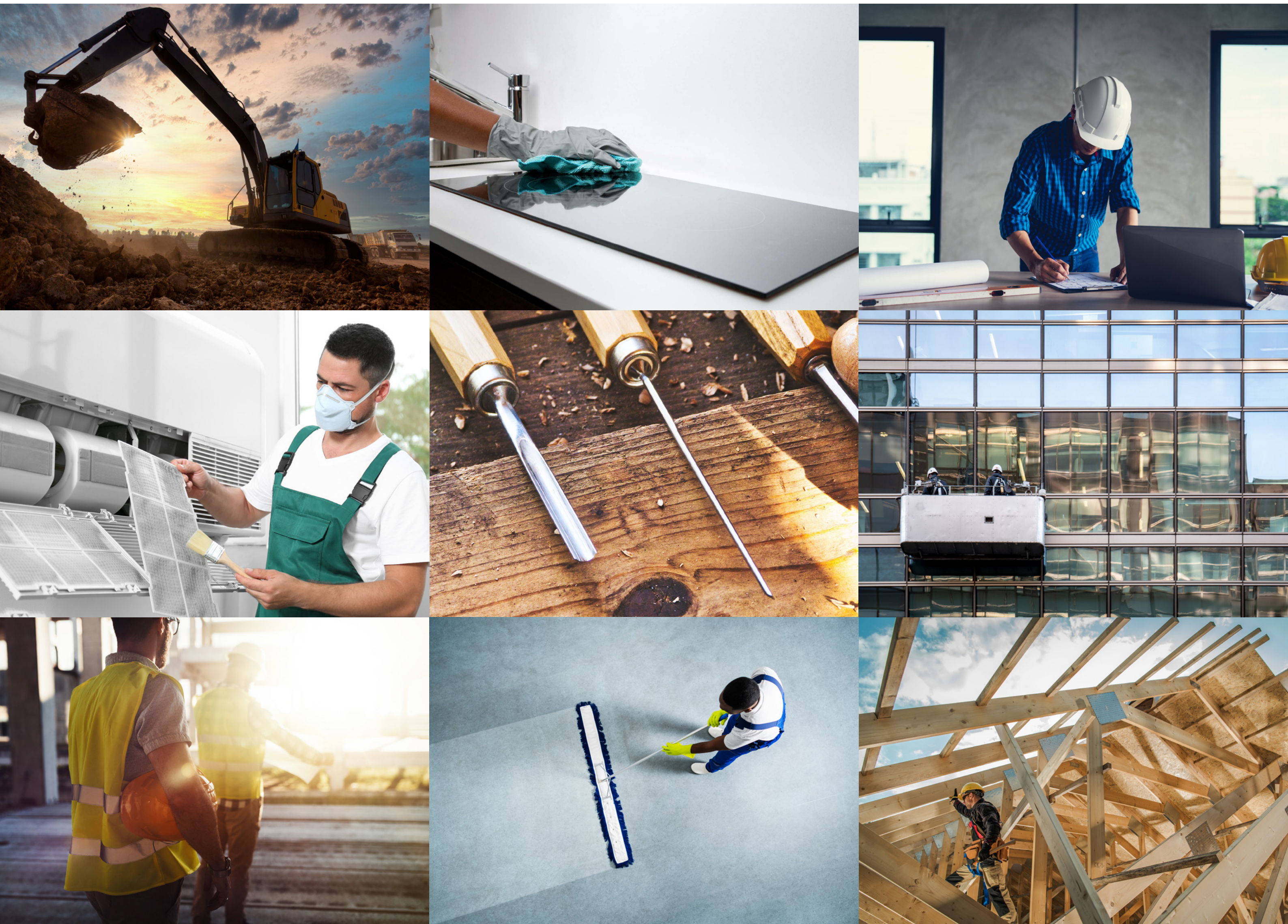
Long Service Corporation
Annual Report **2020-2021**



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31 October 2021

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Office of the Secretary

Our reference: BN-06218-2021

The Hon. Kevin Anderson MP
Minister for Better Regulation and Innovation
Member for Tamworth
GPO Box 5341
SYDNEY NSW 2000

Dear Minister

Long Service Corporation Annual Report 2020-21

I am pleased to submit the annual report for the Long Service Corporation (LSC) for the year ended 30 June 2021, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Government Sector Finance Act 2018* and regulations under those Acts.

Yours sincerely,

Emma Hogan
Secretary

Date: 01/11/21

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Secretary’s message

I am pleased to present the 2020-21 Annual Report for the Long Service Corporation (LSC). Once again, this year proved challenging for the Department of Customer Service (DCS) due to the continuing COVID-19 pandemic. However, LSC maintained its commitment to the citizens of NSW and the Government’s Priority of ensuring customers are at the centre of everything we do.

Continuing on from last year’s COVID-19 measures, a further extension was granted to the temporary exemption in place to assist customers experiencing financial hardship. Customers working in the contract cleaning industry who were permanently leaving the industry, with five or more years of recognised service, were assisted by an extension to 31 March 2022 of the temporary provisions. This enabled them to access their long service benefits immediately, rather than after the legislated 20 week wait. For the reporting period to 30 June 2021, 137 workers had accessed their entitlements.

LSC launched Project Phoenix in 2020-21 with the vision to deliver world class long service schemes to customers. The program focuses on retiring three legacy systems, transforming customer service interactions and service delivery leading to significant improvements in customer service and greater digital accessibility to LSC’s services. Online self-service capabilities will become more accessible, designed around customer needs both now and in the future. This functionality will provide customers with access to up-to-date information regarding the status of their registrations and claims in progress, as well as improve self service capabilities for the calculation and payment of levies. Customers will have real time access to their entitlements and assessment and processing time will be reduced from up to six weeks down to as low as 48 hours for simple claims. The new system will better enable LSC to proactively engage with customers which will improve customer communications and result in better adherence to scheme obligations.

As part of Project Phoenix, Single Touch Payroll capability was introduced in March 2021. This enables LSC to directly notify the Australian Taxation Office of long service payments being made to workers. Workers are able to log into their MyGov accounts to access their taxable income from LSC along with all their other PAYG revenue sources.

Under the DCS Customer Experience Integration (CEI) program, significant work was done to prepare the transition of LSC Helpline calls for the building and construction and contract cleaning industries to Service NSW (SNSW), supporting the Premier’s Priorities, particularly better customer service. Transition of these calls occurred in July 2021. It is expected that the devoted helpline resources of SNSW will better support the demand peaks of LSC customers, providing resource flexibility to ensure a more consistent standard of service delivery. LSC will continue to process customer requests which require greater technical knowledge and will target improved action response times to further improve the customer experience.

I extend my thanks to the Chair and members of the Audit and Risk Committee, the Building and Construction Industry Long Service Payments Committee and the Contract Cleaning Industry Long Service Leave Committee for their ongoing collaboration and guidance during the year.

Finally, my thanks go to LSC Director Kathy Skuta and the LSC team for their continued efforts in these challenging times. It is clear that LSC places the customer at the heart of everything it does and is always striving to improve the customer experience. I look forward to working with the team in 2021-22 as we continue to strengthen customer relations and satisfaction.

Emma Hogan
Secretary, Department of Customer Service

1 About Long Service Corporation

Who we are

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

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

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

As at 30 June 2021, LSC provides portable long service to 473,336 workers and 36,305 employers in the building and construction industry and 95,383 workers and 1,040 employers in the contract cleaning industry.

Our stakeholders

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

Stakeholders	Key issues
NSW community (Levy payers and general community)	• **Levy payers:** Levy payment of 0.35% on all building and construction work valued at $25,000 and above; and 1.7%* of ordinary wages for the contract cleaning scheme. *(rate changed to 1.0% effective 1 July 2021). • **General community:** Information about levy rate and why we have it.
Workers (Workers, contractors, trade unions)	• **Workers:** Registration, recording service, claiming entitlements, other scheme related information and advice. • **Contractors:** Registration, recording service, claiming entitlements, other scheme related information and advice. • **Trade unions:** Worker advocacy, scheme coverage, scheme entitlements and industry committee membership.
Employers (Employers, employer groups/industry associations)	• **Employers:** Responsibilities under the Acts, registration, lodging worker service returns, claiming entitlements, compliance, levy contributions, payment plans and queries. • **Employer groups:** Employer advocacy, scheme coverage, scheme entitlements and industry committee membership.
Third parties (Private certifiers, suppliers, interstate schemes, tax agents)	• **Private certifiers:** Regulation, policy and payment arrangements within the building and construction scheme. • **Suppliers:** Policy, procedures and payment arrangements. • **Interstate schemes:** National Reciprocal Agreement (NRA), national cooperation initiatives. • **Tax agents:** Submitting returns for contractors in the building and construction scheme.
Government (Local government, government agencies)	• **Local government:** Levy collection agent, scheme information for the building and construction scheme. • **Government agencies contracting work in both industries:** Responsibilities under the Acts.

What we do

Our functions

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

Our structure

LSC forms part of the Licensing and Funds (L&F) stream within the Better Regulation Division (BRD) of DCS. The Director reports to the Executive Director of Licensing and Funds, BRD.

LSC has three core business areas:

Customer Service – delivers frontline service to customers including initiatives to improve and streamline client services.

Scheme Governance and Risk – undertakes levy collection; regulatory compliance functions; provides on-going support services of audit and risk management; committee secretariat; records management; procurement and contract management; business planning; annual reporting; fund investment relationship management; quality assurance; appeal investigations and scheme marketing.

Process Optimisation – implements new core ICT systems, including enhancement projects to deliver improvements to customer service; information security management; ICT service contract management and business as usual requirements.

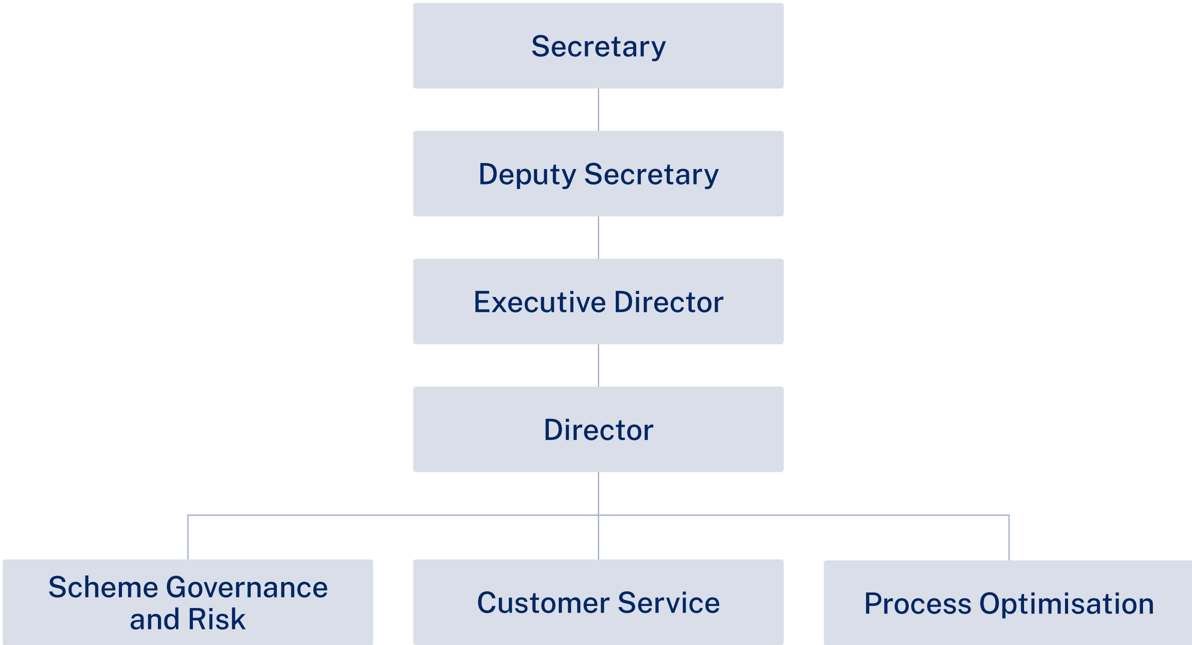
Corporate support services provided by DCS

LSC has a Memorandum of Understanding (MOU) in place with DCS Corporate Services to access practical business support in the areas of:

- Procurement
- ICT contract management
- ICT system support and cybersecurity management
- Legal
- Internal audit
- Human resources and recruitment
- Financial accounting and reporting.

The MOU provides a relationship management structure that ensures LSC has ready access to necessary expert advisors and support networks, allowing LSC to focus on core service delivery. Agreed areas of cost recovery for services accessed by LSC ensures transparency of costs incurred in the administration of the schemes.

Organisational structure



Principal officers

Emma Hogan

Secretary,
Department of Customer Service
Post Grad, Human Resource Management

Rose Webb

Deputy Secretary,
Better Regulation Division
B.Ec/LLB (Hons), Economics/Law

Suzanne Crowle

Executive Director,
Licensing and Funds
Bachelor of Commerce (Marketing), Bachelor of Laws, Grad Diploma in Legal Practice

Kathy Skuta

Director,
Long Service Corporation
Master of Economics, Bachelor of Commerce (Hons)

Allison Payne

Manager,
Scheme Governance and Risk
Bachelor of Business (Accounting), Grad Cert Business Administration

