objections are under investigation, workers will be kept informed of progress at 42-day intervals from the original receipt date	Achieved
Turnaround of applications for partial exemptions from payment of levies	Applications will be processed within three working days	Achieved
Turnaround of applications for refund of levy	Will be processed within 10 working days after monies have been received	Achieved
Answering of calls to the 13 14 41 Helpline	80% of calls will be answered within two minutes	68% achieved
Turnaround of written inquiries and worker and employer applications for registration	A written response or acknowledgement of receipt will be posted within 10 working days. Where a matter remains unresolved after 10 working days, a letter will be issued advising progress at 42-day intervals from the original receipt date	Achieved

## WHAT IF CUSTOMERS HAVE ANY PROBLEMS OR SUGGESTIONS?

Most matters can be resolved directly with the staff member providing service to the customer. This is the first action taken, but if unsuccessful, or not considered appropriate, customers can ask to speak with the officer's manager or contact the Support Services Manager.

## THE CUSTOMER COUNCIL

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

Customers wishing to make suggestions to the Committee regarding services can contact the Committee Secretary.

## APPEALS AGAINST DECISIONS BY THE CORPORATION

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



## CONSUMER RESPONSE

The Corporation implements a variety of customer feedback tools to help monitor customer service satisfaction. During 2008-09, feedback was received via a formal market research project undertaken by the University of Technology Sydney. The main objective was to determine the level of satisfaction by members with the Corporation's services.

Results indicate that members are particularly satisfied with the opening hours, communication material (brochures and pamphlets) and the responsiveness of employees, but slightly less satisfied with the usability of the website. This is a significant finding because survey respondents were more inclined to use the internet to source information about the Corporation or to communicate with us.

Relatively speaking, the gap between what customers expect and the quality of service delivered is minimal.

### MARKETING AND COMMUNICATION ACTIVITIES

Marketing and communication activities are part of the Corporation's compliance strategy and these activities are designed to increase understanding of employers' obligations and workers of their entitlements.

Advertisements appeared in trade journals and various newspapers to advise all industry employers of their obligations. Throughout the year, staff presented to members of trade associations including the Housing Industry Association, Master Builders Association, Civil Contractors Federation and Master Plumbers Association. Staff also provided information services to many workers at the annual Building Trades Group of Unions picnic and conducted a number of information seminars for union organisers and delegates.

A new initiative from the Office of Fair Trading this year saw 17 free Building Business Information Expos held throughout NSW to help businesses experiencing financial difficulties gain access to advice from a range of industry experts. Corporation staff attended these expos and provided assistance to many builders and tradespeople.

The Corporation's Marketing Plan highlights the importance of developing effective relationships with industry organisations and the benefits of those relationships for promoting our message. Therefore, some of our marketing budget was allocated for sponsorship of selected industry events including the Master Plumbers Association's Clarrie Wymer Awards, the Master Builders Association Awards and the Housing Industry Association Southern NSW Awards.

The Corporation also continued its sponsorship of the Excellence in Training Awards for building trades students from TAFE colleges across NSW. This sponsorship promotes awareness of the scheme to apprentices in the industry and to their employers.

### CUSTOMER COMPLAINTS

There were two complaints made to the Corporation during the year. Out of more than 150,000 registered workers who were sent notices of cancellation their registration, only one worker complained about the cancellation. The other complaint related to a delay in having the worker's appeal determined by the Industry Committee. This complaint was resolved and the appeal processed via electronic circulation to committee members.

# IV

## LEGISLATIVE CHANGE

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

# V

## FREEDOM OF INFORMATION ACT

Two agencies are relevant under the Building and Construction Industry Long Service Payments Act 1986: the Building and Construction Industry Long Service Payments Corporation – Agency 968 and the Building and Construction Industry Long Service Payments Committee – Agency 1682.

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

Updated FOI Statements of Affairs have been prepared and are available from the FOI Coordinator, while the Summary of Affairs of both Agencies are published in the Government Gazette.

### FREEDOM OF INFORMATION (FOI) REQUESTS

	Agency 968				Agency 1682			
	2007-2008		2008-2009		2007-2008		2008-2009	
	Personal	Other	Personal	Other	Personal	Other	Personal	Other
Total FOI requests	0	0	0	0	0	0	0	0

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

There were no Ombudsman's Reviews or District Court Appeals in 2008-09.