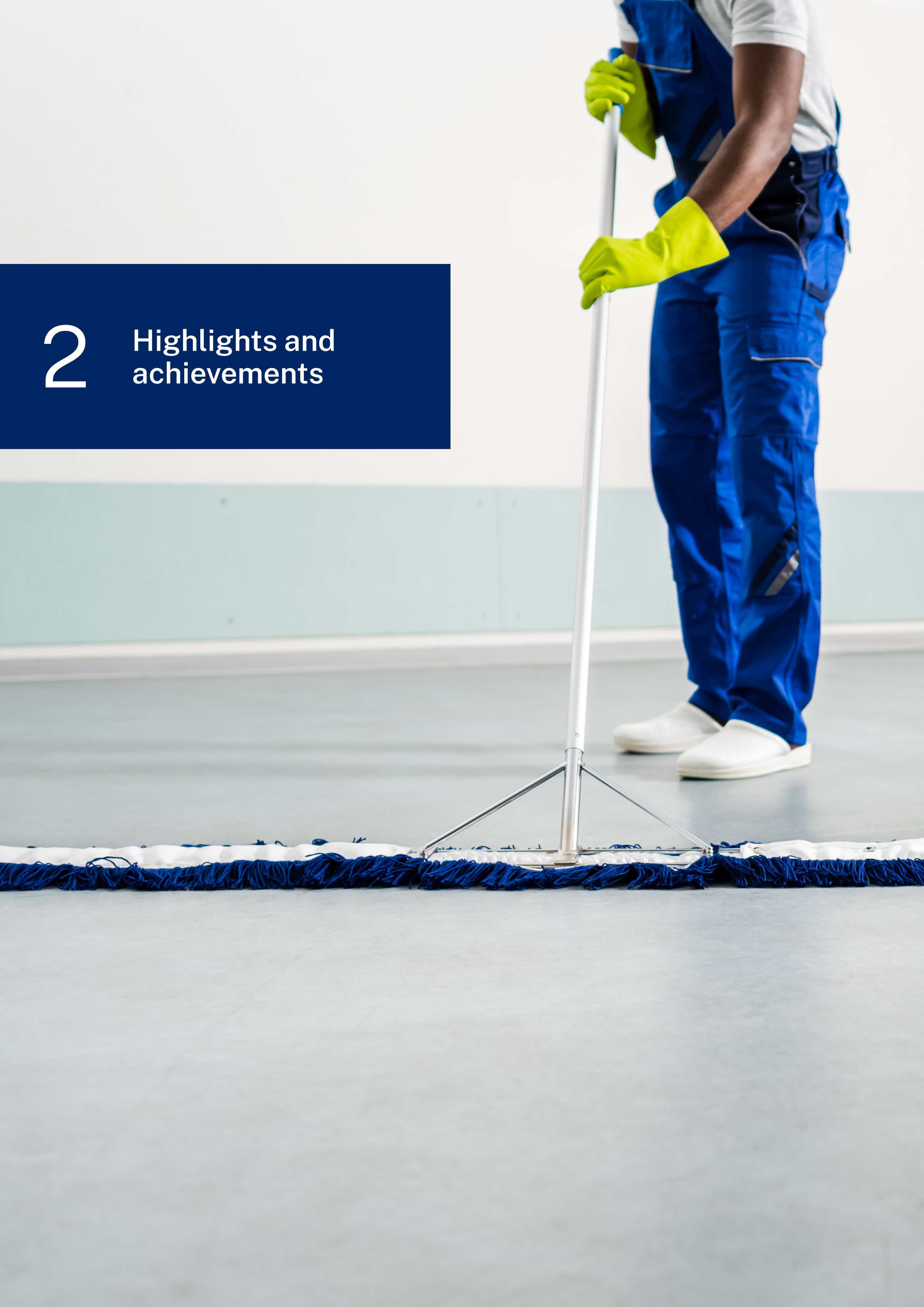
Tess Parker

Manager,
Customer Service
Grad Cert Public Sector Management, Master of Arts Public Sector Leadership

Beth Langley

Manager,
Process Optimisation
PMI Certified Project Management Professional, Certified Scrum Master, Prince 2 Practitioner
ITIL 2 Practitioner

2 Highlights and achievements



Director's report

The 2020-21 financial year was a challenging year as LSC continued to be productive and innovative to meet the needs of our customers and staff in the COVID-19 environment. The majority of staff continued to work remotely from home utilising effective technology and resources enabling them to provide excellent service to our customers.

LSC delivered a number of significant ICT initiatives. The migration of Office 365 better aligned LSC with the DCS network enabling access to DCS platforms such as Yammer and Teams to support greater collaboration and sharing of information. Staff were issued with new laptops and migrated to the GovConnect platform.

The LSC Building and Construction Industry (BCI) worker portal was upgraded to provide capacity for workers to lodge simple claims online from 10 December 2020. The service offers workers a quick and easy way to lodge their claims and has resulted in an increase in the percentage of claims being paid within 10 days. In addition to improving services offered to workers in the BCI scheme, the new platform frees up staff resources to improve other service offerings.

LSC finished the year with an operational surplus of $271.5 million (2020: Deficit $97.9 million) and an equity balance of $526.0 million (2020: $254.5 million). The operating result was strongly influenced by improvement in the Commonwealth Government Bond rate, the discount rate used to calculate the present value of scheme liabilities, resulting in a $62.3 million reduction in liability provision. In addition, an improved investment performance of 6% on prior year and levy collections up 27% on prior year further contributed to the positive outcome.

The dedicated team at LSC responded to nearly 134,000 enquiries, a decrease of 13.5% compared to the previous year of 155,000 enquiries. The decrease in enquiries received is testament to the system enhancements undertaken this year, digitising and streamlining customer processes and delivering self-service functions making it easier for our customers to do business.

There were no Public Interest Disclosures made to LSC during this financial year.

My thanks go to LSC staff for their commitment to our customers, particularly in these times of adversity. The COVID-19 landscape continues to provide challenges which LSC staff embrace with patience and dedication.

I look forward to another productive year ahead including the delivery of new systems that will streamline customer processes and deliver self-service and other digital options for our customers. LSC will continue to strive to make it easier to do business with us and provide exceptional customer service.

Kathy Skuta
Director

Performance review

Business Plan 2020-21

Focus	Actions	Targets Achieved
Protect	Deliver the Customer Engagement Integration Strategy with SNSW	Transition the LSC call centre to SNSW for seamless government access
Innovate	Sponsor L&F project to create and embed a model to support improved business partner relationships and continued effective stakeholder engagement	Implemented new model October 2020
	Contribute resource to L&F Process Optimisation team to deliver agreed projects	Improved communication - behavioural insights form and letter review completed
	Deliver LSC specific projects	Reviewed and updated the Backdating and Missing Service Policies
	Implement L&F balanced scorecard reporting	All teams implemented a balanced scorecard key performance indicator system
	Support L&F review of roles and other initiatives to support role clarity, development opportunities and mobility pathways	New role descriptions in place that align with the wider organisation
	Encourage staff feedback through survey tools such as Menti, Culture Amp and People Matter Employee Survey (PMES) and implement initiatives to increase engagement and foster collaboration	High level of staff participation in feedback and surveys to better understand their needs
	Continue to support flexible working options implementing DCS COVID-19/post-COVID-19 policies	Staff supported through COVID-19 impacts and into future to ensure staff wellbeing and safety
	Tactical projects	On-line claims lodgement facility for BCI staying in industry claims, levy top-ups/Electronic Funds Transfer (EFT) capability and Worker Registration System (WRS) action automation implemented
	Onboarding to DCS infrastructure	Multiple projects completed include transition to Office 365, WRS virtualisation, DCS Standard Operating Environment (SOE) roll-out with Windows 10 and Trim upgraded to Content Manager 9
	Implement Project Phoenix supported by SAPConnect team	Project Phoenix on track for planned phased delivery; delivered Single Touch Payroll
Regulate	Develop appropriate risk-based compliance program	Implemented new compliance program
	Update, socialise and implement reporting of Risk Appetite Statement (RAS)	RAS updated, integration to new format to come
	Arrange full review of BCI and Contract Cleaning Industry (CCI) schemes by Actuary	Review completed by Actuary
	Review CCI levy rate/benefits to bring scheme asset to liability ratio in line with RAS and Actuarial advice for recommendation to Minister	CCI levy rate reduction in place 1 July 2021
	Review Privacy Management Plan	Policy reviewed

Operations review

- Enhancement work that commenced in 2019-20 financial year continued in 2020-21 resulting in delivery of digital enhancements to improve customer experience and operational efficiency. The online claims service for workers was released mid December 2020 and during the reporting period until 30 June 2021, 1,373 claims were received via the online service. Online claims were, on average, completed within 12 days compared to 17 days (for the same type of claim) when not lodged via the online claims service. LSC is continuing to promote the use of the online claims service to provide faster turnaround times to our workers.
- LSC worked closely with BRD throughout the year in the Streamlining Services Program. This included initiatives such as letter and form reviews resulting in simplified and improved communication to LSC customers.
- LSC onboarding to the DCS network was finalised in the reporting period resulting in better alignment to key platforms across DCS.
- Staff continued to largely work from home in 2020-21 in line with the Public Health Orders and DCS directions. The LSC leadership team have continued to support staff to balance work and personal needs and are in regular contact with their teams. Feedback from staff via various mechanisms indicates that they continue to feel supported.
- Excellent work undertaken in the employee capability and engagement space. LSC executive have encouraged and supported staff capability, career development and diversity and inclusion; and promoted clear expectations and greater role clarity.
- Customer satisfaction and feedback obtained from Net Promotor Score (NPS) surveys have been incorporated into changes we are making through key initiatives such as Project Phoenix.
- Staff training in 2020-21 included mandatory learning modules such as Fraud and Corruption Awareness, Information Security Awareness and Privacy. Staff also completed bespoke training on compliance referral processes.
- Taking a balanced Scorecard approach, Key Performance Indicators (KPIs) have been implemented for staff across LSC, with established regular reporting of outcomes to targets.
- An extension of the Customer Service Standard, initially implemented for helpline call quality management, was further extended across all LSC customer touch points.

Operations review

Operations review 2020-21

	Building and Construction Industry (BCI)	Contract Cleaning Industry (CCI)
New worker registrations	33,292 ↓	6,525 ↑
Workers removed from register*	3,499 ↓	452 ↓
Total numbers of active registered workers	473,336 ↑	95,383 ↑
New employer registrations approved	3,140 ↓	147 ↑
Total number of registered employers	36,305 ↓	1,040 ↑
Levy payments via online portal	57,333 ↑	N/A
Levies collected value	$193.89 million ↑	$13.58 million ↑
Worker claims volume	10,540 ↓	551 ↑
Worker claims value	$89.67 million ↓	$2.35 million ↑
Employer claims volume	962 ↓	407 ↑
Employer claims value	$6.17 million ↓	$0.96 million ↑
Inbound calls to Helpline	88,694 ↓	
Customer enquiries by email	32,463 ↓	
Customer enquiries via internet	8,322 ↑	
Incoming paper correspondence**	4,434 ↓	

Note: *Workers removed from register in 2020-21 are very low as bulk cancellation was intentionally delayed due to the impact of COVID-19.
**Does not include return to sender.

Operations review

Compliance activity

There were 189 matters referred for investigation into suspected ineligible service and claims. A total of 308 years of service was rejected, with an estimated saving of $470,000 in the BCI scheme.

The Compliance team are continuing to transition to a risk-based compliance model and three proactive compliance programs have been undertaken this year.

The unregistered CCI employers compliance program concluded in February 2021 and gained a total of 62 employer registrations. There were 48 employers identified as ineligible and therefore scheme registration was not required.

The CCI outstanding returns/debtors program commenced in April 2021 and as of 30 June, there have been 95 employers with outstanding returns contacted, with 38 lodging their returns up to date. Current employers with outstanding returns remain under ongoing investigation. There have been 15 outstanding debtors contacted and 11 have now paid in full or have entered into a payment plan. The remaining debtors are under ongoing investigation.

A proactive Assessment compliance program commenced in June 2021, targeting building development projects that have already been subject to a Determination. This was to ascertain if the project value increased upon completion of the project and if a top-up levy was payable. Six randomly sampled projects were targeted for the program and two Assessments have been completed to 30 June, with a levy refund of $1,355 for one project and top-up levy of $7,333 required to be paid for the second project. The remaining targeted project Assessments will be completed by the end of August 2021.

In 2020-21, the annual BCI Unpaid Levies (Cordells) compliance program identified $87,622 in unpaid levies that have now been paid.

The Compliance Plan for 2021-22 includes work in association with NSW Fair Trading and the Office of the Building Commissioner to develop a risk framework for selecting projects for Proactive Determination and Proactive Assessments. Future compliance programs will be developed based upon intelligence obtained internally to LSC (referrals) and from these external relationships. However, there will be several reoccurring annual compliance activities including:

- BCI Proactive Determinations
- BCI Proactive Assessments
- BCI Unpaid Levies (Cordell data referencing)
- CCI Compliance programs.

Committees

Building and Construction Industry Long Service Payments Committee

The Building and Construction Industry Long Service Payments Committee (BCI Committee) is constituted under the *Building and Construction Industry Long Service Payments Act 1986* (the BCI Act). It is an advisory and appellate body, consisting of 10 part-time members appointed by the Minister and chaired by the CEO or delegate. The BCI Committee is empowered under section 9 of the BCI Act to advise on the administration of the BCI Act, including matters concerning publicity, the investment of funds and the rate of the long service levy.

The Committee decides appeals lodged against LSC decisions to: reject an application for registration in the scheme made on behalf of or by workers; cancel registrations of workers in the scheme; and refuse service credits to registered workers.

It also decides appeals lodged by levy payers in relation to an assessment made of the amount of a long service levy due for construction of a building; a direction given, or refusal to give such direction, in relation to interest payable on a long service levy not paid before the due date, or extension of time for payment of a long service levy.

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

This year the BCI Committee met on four occasions, via a secure web-based platform, providing support and advice to LSC regarding issues such as:

- Policy review of service credits and backdating of registration dates
- Online claims
- Compliance capability and penalty notices.

Appeals

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

The Committee heard and gave consideration to 20 appeals lodged by workers. The scheduled bulk cancellation of registrations did not proceed due to the impact of COVID-19, resulting in a reduction of appeals lodged by workers.

Committees

BCI Committee July 2020 - June 2021

BCI Industry Committee Members	Meeting attendance
Christine Gowland (BBus - Accounting) Director Registry and Accreditation DCS *Chairperson*	4 out of 4
Iain Jarman (Grad Dip Commerce, Grad Dip Corporate, Securities, Finance, Law, Grad Cert Public Sector Management) Industrial Officer, MBA NSW *Nominated jointly by the MBA NSW and the AFEI*	4 out of 4
Paula Thomson (LLB/B Business) Manager Workplace Relations, AFEI Associate *Nominated jointly by the MBA NSW and the AFEI*	2 out of 4
Rita Mallia (B. Economics/Law) State President, Construction Forestry Mining Energy Union (CFMEU), (Construction and General Division) NSW *Nominated by Unions NSW*	2 out of 4
Thomas Costa Assistant State Secretary, Unions NSW *Nominated by Unions NSW*	3 out of 4
Brian Seidler (B. Build) Executive Director, MBA NSW *Directly appointed by the Minister*	4 out of 4
David Bare (BE (Mat.) Business Management Certificate (General Management)) Executive Director, HIA *Directly appointed by the Minister*	2 out of 4
Robyn Fortescue (BA) Assistant State Secretary, Australian Manufacturing Workers Union (AMWU) *Nominated by Unions NSW*	3 out of 4
Guy Noble (BA Sociology; LPAB) Manager Workplace Service, HIA *Directly appointed by the Minister*	2 out of 4
Joanna Psaros (Master of Law and International Development, BA Law/Dip of Legal Practice, BA Writing and International Affairs) Industrial Relations Officer *Nominated jointly by the MBA NSW and the AFEI*	3 out of 4
Theo Samartzopoulos State Secretary, Plumbing Trades Employees Union *Nominated by Unions NSW*	1 out of 4
Jasminne Muliadi (BA, BA Laws, Grad Dip Legal Practice) Manager Workplace Services, HIA *Directly appointed by the Minister*	2 out of 4

Committees

Contract Cleaning Industry Long Service Leave Committee

The Contract Cleaning Industry Long Service Leave Committee (CCI Committee) is constituted under the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* (the CCI Act). It is an advisory and appellate body, consisting of eight part-time members appointed by the Minister and chaired by the CEO or delegate. The CCI Committee is constituted under section 9 of the CCI Act and is empowered to determine appeals under sections 77-84 of the CCI Act.

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

It also decides appeals lodged by employers against LSC decisions to: reject an application for registration in the scheme by an employer; cancel registration of employers in the scheme; refuse or reject an application to register a worker; refuse to grant an exemption or revocation of an exemption from lodging a return; and refuse to grant an extension of time to pay a levy.

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

This year the CCI Committee met on three occasions, via a secure web-based platform, providing support and advice to LSC regarding issues such as:

- Definition of scheme coverage, in particular what constitutes cleaning work in the hotel environment
- Regulatory capabilities
- Powers relating to penalty actions for non compliance
- Scheme levy rate.

Appeals

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

There were no appeals lodged by workers during 2020-21. The scheduled bulk cancellation of registrations did not proceed due to the impact of COVID-19, resulting in a reduction of appeals lodged by workers.

Committees

CCI Committee July 2020 - June 2021

CCI Industry Committee Members	Meeting attendance
Christine Gowland (BBus - Accounting) Director Registry and Accreditation DCS *Chairperson*	3 out of 3
Georgia Potter-Butler (LLB/BA Barrister and Solicitor NZ) Industrial Officer, Unions NSW *Nominated by Unions NSW*	1 out of 3
Ravindra Naidoo (BA (Hons) Economics, CPA) Financial Controller, Quad Services *Nominated by the Building Service Contractors Association of Australia (BSCAA)*	3 out of 3
Nicholas Jenkinson (MBA Business Management, BA (Hons) Business & Marketing, BTEC National Diploma) State Manager, Pickwick Group *Nominated by the BSCAA*	3 out of 3
Alex Morales (BA Communications) Lead Organiser, United Voice *Nominated by United Voice*	2 out of 3
Mel Gatfield (BA Industrial Relations) Branch Secretary, United Voice *Nominated by United Voice*	3 out of 3
Natasha Flores (BA (Hons), LLB, MLLR, DipEd) Industrial Officer *Nominated by Unions NSW*	2 out of 3
Jamie Halfhide (Masters Business Administration, Dip Business Management) National Sales Manager, Guardian Property Services *Directly appointed by the Minister*	2 out of 3
Charlie Vasilas General Manager, Ezko Property Services (AUST) Pty Ltd *Directly appointed by the Minister*	3 out of 3

Financial highlights

REVENUE AND EXPENSES

Financial YTD, revenue from all sources amounted to $380.1 million, whilst expenditure amounted to $108.6 million. This resulted in a gain of $271.5 million.

The actual net result was favourable to budget by $311.6 million, primarily due to the following:

	$'000
• Higher return on TCorp Long Service Corporation Investment Fund	78,272
• Higher collection of levies from both Schemes	51,372
• Decreased Personnel services expense	1,662
• Increased other operating expenses	(1,592)
• Decreased Long service expense	181,609

BUDGET AND RESULT	Actual 2021 $'000	Budget 2021 $'000	Budget 2022 $'000
Expenses excluding losses			
Personnel services	7,262	8,924	6,730
Operating expenses	9,023	7,431	8,732
Depreciation and amortisation	44	379	299
Finance costs	14,954	14,954	16,172
Scheme Liability expenses	77,242	258,851	246,570
TOTAL EXPENSES EXCLUDING LOSSES	**108,525**	**290,539**	**278,503**
Revenue			
Investment revenue	172,372	94,100	100,556
Long service levy income	207,472	156,100	165,634
Other revenue	282	227	298
Total Revenue	**380,126**	**250,427**	**266,488**
Gain/(loss) on disposal	(70)	-	-
NET RESULT	**271,531**	**(40,112)**	**(12,015)**

FINANCIAL TRENDS	Actual 2017 $'000	Actual 2018 $'000	Actual 2019 $'000	Actual 2020 $'000	Actual 2021 $'000
Expenses excluding losses					
Personnel services	4,226	5,734	12,140	7,974	7,262
Operating expenses	4,858	6,636	9,049	7,219	9,023
Depreciation and amortisation	122	215	142	373	44
Finance costs	21,910	29,805	31,881	20,414	14,954
Scheme Liability expenses	102,250	128,851	294,235	275,127	77,242
TOTAL EXPENSES EXCLUDING LOSSES	**133,366**	**171,241**	**347,447**	**311,107**	**108,525**
Revenue					
Investment revenue	117,565	129,337	138,586	49,528	172,372
Long service levy income	161,282	194,862	188,981	163,447	207,472
Other revenue	173	192	194	262	282
Total Revenue	**279,020**	**324,391**	**327,761**	**213,237**	**380,126**
Gain/(loss) on disposal	(29)	-	-	7	(70)
NET RESULT	**145,625**	**153,150**	**(19,686)**	**(97,863)**	**271,531**

Financial highlights

FINANCIAL POSITION

The principal assets continue to be investments of $2,053.7 million, in the TCorp Long Service Corporation Investment Fund and the principal liabilities are the estimates of Scheme Liabilities of $1,631.0 million as assessed by actuarial consultants. Equity increased by $271.5 million with accumulated funds of $526.0 million at 30 June 2021.

INVESTMENTS

The Corporation invested its funds in the Long Service Corporation Investment Fund administered by NSW Treasury Corporation (TCorp) utilising external managers under contract to Tcorp and the Treasury Banking System.

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

	BALANCE ON HAND AS AT		INVESTMENT PERFORMANCE		BENCH MARK
	30 JUNE 2021	30 JUNE 2020	INCOME	RETURN	RETURN
FUND CATEGORIES	$'000	$'000	$'000	%	%
Long Service Corporation Investment Fund	2,053,733	1,781,539	172,194	9.41%	5.00%

ACCOUNTS PAYABLE PERFORMANCE

The Corporation aims to pay all its invoices within 30 days unless legislatively required to pay more quickly. The Corporation also adopts the use of purchase cards for the payment of low dollar-value transactions, using purchase cards for a number of expense categories where the transaction was $10,000 or less in value and not subject to a contractual requirement for a Purchase Order.

The Corporation has also implemented the Faster Payment Terms (FPT) policy and aims to pay all registered small businesses within 5 business days of a correctly rendered invoice. This policy has been in place since 1 January 2020, reduced from a previous 20-day payment term. During COVID-19, the Corporation has further extended this policy to pay all invoices within 5 days of receiving a correctly rendered invoice.

During 2020/21 there were no instances where penalty interest was paid for the late payment of invoices although not all payments were made on time. Factors affecting the timing of payments are largely due to manual error or process missteps and include errors in tax invoice information, invoices submitted incorrectly, and part delivery of goods and services where it is necessary to wait for full delivery before payment can be made.

The Corporation continues to evaluate and where appropriate implement initiatives to improve payment performance. Such initiatives include; a continued focus on the transfer of suitable payments to purchase cards for low-value purchases, increasing automation to further reduce the volume of manual processes, and continued implementation of the new FPT policy.

Aged analysis at end of each quarter		Current (within due date) $	Less than 30 days overdue $	Between 30 and 60 days overdue $	Between 61 and 90 days overdue $	More than 90 days overdue $
All suppliers						
	Sep-20	6,782	-	-	-	-
	Dec-20	680,032	-	-	-	-
	Mar-21	218	-	-	-	-
	Jun-21	848,851	-	-	-	-
Small business suppliers						
	Sep-20	-	-	-	-	-
	Dec-20	-	-	-	-	-
	Mar-21	-		-	-	-
	Jun-21	-	-	-	-	-

Accounts due or paid within each quarter

Financial highlights

Measure	Sep-20	Dec-20	Mar-21	Jun-21
All suppliers				
Number of accounts due for payment	130	85	76	83
Number of accounts paid on time	77	62	42	54
Actual percentage of accounts paid on time (based on number of accounts)	59%	73%	55%	65%
Dollar amount of accounts due for payment	1,493,119	729,360	1,023,788	1,421,793
Dollar amount of accounts paid on time	656,582	552,917	719,088	803,506
Actual percentage of accounts paid on time (based on dollar amount of accounts)	44%	76%	70%	57%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on late accounts	Nil	Nil	Nil	Nil

Note:

The report does not include payments made to employees, payments related to payroll or payments related to long service claims. There were no payments made to any registered small business. All numbers are reported from 30 days from receipt of a correctly rendered invoice.

3 Governance

Audit and risk management and insurance activities

Audit and Risk Committee

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

ARC Committee	Meeting attendance
Dr Felicity Barr PhD, MHSc, BA, FAICD, FAAG	6 out of 6
Malcolm Freame BEc, FCA, CISA, GAICD	5 out of 6
Neal O'Callaghan* BEc, DipAcc, GAICD	3 out of 3
Peter Mayers FCA (Eng & Wales) FCA (Aust & NZ) MAICD	2 out of 3

Note: *Member Neal O'Callaghan reached the term of his tenure with the ARC on 31 December 2020.

Business Continuity Management Planning

As a result of an Internal Audit review in financial year 2019-20, the Business Continuity Management (BCM) plan for LSC was enhanced to better reflect the points of intersection with the wider Better Regulation Division BCM. This targeted enhanced clarity on roles and responsibilities in the event of a crisis or incident, and business impact assessments. The updated documents were socialised within LSC in June 2021 and met the recommended Internal Audit management action. LSC will be included in BCM activities by the DCS and BRD BCM testing program.

Compliance, Risk, Assurance Management System

LSC's identified risks and controls continue to be maintained in the Protecht ERM Risk, Compliance and Assurance software management system. The LSC ARC are presented with an update on the register at each meeting, ensuring emerging risks are also captured. In addition, LSC is required to contribute to the monthly risk reports of BRD which are presented to the DCS Executive. Risks associated with significant IT projects are managed through the DCS Project Management Office (PMO) for Executive review.

Risk assessment

Strategic and operational risks are assessed by LSC in line with the monthly BRD reporting schedule to ensure the risks reported are current, adequately identified and ratings continually reviewed.

All major IT projects with LSC undergo specific risk reviews and assessments, with updates provided to the relevant steering committee and the ARC. Representatives of the major IT projects are invited to the ARC meetings to provide regular updates, including changes to risk ratings and the progress of any mitigation strategies and actions.

Insurance

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

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

LSC's initial insurance premiums for 2020-21 totalled $43,343 (2019-20: $35,353). To minimise the likelihood and impact of workplace injury, LSC's workers compensation risks are actively managed with pre-emptive six monthly workplace inspections, early intervention and a local Work Health and Safety Committee. LSC is also actively participating in implementing the BRD Work Health & Safety Plan 2018-22.

Accessing LSC information

Government Information (Public Access) Act 2009

LSC is considered part of DCS for the purposes of the *Government Information (Public Access) Act 2009* (GIPA Act). Applications made under the GIPA Act involving LSC are centrally coordinated within DCS. Statistical information about access applications received in relation to LSC is reported in the DCS Annual Report.

Privacy and Personal Information Protection Act 1998

LSC respects the privacy of members of the public who use our services and of our employees. In accordance with section 33 of the *Privacy and Personal Information Protection Act 1998* (PPIP Act), LSC has a Privacy Management Plan in place with a copy provided to the Privacy Commissioner. No applications have been received for internal review of conduct under Part 5 of the PPIP Act. A statement of data collected, data source, purposes and authority for collection of personal data was also supplied to the Privacy Commissioner.

Induction of new staff includes training on policies and guidelines for protecting personal information and privacy, particularly for staff on the Helpline. Online training modules on privacy requirements are available and ongoing training is provided to staff each year to ensure the protection of our customer's information.

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

4 Appendices

Consultants

Consultant	Product description	Amount (excl GST) $
Consultants costing $50,000 or less		
There were no engagements of consultants costing less than $50,000.		
Consultants costing $50,000 or more		
Finance/Accounting		
Professional Financial Solutions (PFS)	Actuarial reports and advice	85,976
Total expenditure on consultants		**85,976**

Consumer response

LSC recorded a total of 327 unsolicited feedback items from customers during the year, including 178 complaints, 34 compliments, 87 suggestions and 28 requests. The main complaint themes related to online services and wait times on the helpline and processing of action items. There were 43 complaints in relation to wait times, which is 34% less when compared to the previous year.

In response to the COVID-19 pandemic LSC temporarily increased claims resourcing at the end of March 2020, which resulted in significant improvements. During 2020-21, processing times continued to improve with 49% of BCI claims being paid within 10 days, a 21% improvement from the previous year.

Since the launch of online claims in December 2020, 1,357 BCI workers successfully lodged a staying claim without needing to contact the helpline. It is encouraging to note that 26 of the compliments received (76%) were attributed to the quality of LSC customer service.

Online survey results from LSC portals were again very positive with 84% of 5,323 respondents stating the Employer portal met their needs extremely or very well and 87% of 5,028 respondents indicating the Worker portal met their needs extremely or very well. Similarly, 88% of 1,698 respondents stated that the Tax Agent portal met their need extremely or very well.

Customer satisfaction was monitored through the Net Promotor Score (NPS) surveys between July 2020 and March 2021, ending the survey period at +52. This was an increase of +5 compared to the same period in 2019-20 and reflected strong positive NPS sentiment. Survey feedback regularly praised the high quality of service provided by customer-facing staff and identified processing times and better communication as areas to improve.

In March 2021, LSC ceased undertaking the NPS surveys in line with the planned transition of calls to SNSW and the introduction of the new Salesforce customer relationship management platform. LSC is currently working on alternative ways to seek meaningful feedback from our customers on their interactions with us.

Diversity and inclusion policies and services

Disability Inclusion Action Plan

LSC adheres to the principles of the *Disability Inclusion Act 2014* and caters to the needs of its staff who have disabilities which impact upon their work life. LSC accommodates these staff members by providing specialised equipment, work from home opportunities, reduced work hours, easy access to the workplace and access to support services within the community.

LSC also recognises its customers with disabilities by providing a website that has been developed to ensure content is available to the widest possible audience and by ensuring positive attitudes and behaviours towards people with a disability are evident in interactions. There is also provision within the legislation which enables workers who have become incapacitated and forced to leave the building and construction or contract cleaning industries to lodge claims for service.

LSC strives to maintain conformance to the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG), acknowledging the diversity of communication methods, available technologies and abilities of internet users within the community.

Diversity and inclusion policies and services

Multicultural Policies and Services Program

LSC is committed to the principles of multiculturalism as outlined in the *Multiculturalism NSW Act 2000* by:

- Providing a telephone translation service in community languages. This is promoted to industry and workers through information materials and to callers to the Helpline experiencing language difficulties.
- Providing information in 14 community languages on registration forms for new BCI workers.
- Providing CCI worker guides translated in eight community languages, which is available on LSC's website.
- Promotion of the multilingual interpreter and translation services on publications available on LSC's website.

As an agency within DCS we adhere to and will continue to implement the department's multicultural policies.