# VI

## PRIVACY AND PERSONAL INFORMATION PROTECTION ACT

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

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

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

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





# VII

## DISABILITY PLAN

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

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

### ACCESS

The Corporation's offices at Gosford and Lidcombe both have wheelchair access, along with required toilet and lift facilities for the disabled. Public access and all counter areas include stand-up counters to enable people with back problems to fill in forms while standing and there are seats for waiting customers.

The physical nature of building and construction work limits opportunities for industry-based programs for people with disabilities. However, the scheme allows access to accrued benefits and, in some circumstances, continuation of the recording of service credits due to disability. This year, 740 grants of service on medical grounds were approved valued at over \$275,000 and 520 long service payments were made totalling over \$1.1m to members who became totally incapacitated and were forced to leave the industry.

### EMPLOYMENT

Equal Employment Opportunity strategies ensure staff are provided with appropriate equipment and access to career development and training to enhance their prospects for promotion. Workplace assessments were conducted for three officers with disabilities during the year.

# VIII

## WOMEN'S ACTION PLAN

### SCHEME

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

### STAFF

In respect of women's matters, the Corporation obtained services under its Service Partnership Agreement from WorkCover NSW including information sessions on financial planning, career guidance and to assist in combining work and family commitments. The Corporation has continued flexible work time agreement that offer a wide bandwidth, no core time and provides for up to three flexi-days in a six week period to assist staff in meeting their work and family commitments. To further assist the Corporation is trialling a Working from Home Policy, with one officer currently working part-time under these arrangements, and had seven employees working part-time during the year.

## IX

ETHNIC AFFAIRS  
PRIORITY STATEMENT

## COMMUNITY RELATIONS

The Corporation is committed to the principles of multiculturalism. Progress against key result areas is shown below:

Key result area	Achievements
<b>Social justice</b>  Providing an efficient and equitable scheme of portable long service benefits for the building and construction industry	<ul style="list-style-type: none"> <li>• A telephone translation service and staff fluent in community languages are available. The service is promoted to the industry and workers through various information materials and to callers on the Helpline experiencing language difficulties</li> <li>• Information about the scheme has been translated into 15 community languages and has been made available on the website</li> <li>• An information sheet in 15 languages, on the availability of the translation service and how to respond to the <i>Annual Statement of Recorded Service</i> was forwarded to over 240,000 workers together with their annual statements</li> <li>• The Corporation's legislation includes requirements for employers to register their workers ensuring those with reduced English proficiency have access to the scheme</li> <li>• Information in 15 community languages is included on the reverse of all letterheads</li> <li>• A community languages advertising strategy includes advertisements promoting key employer obligations and worker information appears in community language newspapers</li> </ul>
<b>Corporation staff</b>  Awareness of and adherence to the principles of multiculturalism	<ul style="list-style-type: none"> <li>• Merit-based practices are utilised for the recruitment of staff and requires an applicant to show a knowledge and understanding of Ethnic Affairs Priority Statements</li> <li>• A Community Language Allowance Scheme is in place and staff are encouraged to obtain accreditation for community languages most used in the building industry. The Corporation also has access to WorkCover NSW CLAS qualified officers</li> <li>• Training and access to career development opportunities are available to all staff. Target groups participated in training and career development opportunities</li> <li>• The Corporation's two offices have designated quiet areas that can be used for religious practices</li> <li>• The PSA and the Corporation are signatories to a Dignity and Respect in the Workplace Charter</li> </ul>

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

# X

## PROGRAM EVALUATION

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

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

# XI

## INSURANCES AND RISK MANAGEMENT

### INSURANCE

Insurance was through the NSW Treasury Managed Fund and coverage was as follows:

- Workers compensation – as per the NSW Act
- Property – “new for old” full replacement and including consequential increased costs of operation as a direct result of the physical loss or damage sustained to protected properties
- Public liability – all legal liabilities (for which the Corporation can be sued)
- Motor vehicle – full comprehensive
- Miscellaneous risk – personal accidents (non-workers compensation); overseas travel; fidelity; etc.