Language services, client demographics and expenditure 2020-21

Language	BCI	CCI	Total	Percentage %	Amount $
Spanish	3	17	20	24.4	$715.00
Tamil	6	8	14	17.1	$632.00
Serbian	6	4	10	12.2	$275.00
Mandarin	5	2	7	8.5	$275.00
Greek	4	2	6	7.3	$192.50
Thai	0	5	5	6.1	$165.00
Bosnian	4	0	4	4.9	$137.50
Vietnamese	1	2	3	3.7	$192.50
Korean	2	1	3	3.7	$275.00
Arabic	2	0	2	2.4	$55.00
Croatian	2	0	2	2.4	$110.00
Italian	1	1	2	2.4	$55.00
Farsi (alt Persian)	1	1	2	2.4	$55.00
Indonesian	0	1	1	1.2	$55.00
Khmer	1	0	1	1.2	$27.50
Total	**38**	**44**	**82**	**100%**	**$3,217.00**

Diversity and inclusion policies and services

Settlement services

LSC provides information on the schemes it administers to workers in the building and construction and contract cleaning industries, including refugees, through industry and union engagement, site visits, marketing and communications material and language services.

The key multicultural strategies proposed for the following year include a review of the effectiveness of the advice and services for all cultural groups, particularly in the contract cleaning industry.

Due to the nature of our work, there are limited opportunities to introduce additional initiatives for settlement services.

Workforce diversity

LSC is committed to upholding the principles of cultural diversity and the equal participation of all communities in a cohesive and multicultural NSW.

The organisation provides services to a culturally diverse community and accommodates clients by offering interpreter and translation services on our website, letterheads and Helpline.

LSC's offices are designed to ensure easy access for people with a disability, have designated quiet areas for meditation or religious practices as well as a family room.

Trends in the representation of workforce diversity groups*

Workforce diversity group	Benchmark	2019	2020	2021
Women[1]	50%	68.6%	73.1%	67.2%
Aboriginal and/or Torres Strait Islander people[2]	3.3%	0.0%	4.5%	0.0%
People whose first language spoken as a child was not English[3]	23.2%	5.7%	4.6%	1.6%
People with a disability[4]	5.6%	4.3%	4.7%	6.9%
People with a disability requiring work-related adjustment[4]	N/A	4.3%	4.7%	6.9%

*Disclosure is optional.

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014-17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for people whose first language spoken as a child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW population born in a country where English is not the predominant language.

Note 4: In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found in: *Jobs for People with Disability: A plan for the NSW public sector*. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Diversity and inclusion policies and services

Trends in the distribution index for workforce diversity groups				
Workforce diversity group	Benchmark[1, 2]	2019[3]	2020[3]	2021
Women	100	N/A	N/A	96
Aboriginal and/or Torres Strait Islander people	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	N/A	N/A	N/A
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

*Disclosure is optional.

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Note 3: LSC is a small agency, therefore figures are only reported on a triennial basis.

Employment and senior executive statistics

Human Resources

In June 2021 LSC had 56.1 full-time equivalent (FTE) employees. This equates to a headcount of 61.

Senior Executive Band	2019[1,2,3]		2020[1,2,3]		2021[1,2,3]	
	Female	Male	Female	Male	Female	Male
Band 4 (Secretary)	-	-	-	-	-	-
Band 3 (Deputy Secretary)	-	-	-	-	-	-
Band 2 (Executive Director)	-	-	-	-	-	-
Band 1/Senior Officer (Director)	1	0	1	0	1	0
Total	1		1		1	

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

Note 2: Statistics are based on Workforce Profile Census data as at 27 June 2019, 25 June 2020 and 24 June 2021.

Note 3: All employees reported in 2019, 2020 and 2021 are appointed under the *Government Sector Employment Act 2013*. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

Senior Executive Band - Average Remuneration	2019[4]	2020[4]	2021[4,5]
Band 4 (Secretary)	N/A	N/A	N/A
Band 3 (Deputy Secretary)	N/A	N/A	N/A
Band 2 (Executive Director)	N/A	N/A	N/A
Band 1/Senior Officer (Director)	$223,477	$229,064	$229,064

Note 4: Salary ranges effective at the Workforce Profile census dates of 27 June 2019, 25 June 2020 and 24 June 2021.

Note 5: There were no exceptional movements in wages, salaries or allowances in 2021.

Employment and senior executive statistics

Non-executive staff by classification and grade	2019		2020		2021	
Grade	Actual[6]	FTE[7]	Actual[6]	FTE[7]	Actual[6]	FTE[7]
Clerk Grade 1 - 2	0	0	5	4.5	0	0
Clerk Grade 3 - 4	15	14.2	13	10.9	11	9.5
Clerk Grade 5 - 6	28	26.6	24	21.4	27	24.8
Clerk Grade 7 - 8	11	10.2	10	9.5	10	9.4
Clerk Grade 9 - 10	12	12	11	10.1	10	9.7
Clerk Grade 11 - 12	3	3	3	3	2	2

Note 6: Actual staff numbers

Note 7: Full-time equivalent (FTE)

Employee related costs	2019	2020	2021[8]
Executive	$415,272	$288,306	$220,000
Non-Executive	$11,724,728	$7,685,694	$7,042,000
Total	$12,140,000	$7,974,000	$7,262,000
Ratio Senior Executive	3.42%	3.62%	3.12%

Note 8: There were no exceptional movements in wages, salaries or allowances in 2021.

Employment relations, policies and practices

LSC staff are employees of DCS and all human resource and payroll services, and industrial relations policies and practices, are provided and managed by DCS.

Legislation administered

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

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

Legislative changes

COVID-19

Clause 2.3 of Schedule 2 of the *Stronger Communities Legislation Amendment (Miscellaneous) Act 2020*, commenced on 27 October 2020, amended section 118 of the *Contract Cleaning Industry (Portable Long Service Scheme) Act 2010* (CCI Act). The amendment extended to 26 March 2021, the prescribed period during which a registered worker for the contract cleaning industry (who had five years of recognised service and who had permanently left the industry) could access their long service benefits immediately, rather than after the legislated 20 week wait. Section 118 was enacted in response to the COVID-19 pandemic. Clause 1.9 of Schedule 1 of the *COVID-19 Recovery Act 2021*, commenced on 25 March 2021, further amended section 118 of the CCI Act to extend the prescribed period until 31 March 2022.

CCI levy reduction

The *Contract Cleaning Industry (Portable Long Service Leave Scheme) (Levy Determinations) Order 2021* commenced on 1 July 2021. The Order provides for the reduction of the levy rate in the contract cleaning industry from 1.7% to 1% to provide financial relief to employers in the contract cleaning industry.

CCI Committee

Clause 7.1 of Schedule 7 of the *Better Regulation Legislation Amendment Act 2020*, commenced on 28 September 2020, amended section 9 of the CCI Act to provide for the appointment of CCI Committee members with knowledge and experience in the contract cleaning industry.

Public interest disclosures

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

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

Public Interest Disclosure (PID) resources are available to staff on the DCS intranet and highlighted during induction training and at regular intervals through mandatory online training.

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

Risk management, attestation and insurance activities

Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for Long Service Corporation

I, Emma Hogan, Secretary of the Department of Customer Service (**Secretary**), am of the opinion that the Long Service Corporation has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	In transition
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant Except re 2.3.1 & 2.3.2: In transition from 1 January 2021
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant Except re 3.2.1 & 3.2.3: In transition from 1 January 2021

Risk management, attestation and insurance activities

Membership

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

- Independent Chair, Felicity Barr from 20 July 2017 to 20 July 2021
- Independent Member, Neil O'Callaghan from 31 July 2016 to 31 December 2020
- Independent Member, Malcolm Freame from 20 July 2017 to 20 July 2021
- Independent Member, Peter Mayers from 1 January 2021 to 1 January 2024

Departures from Core Requirements

I, Emma Hogan, Secretary, advise that the internal audit and risk management processes for the Long Service Corporation depart from the Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*:

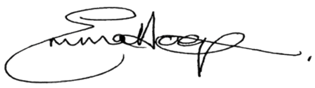
1. The departure from the Core Requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangement.

Departure	**Reason for departure and description of practicable alternatives measures implemented/being implemented**
Non-Compliance	
Nil	
In Transition	
1.2	DCS Risk Management Policy and Framework have been updated and the risk management approach aligns with **Australian Standard AS ISO31000:2018 – *Risk Management – Guidelines***, however process documents are currently being updated. Further integration will be applied in line with the refreshed risk management policy documents. **Climate related risks** including bushfires, flood and drought have been identified and captured for some agencies. In addition to standard risk management processes, the climate risk management process will also include: . Assessing risk based on a plausible future and climate trends rather than historical experience. . Accessing and understanding climate change projections. . Building skills and knowledge to use climate change projections and information. . Communicating potential uncertainty to decision makers. . Enabling adaptive management of risks in response to potential uncertainty Further integration of **cyber security risk** is occurring when identifying agency risks and will be embedded into the risk management practices and assurance processes. Regular reporting is provided to senior executives and the recent appointment of a Cluster CISO will strengthen consideration of cyber security risks.

Risk management, attestation and insurance activities

2.3.1 2.3.2	A draft IA Charter consistent with the model charter has been endorsed by the ARC and is awaiting final sign-off. The predecessor Charter based on TPP 15-03 is largely consistent with the model charter and remains in force in the interim.
3.2.1 3.2.3	A draft ARC Charter has been endorsed by Committee and is in the process of gaining final approval. The predecessor ARC Charter based on TPP 15-03 is largely consistent with the model charter and remains in force in the interim.

These processes, including the practicable alternative measures being implemented, demonstrate that the Long Service Corporation has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Long Service Corporation.



Emma Hogan
Secretary
Department of Customer Service

Date: 12/10/21

Agency Contact Officer:
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Cyber security Annual Attestation Statement for the 2020-2021 Financial Year for the Department of Customer Service (Secretary – NSW Department of Customer Service)

I, Emma Hogan, am committed to ensuring that the cyber security defences of the Department of Customer Service will continue to be strengthened.

Governance is in place to manage the cyber security maturity and initiatives of the Department of Customer Service. The Department of Customer Service has completed independent audits of cyber security controls in place during the 2020-2021 financial year, and the department's maturity against the NSW Cyber Security Policy mandatory requirements. These audits have identified opportunities for improvement, which we are now focussed on addressing.

The Department of Customer Service has a cyber security response plan that has been exercised during the 2020-2021 financial year. The plan will continue to be reviewed to maintain its currency and effectiveness.

The Department of Customer Service is implementing an expanded information security management system (ISMS) to ensure that cyber security risks are managed consistently and effectively across all areas of the department. This improvement has resulted in DCS adopting a more consolidated approach not only to our attestation, but also toward our cyber capability and maturity uplift. A range of improvements have been implemented to deliver a strong foundation from which to successfully execute 'Project Trust' which will accelerate the organisation's cyber security capability and effectiveness year on year. Whilst the Department of Customer Service currently governs cyber security via various governance forums up to and including the Audit and Risk Committee, increased focus will be applied to expanding and maturing cyber security governance.

The Department will continue to harden its technology environments and increase awareness of cyber security and privacy risks for all staff. Through an aggressive and comprehensive cyber security resilience programme, the department will ensure that the security of citizen information and trust in the services of government are maintained to the best of its abilities against increasingly complex and prevalent threats.

This attestation covers the following agencies in addition to the DCS core agencies:

- Independent Review Office
- Greyhound Welfare and Integrity Commission

Yours sincerely

Emma Hogan
Secretary, NSW Department of Customer Service

Date: 02/09/21

Work health and safety and injury management

Work Health and Safety

LSC provides a range of initiatives to promote positive and sustainable health and lifestyle practices for employees including:

- Free flu vaccinations.
- Employee Assistance Program (EAP) for all staff and their immediate family.
- Information to staff on the best settings for their workstation, monitors and chairs.
- Sit/stand-up desks with adjustable monitor arms at office workstations.
- Fitness Passport for staff to use local gyms and swimming pools
- Employee resilience sessions.
- Generous flexible work practices.
- Frequent monitoring of the COVID-19 pandemic and updating staff through our Crisis Control advisor.
- Supporting and equipping staff to work from home in a safe manner.
- Mandatory online training including ergonomics, managing fatigue and respectful behaviours.
- Replacing dual monitor screens with larger curved screens to improve visibility and reduce eye fatigue.

Workers Compensation

Returning injured employees to work as soon as possible continues to be a key focus. We adopt a holistic approach to recovery in line with the best practice injury management approach.

LSC had nil prosecutions under the *Work Health and Safety Act 2011* during the 2020-21 financial year.

Worker compensation claims	2021
Number of claims	1
Average Net Incurred Cost	$3,992.89
Net Incurred Cost	$3,992.89
Total Amount Paid	$2,166.49
Latest Estimate	$1,826.40

Other disclosures

- LSC has no subsidiaries and has not entered into joint ventures or partnerships with any other organisations.
- LSC does not own real estate property nor was any real estate property disposed of during the year.
- There were no agreements entered into with Multicultural NSW under the *Multicultural NSW Act 2000*.
- There were no grants made to non-government community organisations.
- Officers made no overseas visits during the year.
- No research or development programs were undertaken.
- There were no significant judicial decisions affecting agency or users of its services.
- There were no major works in progress.
- No after balance date events that have a significant effect on financial operations, other operations or clientele/community serviced have occurred.

5 Financial statements

INDEPENDENT AUDITOR'S REPORT

Long Service Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Long Service Corporation (the Corporation), which comprises the Statement by Secretary, Department of Customer Service, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2018 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Secretary of the Department of Customer Service's Responsibilities for the Financial Statements

The Secretary of the Department of Customer Service is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The Secretary's responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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

D Daniels

David Daniels
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

21 October 2021
SYDNEY

LONG SERVICE CORPORATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
STATEMENT BY SECRETARY, DEPARTMENT OF CUSTOMER SERVICE

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (the Act), I state:

a) these financial statements have been prepared in accordance with:
   - Australian Accounting Standards (which includes Australian Accounting Interpretations);
   - applicable requirements of the Act*, the Government Sector Finance Regulation 2018*; and
   - Treasurer's directions issued under the Act.

b) these financial statements present fairly the Long Service Corporation's financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and

c) there are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Emma Hogan
Secretary, Department of Customer Service
15 October 2021

LONG SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Actual 2021 $'000	Budget 2021 $'000	Actual 2020 $'000
Expenses excluding losses				
Personnel services	2(a)	7,262	8,924	7,974
Operating expenses	2(b)	9,023	7,431	7,219
Depreciation and amortisation	2(c)	44	379	373
Finance costs	2(d)	14,954	14,954	20,414
Scheme Liability Expenses	2(e)	77,242	258,851	275,127
Total Expenses excluding losses		**108,525**	**290,539**	**311,107**
Revenue				
Investment revenue	3(a)	172,372	94,100	49,528
Long service levy income	3(b)	207,472	156,100	163,447
Other revenue	3(c)	282	227	262
Total Revenue		**380,126**	**250,427**	**213,237**
Operating Result		**271,601**	**(40,112)**	**(97,870)**
(Loss) / gain on disposal	4	(70)	-	7
			-	**7**
NET RESULT		**271,531**	**(40,112)**	**(97,863)**
Other comprehensive income		-	-	-
Total other comprehensive income / (loss)		**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME / (LOSS)		**271,531**	**(40,112)**	**(97,863)**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	Actual 2021 $'000	Budget 2021 $'000	Actual 2020 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	5	100,430	105,741	108,146
Receivables	6	6,496	7,044	6,964
Total Current Assets		**106,926**	**112,785**	**115,110**
Non-Current Assets				
Financial assets at fair value	7	2,053,733	1,875,339	1,781,539
Plant and equipment	8(a)	-	116	1
Right-of-use-assets	8(b)	-	-	43
Intangible assets	9	2,073	4,603	70
Total Non-Current Assets		**2,055,806**	**1,880,058**	**1,781,653**
Total Assets		**2,162,732**	**1,992,843**	**1,896,763**
LIABILITIES				
Current Liabilities				
Payables	11	5,711	4,269	4,271
Lease liability	12	-	-	43
Provisions	13	1,366,616	1,437,484	1,348,962
Total Current Liabilities		**1,372,327**	**1,441,753**	**1,353,276**
Non-Current Liabilities				
Provisions	13	264,417	360,347	289,030
Total Non-Current Liabilities		**264,417**	**360,347**	**289,030**
Total Liabilities		**1,636,744**	**1,802,100**	**1,642,306**
Net Assets		**525,988**	**190,743**	**254,457**
EQUITY				
Accumulated funds		525,988	190,743	254,457
Total Equity		**525,988**	**190,743**	**254,457**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Accumulated Funds $'000
Balance at 1 July 2020		**254,457**
Net Result for the financial year		271,531
Other comprehensive income		-
Total comprehensive income for the financial year		**271,531**
Balance at 30 June 2021		**525,988**
Balance at 1 July 2019		**352,320**
Net Result for the financial year		(97,863)
Other comprehensive income		-
Total comprehensive income for the financial year		**(97,863)**
Balance at 30 June 2020		**254,457**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Actual 2021 $'000	Budget 2021 $'000	Actual 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel Services		(7,748)	(8,924)	(20,024)
Long Service Scheme Claims paid		(99,385)	(138,542)	(115,540)
Other		(7,409)	(7,524)	(6,130)
Total Payments		**(114,542)**	**(154,990)**	**(141,694)**
Receipts				
Long service levy income		207,908	154,485	164,951
Interest received		178	302	1,775
Other		242	107,294	501
Total Receipts		**208,328**	**262,081**	**167,227**
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**93,786**	**107,091**	**25,533**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments		(100,000)	(104,468)	(221,000)
Proceeds from sale of investments		-	-	221,000
Proceeds from sale of plant and equipment		-	-	7
Purchase of plant and equipment		-	(303)	(7)
Purchase of intangible assets		(1,502)	(4,724)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(101,502)**	**(109,495)**	**-**
NET (DECREASE) / INCREASE IN CASH		**(7,716)**	**(2,404)**	**25,533**
Opening cash and cash equivalents		108,146	108,146	82,613
CLOSING CASH AND CASH EQUIVALENTS	5	**100,430**	**105,741**	**108,146**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Long Service Corporation (Corporation) is a NSW government entity, within the Department of Customer Service (DCS) cluster, and is controlled by the State of New South Wales, which is the ultimate parent. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Corporation has its principal office at 32 Mann Street, Gosford, and administers the *Building and Construction Industry Long Service Payments Act 1986* and *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. These Acts provide portable long service payments schemes to building and construction workers and contract cleaning workers in NSW.

The Corporation holds 100% of units issued by the Long Service Corporation Investment Facility Trust (LSCIFT), a fund managed by the New South Wales Treasury Corporation (TCorp). The Corporation controls the LSCIFT, making the Corporation a parent entity for reporting purposes.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Secretary, Department of Customer Service on the 15 October 2021

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and the *Government Sector Finance Regulation 2018*; and
- Treasurer’s Directions issued under the GSF Act.

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

The Corporation accounts for its investment in its 100% owned vehicle, LSCIFT, by initially measuring the investment at fair value and subsequently classifying the investment as measured at fair value on the basis of the Corporation's business model for managing the investment. Gains or losses are recognised in profit or loss.

Plant and equipment and certain financial assets and liabilities are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Corporation’s presentation and functional currency.

(c) Statement of Compliance

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

(d) Going concern

The financial statements are prepared on a going concern basis as the Corporation believes that it will be able to pay its debts as and when they are due and payable.

The Corporation has net assets of $526 million, but a deficiency in working capital of $1.3 billion, being the difference between current assets of $107m and current liabilities of $1.4 billion. The working capital deficiency arises as the long service leave liabilities for workers with a vested benefit at the valuation date are classified as current while the Corporation's investments are classified as non-current as the Corporation does not envisage selling the investments in the next 12 months.

The Actuary has determined that based on the established pattern of claims the expected timing of settlement of claims will not occur at the time of vesting but as detailed in the table below:

	2021		
	$'000	$'000	$'000
Expected timing of settlement (Note 13)	Building Industry	Cleaning Industry	Total
Not later than one year	117,953	6,153	124,106
Later than one year and not later than five years	519,159	26,166	545,325
Later than five years	927,627	33,975	961,602
Total	1,564,739	66,294	1,631,033

In the event that the vested benefits which will be settled within 12 months is greater than $124m then the Corporation has access to the levies receivable during the current financial year as well as the investments managed by TCorp as disclosed in note 7. TCorp has advised that the liquidity availability expectations of the investments that TCorp manages are as follows:

Liquidity availability expectations	Normal market environments		Stressed market environments	
	%	$'000	%	$'000
Funds available within 30 days	80.0%	1,642,986	70.0%	1,437,613
Funds available within 6 months	90.0%	1,848,360	75.0%	1,540,300
Funds available within 1 year	95.0%	1,951,046	80.0%	1,642,986

(e) Accounting for the Goods and Services Tax

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

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

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

(f) Comparative Information

(g) Changes in accounting policies, including new or revised Australian Accounting Standards

(i) Effective for the first time in FY2020-21

AASB 1059 Service Concession Arrangements: Grantors
AASB 1059 is effective from 1 July 2020 but as the Corporation does not have any service concession assets it has no impact on these financial statements.

(ii) Issued but Not Yet Effective
NSW public sector entities are not permitted to early adopt new Australian Accounting Standards unless Treasury determines otherwise. The Corporation has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the Corporation's financial statements.

(h) Impact of COVID-19 on Financial Reporting for FY2020-21

Management has considered the specific requirements in AASB101 Presentation of Financial Statements to disclose significant accounting policies, and the extent of disclosures regarding estimation uncertainty as a result of COVID-19. There are no material impacts on actuarial assumptions, other key assumptions and estimates used.

Investment values are calculated at fair value through profit and loss, and the uncertainty of assumptions has not increased as a result of COVID-19. The Corporation has received advice from NSW Treasury Corporation (TCorp), that there are no concerns with the fund, or management of the fund as a result of COVID-19.

2. EXPENSES EXCLUDING LOSSES

(a) Personnel Services Expenses

The Corporation received the following personnel services from the Department of Customer Service.

	2021 $'000	2020 $'000
Salaries and wages (including annual leave)	6,355	6,821
Superannuation - defined benefit plans	-	72
Superannuation - defined contribution plans	554	567
Long service leave	(7)	93
Workers' compensation insurance	20	12
Payroll tax and fringe benefits tax	340	409
	7,262	**7,974**

No personnel services expenses were capitalised (2020: $Nil).

(b) Operating Expenses

	2021 $'000	2020 $'000
Accommodation	384	417
Administration service charge	1,785	766
Auditor's remuneration		
- audit of the financial statements	104	93
- internal audit	195	127
Bank charges	348	265
Computer expenses	4,037	3,658
Consultants	86	59
Contractors	21	247
Fees and charges	768	521
Long service levy commissions	314	282
Printing, postage and telephone	519	525
Other expenses	462	259
	9,023	**7,219**

Recognition and Measurement

Computer expenses includes $1.8m in the 2021 financial year for the software as a service (SaaS) portion of the development cost of new levy and worker registration systems (Project Phoenix) and $1.7m in the 2020 financial year for the transition from Sun Systems to SAP.

The administration service charge is the allocation of the cost of services performed by the Department of Customer Services on the behalf of the Corporation as from 1 March 2020.

Other expenses includes the bad debt cost of $0.1m relating to a cleaning company that went into liquidation.

(c) Depreciation and Amortisation Expense

	2021 $'000	2020 $'000
Depreciation		
- Computer equipment	1	104
- Low value items	-	7
- Motor vehicles	-	3
	1	**114**
Depreciation – Right of use asset		
- Plant and equipment	43	172
	43	**172**
Amortisation		
- Computer software	-	87
	-	**87**
	44	**373**

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

(d) Finance Costs

	2021 $'000	2020 $'000
Unwinding of discount rate	**14,954**	**20,414**

Recognition and Measurement

Scheme liabilities are valued using AASB 137 Provisions, Contingent Liabilities and Contingent Assets, which provides that the increase in a provision resulting from the unwinding of the discount rate is to be recognised as a borrowing cost. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW General Government Sector (GGS) entities.

Refer Note 13(a)(i) and Note 13(b)(i) for details on changes to the discount rate used for the 2021 and 2020 financial years.

(e) Scheme Liability Expenses

	2021 $'000	2020 $'000
Scheme liability expenses	**77,242**	**275,127**

Recognition and Measurement

Scheme liabilities are valued using AASB 137 Provisions, Contingent Liabilities and Contingent Assets, which provides that additional provisions made during the financial year, including increases to existing provisions, other than resulting from the unwinding of the discount rate, are recognised as expenses. These expenses are shown separately from operating expenses and classified as scheme liability expenses.

Refer Note 13(a)(i) and Note 13(b)(i) for details on changes to Scheme Liabilities for the 2021 and 2020 years.

3. REVENUE

(a) Investment Revenue

	2021 $'000	2020 $'000
Net gain in investment in TCorpIM (Investment Management) Fund – LSCIFT (Long Service Corporation Investment Facility Trust)	172,194	47,753
Interest income	178	1,775
	172,372	**49,528**

Recognition and Measurement

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

(b) Long Service Levy Income

	2021 $'000	2020 $'000
Long service levy income	209,812	166,087
Long service levy refunds	(2,340)	(2,640)
	207,472	**163,447**

Recognition and Measurement

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

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

(c) Other revenue

	2021 $'000	2020 $'000
Other revenue	**282**	**262**

4. (LOSS) / GAIN ON DISPOSAL

	2021 $'000	2020 $'000
Net (loss) / gain on disposal of assets	**(70)**	**7**

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2021 $'000	2020 $'000
Cash at bank and on hand	**100,430**	**108,146**

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

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

	2021 $'000	2020 $'000
Cash and cash equivalents (as per Statement of Financial Position)	**100,430**	**108,146**
Closing cash and cash equivalents (as per Statement of Cash Flows)	**100,430**	**108,146**

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

6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	2021 $'000	2020 $'000
Current		
Prepayments	64	44
Other	168	129
	232	173
Long service levy income	6,420	6,856
Allowance for expected credit losses *	(156)	(65)
	6,264	6,791
Total Current Receivables	**6,496**	**6,964**

* Movement in the allowance for expected credit losses

	2021 $'000	2020 $'000
Long service levy income		
Balance at the beginning of the financial year	(65)	(182)
Amounts written off during the year	-	7
(Increase) / decrease in allowance recognised in net results	(91)	110
Balance at the end of the financial year	**(156)**	**(65)**

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

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

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

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

Impairment
The Corporation recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Corporation expects to receive, discounted at the original effective interest rate.

For trade receivables, the Corporation applies a simplified approach in calculating ECLs. The Corporation recognises a loss allowance based on lifetime ECLs at each reporting date. The Corporation has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

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

	2021 $'000	2020 $'000
Non-Current Assets		
TCorpIM Fund - LSCIFT	**2,053,733**	**1,781,539**

The TCorpIM (Investment Management) Fund - LSCIFT (Long Service Corporation Investment Facility Trust) invests in cash, money market instruments, Australian and international bonds, listed property and Australian shares.

Recognition and Measurement

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

Classification and Measurement

The Corporation's financial assets at fair value are classified, at initial recognition, as subsequently measured at either fair value through other comprehensive income or fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at fair value through other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

Financial assets at fair value through profit or loss

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

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

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

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

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

8. NON-CURRENT ASSETS - PLANT AND EQUIPMENT AND RIGHT-OF-USE-ASSETS

(a) Plant and Equipment

	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Low Value Items $'000	Total $'000
At 1 July 2019 - fair value					
Gross carrying amount	22	262	99	-	383
Accumulated depreciation and impairment	(22)	(157)	(96)	-	(275)
Net carrying amount	**-**	**105**	**3**	**-**	**108**
Year ended 30 June 2020					
Net carrying amount at the beginning of the financial year	-	105	3	-	108
Purchase of assets	-	-	-	7	7
Depreciation expense	-	(104)	(3)	(7)	(114)
Net carrying amount at the end of the financial year	**-**	**1**	**-**	**-**	**1**
At 1 July 2020 – fair value					
Gross carrying amount	22	256	75	7	360
Accumulated depreciation and impairment	(22)	(255)	(75)	(7)	(359)
Net carrying amount	**-**	**1**	**-**	**-**	**1**

	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Low Value Items $'000	Total $'000
Year ended 30 June 2021					
Net carrying amount at the beginning of the financial year	-	1	-	-	1
Purchase of assets	-	-	-	-	-
Depreciation expense	-	(1)	-	-	(1)
Net carrying amount at the end of the financial year	-	-	-	-	-
At 30 June 2021 – fair value					
Gross carrying amount	22	106	75	5	-
Accumulated depreciation and impairment	(22)	(106)	(75)	(5)	-
Net carrying amount	-	-	-	-	-

Further details regarding the fair value measurement of plant and equipment are disclosed in Note 10.

Recognition and Measurement

Acquisitions of Plant and Equipment

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

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

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

Capitalisation Thresholds

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.

Depreciation

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

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

The depreciation rates used for each class of assets in the 2021 financial year are:

Plant and Equipment

Computer equipment	33%
Low Value Assets *(Portable and Attractive Items)*	100%
Motor vehicles	20%
Office equipment	33%

Right-of-Use Assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Corporation has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 8(b)

Revaluation of Plant and Equipment

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

All of the Corporation's assets are non-specialised assets with short useful lives and are measured at depreciated historical cost, which for these assets approximates fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at the end of each financial year.

Impairment of Plant and Equipment
As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. Since plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

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

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

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

(b) Right-of-use assets
AASB 16 Leases (AASB16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Corporation has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of $10,000 or less when new and comprise mainly of leases for office equipment.

	Plant and Equipment $'000
Balance at 1 July 2019	-
Recognition of right-of-use assets on initial application of AASB 16	215
Additions	-
Depreciation expense	(172)
Balance at 30 June 2020	**43**
Balance at 1 July 2020	43
Additions	-
Depreciation expense	(43)
Balance at 30 June 2021	**-**

Recognition and Measurement
The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation recognises lease liabilities to make lease payments as right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low value assets.
Refer to note 12 for further details on lease liabilities.