### WORKERS COMPENSATION

Only two workers compensation claims were lodged by staff in the 2008-09 financial year and they were for injuries incurred as a result of “slips/trips”.

Total costs incurred against workers compensation claims this year were \$789 compared to \$6,261 for 2007-08. There are currently no open claims.



TWO WEEKS AFTER THE FIRST ENQUIRY AND THE  
CHEQUE WAS IN THE BANK. BRILLIANT.

RAY, LIFT MECHANIC



# XI

## INSURANCES AND RISK MANAGEMENT

### RISK MANAGEMENT

The Corporation faces risks in respect of possible internal and external fraud and the potential impact of fire, other related interruption, or failure of computer equipment. Procedures have been put in place to minimise the impact of such risks, while systems are regularly reviewed through a cycle of risk-focused internal audits.

The Corporation also regularly reviews its internal control and check systems to ensure they continue to be aligned with business objectives and risk management strategies.

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

### BUSINESS CONTINUITY PLAN

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

Duplicate stores of brochures and worker/employer related scheme stationery are maintained, while supplies of significant forms are retained at a third party site. This will assist in business resumption in the event of a major disruption. Also an invaluable source of company knowledge in the event of a disruption, the Intranet contains procedures and policies for all business processes (images of a variety of worker documents etc), worker annual

statements, industry committee worker appeal considerations and legal documentation on scheme issues and administration.

The Internal Audit Bureau Risk Management and Consulting Service was commissioned to review the Corporation's Business Continuity Plan. The report, containing Business Recovery, Information Technology Recovery and Pandemic Response Plans, was accepted and actioned.

A fire in the building accommodating our Lidcombe office enabled the Corporation to test the plan in a genuine emergency situation and proved to be effective. Improvements were identified and action taken to incorporate them into the Corporation's Business Continuity Plan.

Implementation and testing of the plans was rescheduled for next financial year due to operational requirements.

# XII

## WASTE REDUCTION AND PURCHASING PLAN



Paper-based materials including mail-outs are used to provide information and to communicate with workers and employers. The move to recycling has been actively supported for many years and Australian-made recycled paper is used wherever possible. All envelopes used are a minimum of 60 percent recycled paper and all printer toner cartridges are also recycled. Waste paper products are disposed of in either the secure or general collection bins provided for regular collection and recycling, and records received are imaged and forwarded electronically for processing. The Corporation uses TRIM for records management purposes and is progressively imaging and cataloguing existing records.

The Corporation utilised the WRAPP network to reallocate 13 print cartridges to other agencies that were incompatible with updated equipment.

### ELECTRONIC SERVICE DELIVERY

The Corporation has implemented a variety of initiatives to improve services and reduce the administrative burden in relation to compliance by employers, workers and levy payers.

In January 2007 full online services for employers and workers were introduced. These include options for employers to register workers, notify start and termination of workers and notify service to be recorded by the scheme, and for workers to check their records online. Workers have all been issued with passwords and can view their service records online. Concurrently, new administration procedures reducing the compliance workload for employers were also introduced.

Based on feedback sought by telephone helpline staff, these initiatives have been well received by employers. The worker registry system also enables us to better service industry workers and employers due to electronic document and records management and data captured from hardcopy documents. These systems operate on an open platform system with a relational database and a windows interface.

As well as online transactions for employers and access to service records for workers, the Corporation's website continues to provide immediate access and online ordering of most scheme forms and information materials (including community language material)

More than 85% of workers' service advice from employers is online, with the remaining 15% recorded from paper returns processed via optical character recognition. This has resulted in significant savings, both environmentally and economically. The Corporation no longer uses carbon impregnated triplicate forms or enters data from these forms.

In April this year, the Corporation introduced an ability for payments of the long service levy to be made online, with over 550 payments received via this method during the remainder of the financial year. Local Councils already electronically lodge their month end returns.

Electronic funds transfer (EFT) for long service payments to workers and administrative expenses has been in place for many years and over 95% of payments are now made by EFT.