(i) Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site. The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office equipment 3 years

(ii) Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

9. INTANGIBLE ASSETS

	Software $'000	Work in progress $'000	Total $'000
At 1 July 2019			
Gross carrying amount	2,708	-	2,708
Accumulated amortisation and impairment	(2,552)	-	(2,552)
Net carrying amount	**157**	**-**	**157**
Year ended 30 June 2020			
Net carrying amount at the beginning of the financial year	157	-	157
Amortisation	(87)	-	(87)
Net carrying amount at the end of the financial year	**70**	**-**	**70**
At 1 July 2020			
Gross carrying amount	2,656	-	2,656
Accumulated amortisation and impairment	(2,586)	-	(2,586)
Net carrying amount	**70**	**-**	**70**
Year ended 30 June 2021			
Net carrying amount at the beginning of the financial year	70	-	70
Additions	-	2,073	2,073
Disposals	(70)	-	(70)
Amortisation	-	-	-
Net carrying amount at the end of the financial year	**-**	**2,073**	**2,073**
At 30 June 2021			
Gross carrying amount	1,991	2,073	4,064
Accumulated amortisation and impairment	(1,991)	-	(1,991)
Net carrying amount	**-**	**2,073**	**2,073**

Recognition and Measurement

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. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.
The useful lives of intangible assets are assessed to be finite.

The Corporation’s intangible assets are amortised using the straight-line method over a period of 4 years or less. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year.

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

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair Value Measurement and Hierarchy

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

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred. There were no transfers between the levels during the financial year.

All of the Corporation's plant and equipment assets are measured at historical cost less accumulated depreciation as a surrogate for fair value because the assets are non-specialised assets and any difference between fair value and depreciated historical cost is unlikely to be material. The fair value measurement base for these assets do not require fair value hierarchy disclosure.

11. CURRENT LIABILITIES - PAYABLES

	2021 $’000	2020 $’000
Accrued salaries, wages and on-costs	44	530
Long service levy commissions	27	25
Long service payments	522	753
Other creditors and accruals	5,118	2,963
	5,711	**4,271**

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

Recognition and Measurement

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

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

12. CURRENT / NON-CURRENT LIABILITIES – LEASE LIABILITIES

	2021	2020
Current Liabilities	**$'000**	**$'000**
Lease liability	-	43
Total Liabilities	**-**	**43**

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

Lease liabilities
The following table presents liabilities under leases.

	Lease liabilities $'000
Balance at 1 July 2020	43
Additions	-
Interest expenses	-
Payments	(43)
Balance at 30 June 2021	**-**

Recognition and Measurement
Lease liabilities
At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Corporation; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Corporation's leases, the lessee's incremental borrowing rate is used, being the rate that the Corporation would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

13. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

	2021 $'000	2020 $'000
Current		
Scheme Liability	1,366,616	1,348,962
Total Current Provisions	**1,366,616**	**1,348,962**
Non-Current		
Scheme Liability	264,417	289,030
Total Non-Current Provisions	**264,417**	**289,030**
Total Provisions	**1,631,033**	**1,637,992**

The current liability amount includes any amount for which the Corporation does not have an unconditional right to defer settlement for at least twelve months after the end of the valuation reporting date. The Actuaries have interpreted this to mean the actuarial liability for workers with a vested benefit at the valuation date.

	2021 $'000	2020 $'000
Movements in provisions		
Movements in each class of provision during the year, other than employee benefits, are set out below:		
Provision for scheme liability – Building and Construction Industry		
Carrying amount at the beginning of the financial year	1,577,314	1,402,995
Unwinding of discount rate - Note 2(d)	14,408	19,642
Scheme liability expenses - Note 2 (e)	68,859	268,405
Claims paid	(95,842)	(113,728)
Carrying amount at the end of the financial year	**1,564,739**	**1,577,314**
Provision for scheme liability – Contract Cleaning Industry		
Carrying amount at the beginning of the financial year	60,678	55,134
Unwinding of discount rate - Note 2(d)	546	772
Scheme liability expenses - Note 2 (e)	8,382	6,723
Claims paid	(3,312)	(1,951)
Carrying amount at the end of the financial year	**66,294**	**60,678**
Total Provisions	**1,631,033**	**1,637,992**

Recognition and Measurement
Provisions are recognised when: the Corporation has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income. The Corporation's provisions include the expected benefit payments from the Building and Construction Industry Long Service Payments Scheme and the Contract Cleaning Industry Long Service Payments Scheme as detailed below.

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

A full actuarial valuation of the Building and Construction Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2020. They have updated this valuation to 30 June 2021 and estimated the Scheme liabilities are as follows:

	Note	2021 $'000	2020 $'000
Valuation as per AASB 137	(i)	1,564,739	1,577,314
Vested Benefits	(ii)	1,264,674	1,190,362

(i) The Valuation as per AASB 137 is the value of expected benefit payments from the Scheme arising from service up to the valuation date and payable over the future working lifetime of the current workers, which are then discounted to the date of the valuation. In determining these payments as at 30 June 2021, the following key assumptions were adopted:

- Discount rate 1.5% (2020 0.9%). The Scheme liability has been discounted at a rate that reflects the current market assessment of the time value of money and the risks specific to the liability. The discount rate is considered to be the risk-free rate of return on the Scheme assets.
- Future wage increases 3.0% (2020: 3.0%).
- Rate of future accrual of service (only used to determine if workers qualify for benefit): 195 days per year (2020: 195 days per year).
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2020: the same).
- Active Workers liability: Valued based on historical evidence (2020: the same).
- In Force Inactive Workers liability: Valued based on historical evidence (2020: their vested benefit).
- Out of Force Workers liability: Valued based on historical evidence (2020: 53% of their vested benefit).
- Incurred but Not Reported Service (IBNR) - Active Workers 6.5% (2020: 7%).
- Incurred but Not Reported Service (IBNR) - In Force Inactive and Out of Force Workers 9% (2020 Nil).

(ii) The Actuaries categorise the workers as Active if they had service in last 2 years, In Force Inactive if no service in last 2 years but service in prior 2 years and Out of Force if no service for at least 4 years. As the data for most workers does not include the 2021 financial year, these categories are estimated from earlier data. The Actuaries allow for the late reporting of service by using estimates for Incurred But Not Reported (IBNR) Service.

(iii) The Vested Benefits are the amount of benefits payable if service ceased on the valuation date and the worker has more than five years eligible service, or if the worker is age 55 or over, and has more than 55 days service. Service includes service prior to the commencement date of the Scheme.

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

	2021	2020
Number of workers:		
Active	274,828	280,515
Inforce inactive	74,983	64,113
Out of force	20,480	18,941
Total number of workers valued	**370,291**	**363,569**

	2021 $'000	2020 $'000
Expected timing of settlement		
Not later than one year	117,953	125,593
Later than one year and not later than five years	519,159	559,828
Later than five years	927,627	891,893
Total	**1,564,739**	**1,577,314**

The Calculation of Scheme Liability table below reconciles the liability at the start and the end of the financial year. The "unwinding of discount rate" arises because the liability for workers at the end of the financial year will have one year less discounting to their expected payment date compared to the beginning of the financial year. The scheme liability expenses being adjustments as a result of changes in "discount rate" and "assumptions apart from the discount rate" arise due to revaluing the previous financial year's data but using the current financial year's assumptions while "additional provisions" is the additional service accruing over the financial year.

Calculation of scheme liability	**Actuarial Valuation BCI**	
Report as at	**30-Jun-21**	**30-Jun-20**
	$'000	**$'000**
Carrying amount at the beginning of the financial year	1,577,314	1,402,995
Unwinding of discount rate	14,408	19,642
Scheme liability expenses being adjustments as a result of changes in:		
- discount rate	(61,582)	44,450
- assumptions apart from the discount rate	(48,629)	33,279
- additional provisions	179,070	190,676
Claims Paid	(95,842)	(113,728)
Carrying amount at the end of the financial year	**1,564,739**	**1,577,314**

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

A full actuarial investigation of the Contract Cleaning Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2020. They have updated this valuation to 30 June 2021 and determined the Scheme liabilities are as follows:

	Note	2021 $'000	2020 $'000
Valuation as per AASB 137	(i)	66,294	60,678
Vested Benefits	(ii)	56,392	52,238

(i) The Valuation as per AASB 137 is the value of expected benefit payments from the Scheme arising from service up to the valuation date and payable over the future working lifetime of the current workers, which are then discounted to the date of the valuation. In determining these payments as at 30 June 2021, the following key assumptions were made:
- Discount Rate 1.5% (2020: 0.9%). The scheme liability has been discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability.
- Future wage increases: 4.0% up to age 40, and 3.0% for ages 40 and above (2020: 3.5% up to age 40, and 2.5% for ages 40 and above).
- Rate of future accrual of service (only used to determine if workers qualify for benefit): 365 days per year (2020: 365 days per year).
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2020: the same).
- Active Worker: based on experience of other funds as little experience to date (2020: the same).
- Inforce Inactive Worker: 80% of their vested benefit which was based on the value of expected benefits using a run-off table (2020: 90% of their vested benefit).
- Incurred but Not Reported Service (IBNR): Nil for active workers only (2020: Nil).

(ii) The Actuaries categorise the workers as Active if they had service in last 2 years, In Force Inactive if no service in last 2 years but service in prior 2 years and Out of Force if no service for at least 4 years.

The CCI Scheme has only been in force since 1 July 2011. Therefore in the valuation, when determining the appropriate claims pattern for CCI Inactive Workers, the Actuaries have adopted the claims pattern of the BCI scheme as a proxy. The liability for these Inactive Workers was also increased to allow for the uncertainties involved in applying the BCI scheme as a proxy for the CCI Scheme.

As the data for most workers does not include the last quarter of the 2021 financial year, these categories are estimated from earlier data. The Actuaries allow for the late reporting of service by using estimates for Incurred But Not Reported (IBNR) Service.

(iii) The Vested Benefits are the amount of benefits payable if service ceased on the valuation date and the worker has more than five years eligible service. Service includes service prior to the commencement date.

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

	2021	2020
Number of workers:		
Active	33,168	24,470
Inforce inactive	74,359	67,645
Total number of workers valued	**107,527**	**92,115**

	2021 $'000	2020 $'000
Expected timing of settlement		
Not later than one year	6,153	12,330
Later than one year and not later than five years	26,166	20,188
Later than five years	33,975	28,160
Total	**66,294**	**60,678**

The Calculation of Scheme Liability table below reconciles the liability at the start and the end of the financial year. The "unwinding of discount rate" arises because the liability for workers at the end of the financial year will have one year less discounting to their expected payment date compared to the beginning of the financial year. The scheme liability expenses being adjustments as a result of changes in "discount rate" and "assumptions apart from the discount rate" arise due to revaluing the previous financial year's data but using the current financial year's assumptions while "additional provisions" is the additional service accruing over the financial year.

Calculation of scheme liability	Actuarial Valuation CCI	
Report as at	**30-Jun-21**	**30-Jun-20**
	$'000	**$'000**
Carrying amount at the beginning of the financial year	60,678	55,134
Unwinding of discount rate	546	772
Scheme liability expenses being adjustments as a result of changes in:		
- discount rate	(679)	677
- assumptions apart from the discount rate	(1,304)	-
- additional provisions	10,365	6,046
Claims Paid	(3,312)	(1,951)
Carrying amount at the end of the financial year	**66,294**	**60,678**

14. COMMITMENTS

There are no commitments as at 30 June 2021 (2020 $Nil)

15. CONTINGENT ASSETS AND LIABILITIES

There were no known contingent assets or liabilities as at the end of the financial year (2020: $Nil).

16. BUDGET REVIEW

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

Net Result

The actual net result is a surplus of $271.5 million (2020: $97.9 million deficit) which was favourable to the budgeted net result by $311.6 million. The major variations to budget are:

Total Revenue was $129.7 million favourable to budget, due to Long Service Corporation Investment Facility Trust (LSCIFT) returns and levy revenue being higher than expected. The LSCIFT earned a return of 9% for the financial year compared to a budgeted return of 5%.

Total Expenses were $182.0 million favourable to budget, primarily due to decreased Scheme expenses as a result of changes in actuarial assumptions including changes in the discount rate.

Assets and liabilities

Net Assets: The actual net assets of $526.0 million (2020: $254.5 million) was favourable to budget by $335.2 million. Total investments were $178.4 million higher than budget expectations due to higher investment returns and Scheme Liabilities were $166.8 million lower than budget due to changes in actuarial assumptions including changes in the discount rate.

Cash flows

Net decrease in cash during the year is $7.7 million which was reasonably consistent with the budgeted net decrease in cash of $2.4 million.

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

	2021 $'000	2020 $'000
Net cash used in operating activities	93,786	25,533
Depreciation and amortisation	(44)	(373)
Allowance for impairment	(91)	117
Net gain / (loss) on investments	172,194	47,754
Net gain / (loss) on disposal of assets	(70)	7
Increase / (decrease) in Long Service payments liability expense	21,913	(159,450)
Increase / (decrease) in contract assets	-	215
(Increase) / decrease in contract liabilities	43	(43)
Increase / (decrease) in finance costs	(14,954)	(20,414)
Increase / (decrease) in receivables	(377)	(1,905)
(Increase) / decrease in payables	(869)	(1,855)
(Increase) / decrease in provisions	-	12,551
Net result	**271,531**	**(97,863)**

Non-Cash Investing Activities

Non-cash additions to investments during the year amounted to $104.5m (2020 $110.0m) which were financed by distribution income received.

	2021 $'000	2020 $'000
Investments acquired by distribution income	**104,468**	**110,000**

18. FUND INFORMATION

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Expenses excluding losses							
Personnel services expenses	2(a)	**5,916**	6,135	**1,346**	1,839	**7,262**	7,974
Other operating expenses	2(b)	**7,053**	5,809	**1,970**	1,410	**9,023**	7,219
Depreciation and amortisation	2(c)	**35**	349	**9**	24	**44**	373
Finance costs	2(d)	**14,408**	19,642	**546**	772	**14,954**	20,414
Scheme liability expenses	2(e)	**68,860**	268,368	**8,382**	6,759	**77,242**	275,127
Total expenses excluding losses		**96,272**	300,303	**12,253**	10,804	**108,525**	311,107
Revenue							
Investment revenue	3(a)	**165,204**	47,598	**7,168**	1,930	**172,372**	49,528
Long service levy income	3(b)	**193,892**	150,866	**13,580**	12,581	**207,472**	163,447
Other revenue	3(c)	**278**	259	**4**	3	**282**	262
Total Revenue		**359,374**	198,723	**20,752**	14,514	**380,126**	213,237
(Loss) / gain on disposal	4	**(67)**	7	**(3)**	-	**(70)**	7
Total comprehensive income		**263,035**	(101,573)	**8,496**	3,710	**271,531**	(97,863)

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2021	2020	2021	2020	2021	2020
		$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current Assets							
Cash and cash equivalents	5	**94,545**	95,202	**5,885**	12,944	**100,430**	108,146
Receivables	6	**3,405**	3,376	**3,091**	3,588	**6,496**	6,964
Total Current Assets		**97,950**	98,578	**8,976**	16,532	**106,926**	115,110
Non-Current Assets							
Financial assets at fair value	7	**1,962,669**	1,712,623	**91,064**	68,916	**2,053,733**	1,781,539
Plant and equipment	8a	**-**	1	**-**	-	**-**	1
Right-of-use assets	8b	**-**	34	**-**	9	**-**	43
Intangible assets	9	**2,073**	67	**-**	3	**2,073**	70
Total Non-Current Assets		**1,964,742**	1,712,725	**91,064**	68,928	**2,055,806**	1,781,653
Total Assets		**2,062,692**	1,811,303	**100,040**	85,460	**2,162,732**	1,896,763

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2021	2020	2021	2020	2021	2020
		$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES							
Current Liabilities							
Payables	11	**4,542**	3,576	**1,169**	695	**5,711**	4,271
Borrowings	12	**-**	34	**-**	9	**-**	43
Provisions	13	**1,311,899**	1,297,232	**54,717**	51,730	**1,366,616**	1,348,962
Total Current Liabilities		**1,316,441**	1,300,842	**55,886**	52,434	**1,372,327**	1,353,276
Non-Current Liabilities							
Provisions	13	**252,840**	280,082	**11,577**	8,948	**264, 417**	289,030
Total Non-Current Liabilities		**252,840**	280,082	**11,577**	8,948	**264,417**	289,030
Total Liabilities		**1,569,281**	1,580,924	**67,463**	61,382	**1,636,744**	1,642,306
Net Assets		**493,411**	230,379	**32,577**	24,078	**525,988**	254,457
EQUITY							
Accumulated Funds		**493,411**	230,379	**32,577**	24,078	**525,988**	254,457
Total Equity		**493,411**	230,379	**32,577**	24,078	**525,988**	254,457

19. FINANCIAL INSTRUMENTS

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

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

The Secretary, Department of Customer Service has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Corporation on a continuous basis.

(a) Financial Instrument Categories

			2021 $'000	2020 $'000
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Cash and cash equivalents	5	Amortised Cost	100,430	108,146
Receivables (i)	6	Amortised Cost	-	-
Financial assets at fair value	7	Fair value through profit or loss	2,053,733	1,781,539
Contract Assets (ii)	8	Amortised cost	-	43
Financial Liabilities	**Note**	**Category**		
Class:				
Payables(iii)	11	Financial liabilities measured at amortised cost	5,162	3,518

(i) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
(ii) While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 for the purpose of the credit risk disclosures.
(iii) Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

The Corporation determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

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

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

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

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

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

(c) Offsetting financial instruments

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

(d) Financial Risk

(i) Credit Risk

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

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

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

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

Cash and cash equivalents

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

Accounting policy for impairment of trade debtors and other financial assets

Receivables – Trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

There is no expected credit loss on the Corporation's trade receivables.

Receivables – Other receivables

Collectability of other receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The Corporation considers other receivables in default when the receivable is over 90 days and there is no agreed payment plan in place.

The Corporation has recognised a provision for expected credit losses on its other receivables of $156k (2020 $65k). The Corporation is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2021 and 2020.

(ii) 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.

During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12.

For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made not later than the end of the month following the month in which an invoice or statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an Authority (or person appointed by the Head of an Authority) may automatically pay the supplier simple interest.

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

	$'000	$'000 Interest Rate Exposure			$'000 Maturity Dates		
	Nominal Amount (i)	Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
2021							
Payables	5,162	-	-	5,162	5,162	-	-
Lease liabilities	-	-	-	-	-	-	-
	5,162	-	-	5,162	5,162	-	-

	$'000	$'000 Interest Rate Exposure			$'000 Maturity Dates		
	Nominal Amount (i)	Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
2020							
Payables	3,518	-	-	3,518	3,518	-	-
Lease liabilities	43	-	43	-	43	-	-
	3,561	-	-	3,518	3,561	-	-

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay. These amounts include both interest and principal cash flows and therefore will not reconcile to amounts disclosed in the Statement of Financial Position.

(iii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the TCorpIM funds. 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 the assessment (i.e. until the end of the next financial year). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

Interest Rate Risk

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

The following table demonstrates the sensitivity to a reasonable possible change in interest rates:

	$'000				
	Carrying Amount	**Net Result -1.0%**	**Equity -1.0%**	**Net Result +1.0%**	**Equity +1.0%**
2021					
Financial Assets (i)					
Cash and cash equivalents	100,430	(1,004)	(1,004)	1,004	1,004
2020					
Financial Assets (i)					
Cash and cash equivalents	108,146	(1,081)	(1,081)	1,081	1,081

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

Other Price risk – TCorpIM Funds

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM (Investment Management) Fund, which is held for strategic rather than trading purposes. The Corporation's only direct equity investment is in the Long Service Corporation Investment Facility Trust (LSCIFT). The Corporation holds units in the following funds:

Fund	**Investments**	**Investment Horizon**	**2021 $'000**	**2020 $'000**
TCorpIM Fund - LSCIFT	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	2,053,733	1,781,539

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

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

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

TCorp provides sensitivity analysis information for each of the investment funds, which is used to demonstrate the impact on the funds net assets as a result of a change in the unit price. The impact is based on a sensitivity rate of 10%, multiplied by the redemption value as at 30 June each year for each fund (balance from TCorpIM Funds statement). Actual movements in the price risk variables may differ to the sensitivity rate used due to a number of factors. The TCorpIM funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results.

	Impact on Profit / Loss			
	2021		**2020**	
	Change in Unit price	**$'000**	**Change in Unit price**	**$'000**
TCorpIM Fund - LSCIFT	+/-10%	+/-205,373	+/-10%	+/-178,154

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

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

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

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

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

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

	Level 1 $'000	**Level 2 $'000**	**Level 3 $**	**Total**
2021				
Financial Assets at fair value				
TCorpIM Fund - LSCIFT	-	2,053,733	-	2053,733
Total	**-**	**2,053,733**	**-**	**2,053,733**
2020				
Financial Assets at fair value				
TCorpIM Fund - LSCIFT	-	1,781,539	-	1,781,539
Total	**-**	**1,781,539**	**-**	**1,781,539**

The value of the TCorpIM Funds is based on the Corporation's share of the value of the underlying assets of the fund, based on the market value. All of the TCorpIM funds are valued using 'redemption' pricing.

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

20. RELATED PARTY DISCLOSURES

Key management personnel
During the year, the Corporation incurred $220K (2020: $228k) in respect of key management personnel services that are provided by a separate management entity (Department of Customer Service).

Other related party transactions
The Corporation entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions which are conducted as arm's length transactions are a significant portion of the Corporation's receiving of services, in aggregate are as follows:

Nature of transaction		2021 $'000 Transaction value income/ (expense) $'000	2021 $'000 Net receivable/ (payable) $'000	2020 $'000 Transaction value income/ (expense) $'000	2020 $'000 Net receivable/ (payable) $'000
Purchases of goods/ services and other payments	Department of Customer Service	(13,184)	(3,529)	(8,411)	(2,506)
Purchases of goods/ services and other payments	Property NSW	(3)	-	6	-
Purchases of goods/ services and other payments	Crown Solicitors Office	(49)	(16)	(6)	(53)
Purchases of goods/ services and other payments	NSW Self Insurance Corporation	(44)	-	7	-
Purchases of goods/ services and other payments	State Archives & Records Authority	(24)	(2)	(24)	-
Purchases of goods/ services and other payments	Audit Office of NSW	(156)	(49)	(41)	(52)
Purchases of goods/ services and other payments	Roads and Maritime Service	(4)	-	-	-

21. EVENTS AFTER BALANCE DATE

Adjusting Events

There are no known events after the end of the financial year which would give rise to a material impact on the reported results or financial position of the Corporation as at 30 June 2021.

Non- Adjusting Events

On the 17 June 2021 the Minister for Better Regulation and Innovation signed an order to reduce the Contract Cleaning Industry levy from 1.7% to 1.0%, effective from 1 July 2021.

END OF AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Long Service Corporation Investment Fund

To the Treasurer and Directors of the Trustee

Opinion

I have audited the accompanying financial report of the Long Service Corporation Investment Fund (the Fund), which comprises the Statement of comprehensive income for the year ended 30 June 2021, Statement of financial position as at 30 June 2021, the Statement of changes in equity, and the Statement of cash flows for the year then ended, notes comprising a Summary of significant accounting policies and other information, and the Statement by the Trustee.

In my opinion, the financial report:

- has been prepared in accordance with Australian Accounting Standards
- presents fairly the Fund's financial position, financial performance and cash flows
- is in accordance with the requirements of the Fund's Constitution.

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

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

The Trustee's Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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

D Daniels

David Daniels
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

8 October 2021
SYDNEY

Statement by the Trustee

In the opinion of the directors of the Trustee

(a) The financial statements and notes of the Fund are in accordance with the requirements of the Fund Constitution, and:

(i) are properly drawn up so as to present fairly the Fund's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the year ended on that date; and

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

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

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

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

M J Dwyer
Director

D M Deverall
Director

Sydney
1 October 2021

	Notes	30 June 2021 $	30 June 2020 $
Investment income			
Interest income from financial assets at fair value through profit or loss		**-**	96,542
Trust distribution income		**69,322,826**	97,779,370
Net gains/(losses) on financial instruments held at fair value through profit or loss	12	**105,877,174**	(51,021,571)
Total net investment income/(loss)		**175,200,000**	46,854,341
Expenses			
Trustee fees	14	**1,365,514**	1,075,903
Expense recovery fees	14	**30,750**	28,188
Custody fees		**27,321**	20,663
Transaction costs		**16,796**	28,337
Other operating expenses		**39,831**	125,745
Total operating expenses		**1,480,212**	1,278,836
Profit/(loss) for the year		**173,719,788**	45,575,505
Other comprehensive income		**-**	-
Total comprehensive income for the year		**173,719,788**	45,575,505

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

	Notes	30 June 2021 $	30 June 2020 $
Assets			
Cash and cash equivalents	11	**8,169,026**	1,931,780
Margin and collateral accounts		**832,252**	657,799
Receivables	9	**28,694**	27,080
Financial assets held at fair value through profit or loss	6	**2,046,122,898**	1,778,846,825
Total assets		**2,055,152,870**	1,781,463,484
Liabilities			
Payables	10	**13,345**	14,883
Financial liabilities held at fair value through profit or loss	7	**154,502**	183,366
Total liabilities		**167,847**	198,249
Net assets attributable to unitholders - equity	5	**2,054,985,023**	1,781,265,235

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

	Notes	30 June 2021 $	30 June 2020 $
Total equity at the beginning of the financial year		**1,781,265,235**	1,514,689,730
Comprehensive income for the year			
Profit/(loss) for the year		**173,719,788**	45,575,505
Other comprehensive income		**-**	-
Total comprehensive income for the year		**173,719,788**	45,575,505
Transactions with unitholders			
Applications	5	**100,000,000**	221,000,000
Units issued upon reinvestment of distributions	5	**104,468,001**	109,999,995
Distributions paid and payable	5	**(104,468,001)**	(109,999,995)
Total transactions with unitholders		**100,000,000**	221,000,000
Total equity at the end of the financial year		**2,054,985,023**	1,781,265,235

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

	Notes	30 June 2021 $	30 June 2020 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**550,506,657**	773,421,407
Purchase of financial instruments held at fair value through profit or loss		**(654,196,173)**	(1,013,652,191)
Trust distributions received		**11,394,074**	9,315,502
Interest received		**332**	109,282
Trustee fees paid		**(1,365,514)**	(1,076,825)
Expense recovery fees paid		**(30,750)**	(28,188)
Transaction costs paid		**(16,796)**	(28,337)
Custody fees paid		**(28,859)**	(16,851)
Payment of other operating expenses		**(41,777)**	(146,550)
Net cash inflow/(outflow) from operating activities	15(a)	**(93,778,806)**	(232,102,751)
Cash flows from financing activities			
Proceeds from applications by unitholders		**100,000,000**	221,000,000
Net cash inflow/(outflow) from financing activities		**100,000,000**	221,000,000
Net increase/(decrease) in cash and cash equivalents		**6,221,194**	(11,102,751)
Cash and cash equivalents at the beginning of the year		**1,931,780**	12,932,774
Effects of foreign currency exchange rate changes on cash and cash equivalents		**16,052**	101,757
Cash and cash equivalents at the end of the year	11	**8,169,026**	1,931,780
Non-cash operating activities	15(b)	**57,928,752**	88,463,868
Non-cash financing activities	15(b)	**104,468,001**	109,999,995

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

1 General information

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

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

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

The financial statements were authorised for issue by the directors of the Trustee on 1 October 2021. The Trustee has the power to amend and reissue the financial report.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

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

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

(b) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that became effective for the first time during the financial period that have a material impact on the amounts recognised in the current or future periods.

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

(c) Financial instruments

(i) Classification

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

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

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

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

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

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

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

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

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

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

(iv) Offsetting financial instruments

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

(d) Net assets attributable to unitholders

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

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

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

Units are classified as equity when they satisfy the criteria under *AASB 132 Financial instruments: Presentation:*

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial assets, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over its life are based substantially on profit or loss.

2 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

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

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

(f) Investment income

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

Trust distributions are recognised on an entitlements basis.

(g) Expenses

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

(h) Income tax

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

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

(i) Distributions

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

(j) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

2 Summary of significant accounting policies (continued)

(k) Due from/to brokers

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

(l) Receivables

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

(m) Payables

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

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

(n) Applications and redemptions

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

(o) Goods and services tax (GST)

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

(p) Use of estimates and significant judgement

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

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

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

(q) Margin and collateral accounts

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

3 Financial risk management

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

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

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

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

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

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

(a) Market risk

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

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

(i) Price risk

The Fund is exposed to equity securities and derivatives price risk. This arises from investments held by the Fund for which prices in the future are uncertain. These investments are classified on the Statement of financial position at fair value through profit or loss. The fair value of the investments represents the Fund's maximum price risk.

The Fund mitigates price risk by diversifying exposure across a range of investment managers and markets. Benchmarks are established for each investment manager and the Trustee monitors performance and tracking errors relative to those benchmarks.