# XIII

## GOVERNMENT ENERGY MANAGEMENT POLICY

Prior to November 2008, the Corporation's head office operated via a leasing arrangement with WorkCover NSW to obtain competitive rates for its accommodation energy requirements and took full advantage of green power and renewable energy sources. As part of the Corporation's new head office fit-out, the Department of Commerce was commissioned to oversee the process and ensure energy management requirements were met. Due to the change in circumstances, no appropriate historical data is available to evaluate potential savings.

Energy reduction strategies that are in place include:

- Computer and photocopying equipment with sleep modes, if not in use
- Staff procedures to turn off electrical equipment at night or when not in use

The introduction of a Fleet Environmental Improvement Plan has contributed to a further reduction in petrol usage of approximately 11% in 2008-09. Fleet requirements are regularly assessed in accordance with this plan.

# XIV

## INFORMATION TECHNOLOGY

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

The Corporation has a strong reliance on information technology to manage the scheme in an efficient and cost effective manner. In that regard, stringent budget and quality controls are exercised by developing, maintaining and supporting core business application systems in-house.

One objective is to provide more online services to the public. Since 1 January 2007, employers have been able to update their business and employee details using the online service centre. In 2008-09, over 60% of active employers submitted their employee information via the online service centre. This accounts for 85% of employed workers' information in the year. Likewise, workers can update their personal details and view their service records online. Long service levies were also able to be paid online as of April 2009.

# XV

## OCCUPATIONAL HEALTH AND SAFETY

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

The Occupational Health and Safety Committee consists of two management members and four staff representatives.

Emergency evacuation procedures were reviewed last financial year and have been approved/tested. Fire evacuation drills were conducted, which included special procedures for staff with disabilities, and all staff were instructed in emergency procedures on commencement of duties. Seventeen fire wardens with appropriate training are appointed at our Gosford and Lidcombe offices. In addition to evacuation procedures for fire, training has also included emergency management of potential situations including biohazards, bomb threats and earthquakes.

As a result of our relocation this year, a number of OHS issues were addressed and rectified. The main issues were appropriate access to the tenancy and lighting/glare. The access issue was resolved with the building owner who installed a lift and adjusted the entrances to make them wheelchair accessible. A lighting consultant was engaged to provide advice on the appropriateness of the lighting and this issue is currently being investigated.

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



## XVI

## EQUAL EMPLOYMENT OPPORTUNITY

Under a Service Partnership Agreement with the Corporation, WorkCover NSW collects EEO data regularly for the Premier's Department Workforce Profile. This assists us in monitoring our EEO performance against NSW Government employment benchmarks for staff from EEO minority groups. The Corporation achieved the established

targets for "trends in the representation of EEO groups", with the exception of those whose language first spoken as a child was not English.

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

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



VERY GOOD STAFF AND VERY QUICK RESPONSE TO CLAIM.  
I FOUND THE PROCESS VERY PLEASING.

WILLIAM, BUILDER





## TRENDS IN THE REPRESENTATION OF EEO GROUPS

EEO Group	Benchmark or Target	% of Total Staff				
		2005	2006	2007	2008	2009
Women	50%	55%	60%	60%	65%	67%
Aboriginal and Torres Strait Islander employees	2%	2%	2%	2%	3%	5%
People whose language first spoken as a child was not English	20%	16%	13%	16%	9%	8%
People with disabilities	12%	12%	22%	15%	14%	13%
People with disabilities requiring work-related adjustment	7%	10%	16%	9%	10%	9%

## TRENDS IN THE DISTRIBUTION OF EEO GROUPS

EEO Group	Benchmark or Target	Distribution Index				
		2005	2006	2007	2008	2009
Women	100	86	85	85	86	88
Aboriginal and Torres Strait Islander employees	100	n/a	n/a	n/a	n/a	n/a
People from culturally and linguistically diverse backgrounds	100	n/a	n/a	n/a	n/a	n/a
People with disabilities	100	n/a	n/a	n/a	n/a	n/a
People with disabilities requiring work-related adjustment	100	n/a	n/a	n/a	n/a	n/a

Notes: Staff numbers are a % as at 30 June and exclude agency staff. A distribution index of 100 indicates that the centre of the distribution of EEO group salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than other staff. An index of more than 100 shows that the EEO group is less concentrated at lower levels. The distribution index is not calculated where the EEO group is less than 20.

# XVII

## HUMAN RESOURCES

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

### WORK PRACTICES/INDUSTRIAL RELATIONS

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

### TRAINING AND DEVELOPMENT

The Corporation encourages staff to participate in the Certificate III and IV in Government courses. Ten officers are taking advantage of this opportunity, and three managers completed the WorkCover Corporate Leadership Program during the year with a further three having since commenced the course. This was in addition to routine training and development.

### STAFFING STATISTICS

#### APPOINTMENTS

	2005-06	2006-07	2007-08	2008-09
<b>Non Promotional (Base Grade)</b>				
Permanent	-	-	-	-
Temporary	-	-	-	-
<b>Promotional Positions</b>				
Permanent	9	3	13	3
Temporary	5	5	3	5
<b>Total</b>	<b>14</b>	<b>8</b>	<b>16</b>	<b>8</b>

#### RECRUITMENT

	2005-06	2006-07	2007-08	2008-09
Applicants outside the Public Sector	8	4	6	5
Applicants within the Corporation	3	3	6	2
Applicants from other Public Sector Organisations	3	1	4	1
<b>Total</b>	<b>14</b>	<b>8</b>	<b>16</b>	<b>8</b>



## SEPARATIONS

	2005-06	2006-07	2007-08	2008-09
Resignations Permanent Officers	-	-	-	1
Separations Temporary Officers	1	2	-	2
Transfers within Public Sector	1*	2*	2*	2
Promotions to other Public Sector Organisations	2	2	1	-
Voluntary Redundancy	-	-	-	-
Retirement	-	-	6	2
<b>Total</b>	<b>5</b>	<b>6</b>	<b>9</b>	<b>7</b>

\* Includes officers on promotional secondments

## CHIEF AND SENIOR EXECUTIVE OFFICERS

	2005-06	2006-07	2007-08	2007-08
SES Officers	1	1	1	1
Number of Female SES officers	-	-	-	-
Number of SES officers at Level 5 and above	-	-	-	-

## COMPARISON OF STAFF LEVELS

	FTE* 2005-06	FTE* 2006-07	FTE* 2007-08	FTE* 2008-09
Senior Executive Service	1	1	1	1
Clerk Grade 9-12	7	7	7	6.9
Clerk Grade 5-8	23.7	24.1	21.5	22.3
Clerk Grade 1-4	30.9	29.3	28.8	28.8
Temporary contracting staff	7	7.5	7	3.3
<b>Total</b>	<b>69.6</b>	<b>68.9</b>	<b>65.3</b>	<b>62.3</b>

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

# XVIII

## CONSULTANTS

The Corporation engaged one consultant during 2008-09 at a total cost of \$14,850.

# XIX

## CODE OF CONDUCT

The Corporation's Code of Conduct is available on our Internet Site at [www.lspc.nsw.gov.au](http://www.lspc.nsw.gov.au).

# XX

## ANNUAL REPORT COSTS

The Annual Report, including artwork and printing, was produced at a cost of \$11,253.



HAVE NEVER HAD ANY PROBLEMS AND FOUND THE STAFF TO BE VERY HELPFUL. I NOW DEAL WITH YOU AS AN EMPLOYER AND HAVE HAD NO TROUBLE. THANKS, A HAPPY CUSTOMER.

SHANE, PLUMBER



# XXI

## ANNUAL REPORT AVAILABILITY

Copies of Annual Reports are available on the Corporation's website [www.lspc.nsw.gov.au](http://www.lspc.nsw.gov.au)

# XXII

## OTHER DISCLOSURES

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

The Corporation does not own any real estate property nor was any real estate property disposed of during the year.

Officers made no overseas visits during the year.

No research or development programs were undertaken.

There were no grants made to non-government community organisations.

The Corporation does not use or hold credit cards.

I FOUND CLAIMING MY LONG SERVICE NO PROBLEM AT ALL.  
THE HELP WAS GREAT AND THE TIME TO PROCESS THE  
CLAIM WAS QUITE FAST.

PAUL, PLUMBER



**Head Office**

Level 1, 19-21 Watt Street  
Gosford NSW 2250

**Branch Office**

Level 1, 12 Railway Street  
Lidcombe NSW 2141

**Mail**

Locked Bag 3000  
Central Coast MC NSW 2252

**Tel** 13 14 41

**Fax** 02 9287 5685 (24 hours)

# XXIII

## PUBLICATIONS

The following are publications produced for external and/or internal use. These publications are available from the Corporations website [www.lspc.nsw.gov.au](http://www.lspc.nsw.gov.au)

- Annual Report
- Employer Guide
- Registered Workers brochure
- Information for workers (including self employed) in Arabic, Chinese, Croatian, Dari, Farsi, Greek, Italian, Khmer, Korean, Kurdish, Macedonian, Portuguese, Serbian, Spanish and Vietnamese
- Building and construction industry rostered day off calendar
- Building and construction industry wall planner calendar
- Employer newsletter
- Your Annual Statement – Frequently asked questions for Employed Workers
- Your Annual Statement – Frequently asked questions for Self Employed Workers
- Information Sheet W001 – ‘When You Can Apply for a Long Service Payment’
- Information Sheet W002 – ‘National Agreement on Long Service’
- Information Sheet W003 – ‘Application for an Earlier Registration Date’
- Information Sheet W004 – ‘Long Service Leave v Long Service Payment’
- Information Sheet W005 – ‘How Your Service is Recorded’
- Information Sheet W006 – ‘Tax Payable on Long Service Payments’
- Information Sheet W007 – ‘If Your Employer Stops Trading’
- Information Sheet W008 – ‘Unable to Work Due to Illness or Injury’
- Information Sheet W009 – ‘Appeals to the Industry Committee’
- Information Sheet W010 – ‘Special Service Credits’
- Information Sheet W011 – ‘Service Preservation Days ’
- Information Sheet W012 – ‘Things You Need to Know Before Making a Claim’
- Information Sheet W014 - Employer or Worker? Information Sheet - Information to assist in processing your payment
- Information Sheet E905 – ‘Information to Assist in Completing your Employer Application for Payment’
- Levy collection agent manual (for councils only)
- Counter Stand – partial exemption information (for councils only)
- Levy poster (for councils only)
- Information for levy payer’s brochure
- Long Service ...not just old blokes! Information for apprentices
- A4 stick on poster – I deserve it
- A4 stick on poster – we deserve it
- A4 stick on poster – you deserve it



- A4 stick on poster – interstate service
- General information brochure - About the Long Service Payments Corporation Information assisting employers in completing their Employer Return
- Subcontractor calculations of long service credits
- I am self-employed...How does my tax agent work out my prescribed costs?

#### FORMS AVAILABLE FROM THE CORPORATION

- |  |  |
|--|--|
| • Levy Payment form  | • Employer Registration Application  |
| • Application for partial levy exemption by non-profit, voluntary, sporting or church organisations form | • Employer Return  |
| • Application for partial exemption of levy by owner builder form  | • Application for payment  |
| • Application to pay levy by instalments form  | • Record of customer feedback  |
| • Application for levy refund – where work is not to proceed   | • Statutory Declaration  |
| • Application for levy refund – except where work is not to proceed                                      | • Application for day's service – for a period of speculative building                 |
| • Start Notice   | • Application for day's service – during a declared emergency                          |
| • End Notice   | • Application for day's service – while undertaking building and construction training |
| • Self Employed Worker Certificate of Service  | • Application for day's service – for periods on light duties                          |
| • Record Update  | • Notification of inability to work or record service                                  |
| • Request for voluntary cancellation   | • Tell us what you think – feedback form   |
| • Appeal form  | • Literature/Stationery request  |
| • Worker Registration Application  | • Notification of worker change of address   |

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



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IN GENERAL I HAVE FOUND CONTACT EASY ± REQUESTS HAVE BEEN DEALT WITH QUICKLY AND EFFICIENTLY. CORPORATION FORMS ARE SIMPLE AND THE INFORMATION REQUESTED IS EASY TO SUPPLY. EMPLOYERS ARE KEPT INFORMED WITH RELEVANT INFORMATION SUPPLIED PROMPTLY.

EDDIE, BUILDER

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