(ii) Foreign exchange risk

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

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

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

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

Assets	30 June 2021 AUD equivalent in exposure by currency $	30 June 2020 AUD equivalent in exposure by currency $
US Dollars	**1,746,882**	388,553
Euro	**231,350**	47,248
British Pounds	**67,983**	30,285
Japanese Yen	**62,952**	30,264
Other Currencies	**132,545**	66,435
Total assets	**2,241,712**	562,785

Liabilities	30 June 2021 AUD equivalent in exposure by currency $	30 June 2020 AUD equivalent in exposure by currency $
US Dollars	**(83,352)**	(101,314)
Euro	**(24,131)**	(14,131)
British Pounds	**(7,376)**	(5,389)
Japanese Yen	**(13,462)**	-
Other Currencies	**(3,162)**	(15,318)
Total liabilities	**(131,483)**	(136,152)

(iii) Interest rate risk

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

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

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

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

	Impact on operating profit/net assets attributable to unitholders			
	Price risk *		**Foreign exchange risk**	
	-10%	**+10%**	**-10%**	**+10%**
	$	**$**	**$**	**$**
30 June 2021	**(204,577,367)**	**204,577,367**	**(186,122)**	**186,122**
	-10%	+10%	-10%	+10%
	$	$	$	$
30 June 2020	(177,874,254)	177,874,254	(54,676)	54,676

*Price risk represents a Fund's exposure to equity securities and derivative securities price risk. The price risk sensitivity above has therefore been calculated excluding the Fund's cash and interest bearing securities holding.

(c) Credit risk

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

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

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

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

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

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

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

(d) Liquidity risk

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

The Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Financial liabilities of the Fund comprise trade and other payables and derivative financial instruments. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days of the obligation arising. Payment obligations in respect of derivative financial instruments arise and are met pursuant to their terms of issue.

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

3 Financial risk management (continued)

(d) Liquidity risk (continued)

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

At 30 June 2021	Less than 1 month	1-6 months	6-12 months	Over 12 months	Total
	$	$	$	$	$
Liabilities					
Forward foreign exchange contracts					
Inflows	10,498,674	-	-	-	10,498,674
(Outflows)	(10,603,210)	-	-	-	(10,603,210)
Equity futures					
(Outflows)	-	(27,853)	-	-	(27,853)
Interest rate futures					
(Outflows)	-	(22,113)	-	-	(22,113)
Payables	(13,345)	-	-	-	(13,345)
Total liabilities	(117,881)	(49,966)	-	-	(167,847)

At 30 June 2020	Less than 1 month	1-6 months	6-12 months	Over 12 months	Total
	$	$	$	$	$
Liabilities					
Forward foreign exchange contracts					
Inflows	11,548,672	-	-	-	11,548,672
(Outflows)	(11,642,437)	-	-	-	(11,642,437)
Equity futures					
(Outflows)	(2,691)	(86,910)	-	-	(89,601)
Payables	(14,883)	-	-	-	(14,883)
Total liabilities	(111,339)	(86,910)	-	-	(198,249)

(e) Fair value estimation

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

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

- Fair value in an active market

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

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

3 Financial risk management (continued)

(e) Fair value estimation (continued)

- Fair value in an inactive or unquoted market

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

  The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques which are discussed in Note 3(f).

(f) Fair value measurement

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

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

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

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

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

The following tables present the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2021 and 30 June 2020.

As at 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Forward foreign exchange contracts	-	321,372	-	321,372
Equity futures	59,122	-	-	59,122
Unlisted managed investment funds	-	1,848,589,858	197,152,546	2,045,742,404
Total	59,122	1,848,911,230	197,152,546	2,046,122,898
Financial liabilities				
Forward foreign exchange contracts	-	(104,536)	-	(104,536)
Equity futures	(27,853)	-	-	(27,853)
Interest rate futures	(22,113)	-	-	(22,113)
Total	(49,966)	(104,536)	-	(154,502)

3 Financial risk management (continued)

(f) Fair value measurement (continued)

As at 30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Forward foreign exchange contracts	-	14,687	-	14,687
Equity futures	16,021	-	-	16,021
Unlisted managed investment funds	-	1,609,632,632	169,183,485	1,778,816,117
Total	16,021	1,609,647,319	169,183,485	1,778,846,825
Financial liabilities				
Forward foreign exchange contracts	-	(93,765)	-	(93,765)
Equity futures	(89,601)	-	-	(89,601)
Total	(89,601)	(93,765)	-	(183,366)

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.
There were no transfers between levels of the fair value hierarchy during the year ended 30 June 2021 and 30 June 2020.

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

Valuation techniques

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

Fair value measurements using significant unobservable inputs (Level 3)

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the year.

30 June 2021	**Unlisted managed investment funds $**
Opening balance	**169,183,485**
Purchases	**23,535,489**
Gains/(losses) recognised in the Statement of comprehensive income	**4,433,572**
Closing balance	**197,152,546**
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	**4,433,572**

30 June 2020	Unlisted managed investment funds $
Opening balance	145,383,533
Purchases	33,615,109
Gains/(losses) recognised in the Statement of comprehensive income	(9,815,157)
Closing balance	169,183,485
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	(9,815,157)

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

3 Financial risk management (continued)

(f) Fair value measurement (continued)

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

	Fair value at 30 June 2021	**Unobservable inputs**	**Reasonable possible shift +/- (absolute value)**	**Change in valuation**
	$			**$**
Unlisted managed investment funds	**197,152,546**	**Published redemption prices**	**+/-10%**	**19,715,254/ (19,715,254)**

	Fair value at 30 June 2020	Unobservable inputs	Reasonable possible shift +/- (absolute value)	Change in valuation
	$			$
Unlisted managed investment funds	169,183,485	Published redemption prices	+/-10%	16,918,349/ (16,918,349)

4 Offsetting financial assets and financial liabilities

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

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

30 June 2021	**Gross amount of financial instruments presented in the Statement of financial position**	**Amounts subject to master netting arrangements**	**Net amount excluding collateral**	**Cash collateral received/posted**	**Net amount**
	$	**$**	**$**	**$**	**$**
Financial assets					
Forward foreign exchange contracts	**321,372**	**(104,536)**	**216,836**	**-**	**216,836**
Equity futures	**59,122**	**-**	**59,122**	**-**	**59,122**
Margin and collateral accounts	**832,252**	**-**	**832,252**	**-**	**832,252**
Total	**1,212,746**	**(104,536)**	**1,108,210**	**-**	**1,108,210**
Financial liabilities					
Forward foreign exchange contracts	**(104,536)**	**104,536**	**-**	**-**	**-**
Equity futures	**(27,853)**	**-**	**(27,853)**	**-**	**(27,853)**
Interest rate futures	**(22,113)**	**-**	**(22,113)**	**-**	**(22,113)**
Total	**(154,502)**	**104,536**	**(49,966)**	**-**	**(49,966)**

4 Offsetting financial assets and financial liabilities (continued)

30 June 2020	Gross amount of financial instruments presented in the Statement of financial position	Amounts subject to master netting arrangements	Net amount excluding collateral	Cash collateral received/posted	Net amount
	$	$	$	$	$
Financial assets					
Forward foreign exchange contracts	14,687	(14,687)	-	-	-
Equity futures	16,021	-	16,021	-	16,021
Margin and collateral accounts	657,799	-	657,799	(89,601)	568,198
Total	688,507	(14,687)	673,820	(89,601)	584,219
Financial liabilities					
Forward foreign exchange contracts	(93,765)	14,687	(79,078)	-	(79,078)
Equity futures	(89,601)	-	(89,601)	89,601	-
Total	(183,366)	183,366	(168,679)	89,601	(79,078)

5 Net assets attributable to unitholders

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

As part of the Fund's election into the AMIT regime, the fund no longer has a contractual obligation to pay distributions to unitholders. As such, the net assets attributable to unitholders of the Fund have been classified as equity per the requirements of AASB 132.

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

	Year ended			
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020
	No.	No.	**$**	$
Opening balance	**1,763,445,859**	1,451,086,006	**1,781,265,235**	1,514,689,730
Profit/(loss) for the year	**-**	-	**173,719,788**	45,575,505
Applications	**94,418,007**	203,619,076	**100,000,000**	221,000,000
Units issued upon reinvestment of distributions	**99,432,728**	108,740,777	**104,468,001**	109,999,995
Distributions paid and payable	**-**	-	**(104,468,001)**	(109,999,995)
Closing balance	**1,957,296,594**	1,763,445,859	**2,054,985,023**	1,781,265,235
Published Unit Price			**1.0506**	1.0116

The 30 June published Unit Price may differ to the Net asset Value (NAV) per unit price calculated as per these financial statements. This is primarily due to methodology variances between calculating the published Unit Price and preparing the financial statements under the accounting standards. Variances are considered immaterial.

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

5 Net assets attributable to unitholders (continued)

Capital risk management

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

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

6 Financial assets held at fair value through profit or loss

	As at	
	30 June 2021 Fair value	30 June 2020 Fair value
	$	$
Equity futures	**59,122**	16,021
Forward foreign exchange contracts	**321,372**	14,687
Unlisted managed investment funds	**2,045,742,404**	1,778,816,117
Total financial assets held at fair value through profit or loss	**2,046,122,898**	1,778,846,825

7 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2021	30 June 2020
Equity futures	**(27,853)**	(89,601)
Interest rate futures	**(22,113)**	-
Forward foreign exchange contracts	**(104,536)**	(93,765)
Total financial liabilities held at fair value through profit or loss	**(154,502)**	(183,366)

8 Derivative financial instruments

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

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

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

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

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

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

8 Derivative financial instruments (continued)

(a) Futures

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

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

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

(b) Forward foreign exchange contracts

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

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

		Fair Value	
	Contract/notional	**Assets**	**Liabilities**
	$	**$**	**$**
30 June 2021			
Forward foreign exchange contracts	**(5,801,847)**	**321,372**	**(104,536)**
Equity futures	**7,891,570**	**59,122**	**(27,853)**
Interest rate futures	**4,548,600**	**-**	**(22,113)**
		380,494	**(154,502)**

		Fair Value	
	Contract/notional	Assets	Liabilities
	$	$	$
30 June 2020			
Forward foreign exchange contracts	4,444,415	14,687	(93,765)
Equity futures	(3,999,541)	16,021	(89,601)
		30,708	(183,366)

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

9 Receivables

	As at	
	30 June 2021	30 June 2020
	$	$
Interest receivable	**398**	730
GST receivable	**28,296**	26,350
Total	**28,694**	27,080

10 Payables

	As at 30 June 2021 $	30 June 2020 $
Custody fees payable	13,345	14,883
Total	13,345	14,883

11 Cash and cash equivalents

	As at 30 June 2021 $	30 June 2020 $
Cash at bank	8,169,026	1,931,780
Total	8,169,026	1,931,780

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

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

	Year ended 30 June 2021 $	30 June 2020 $
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss (including FX gains/(losses))	105,877,174	(51,021,571)
	105,877,174	(51,021,571)

13 Auditor's remuneration

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

	Year ended 30 June 2021 $	30 June 2020 $
Audit of the financial statements	15,195	13,572
Total	15,195	13,572

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

14 Related party transactions

Trustee

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

Ultimate parent entity

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

14 Related party transactions (continued)

Key management personnel

Directors

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

Key management personnel compensation

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

Key management personnel loan disclosures

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

Other transactions

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

Cabinet Ministers

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

Other New South Wales Government entities

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

Trustee fees and other transactions

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

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

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

	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Expense recovery fees for the year	**30,750**	28,188
Trustee fees for the year	**1,365,514**	1,075,903

The method in applying Trustee fees changed in the prior year. From 1 August 2019 Trustee fees for all TCorp related Funds invested into were paid and accrued directly by this Fund, based on its percentage holding.

14 Related party transactions (continued)

Investments

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

30 June 2021	Fair value of investment $	Interest held %	Distributions/ Interest received or receivable during the year $
TCorpIM Alternative Risk Premia Fund	20,919,312	2.04	-
TCorpIM Australian Share Fund	188,440,999	2.51	13,063,513
TCorp Indexed Australian Share Fund	201,744,968	57.05	7,025,884
TCorpIM Australian Bond Fund	499,048,503	27.27	26,501,596
TCorpIM Liquidity Cash Fund	109,093,485	2.93	68,649
TCorpIM Short Term Income Fund	203,053,116	9.27	2,041,358
TCorpIM Emerging Market Share Fund	44,411,277	1.48	1,270,883
TCorpIM Unlisted Property Fund	77,240,182	4.36	1,697,031
TCorpIM Unlisted Infrastructure Fund	77,164,622	4.17	6,017,177
TCorpIM Multi-Asset Class Fund	39,623,923	3.80	2,465,111
TCorpIM Bank Loan Fund	79,571,333	2.46	4,664,426
TCorpIM Emerging Market Debt Fund	82,612,999	3.15	-
TCorpIM Opportunistic Fund A	30,011,744	7.78	4,295,136
TCorp Core Alternatives Fund	20,413,431	0.38	-
TCorpIM Developed Market Property Fund	8,148,019	1.18	96,487
TCorpIM Opportunistic Fund B	4,587,979	2.58	115,577
TCorpIM Developed Markets Equities (Sovereign Investor - Hedged) Fund	360,690,657	2.78	-

14 Related party transactions (continued)

Investments (continued)

30 June 2020	Fair value of investment $	Interest held %	Distributions/ Interest received or receivable during the year $
TCorpIM Indexed International Share (Unhedged) Fund	104,629,597	15.89	3,007,436
TCorpIM International Share (Unhedged) Fund	210,719,378	2.85	19,932,014
TCorpIM Alternative Risk Premia Fund	29,576,578	1.28	-
TCorpIM Australian Share Fund	123,076,792	2.80	20,598,559
TCorp Indexed Australian Share Fund	44,383,842	21.08	1,829,525
TCorpIM Australian Bond Fund	444,507,455	31.50	17,579,845
TCorpIM Liquidity Cash Fund	26,682,662	1.19	609,721
TCorpIM Short Term Income Fund	238,723,669	7.32	1,933,779
TCorpIM Emerging Market Share Fund	33,824,329	1.45	2,306,442
TCorpIM Unlisted Property Fund	71,519,412	4.60	6,722,844
TCorpIM Unlisted Infrastructure Fund	78,206,654	4.50	2,592,658
TCorpIM Multi-Asset Class Fund	35,085,551	3.05	381,748
TCorpIM Australian Inflation Linked Bond Fund	178,097,085	61.26	11,231,823
TCorpIM Bank Loan Fund	71,314,036	2.53	1,559,247
TCorpIM Emerging Market Debt Fund	69,011,660	4.19	7,493,730
TCorpIM Opportunistic Fund A	19,457,419	7.78	-

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

	Year ended 30 June 2021 $	30 June 2020 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	**173,719,788**	45,575,505
Net (gains)/losses on financial instruments held at fair value through profit or loss (including FX (gains)/losses)	**(105,877,174)**	51,021,571
Proceeds from sale of financial instruments held at fair value through profit or loss	**550,506,657**	773,421,407
Purchases of financial instruments held at fair value through profit or loss	**(654,196,173)**	(1,013,652,191)
Dividends/distributions reinvested	**(57,928,752)**	(88,463,868)
Net change in receivables and other assets	**(1,614)**	(8,065)
Net change in accounts payables and accrued liabilities	**(1,538)**	2,890
Net cash inflow/(outflow) from operating activities	**(93,778,806)**	(232,102,751)
(b) Non-cash activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**104,468,001**	109,999,995
During the year, the following acquisitions were satisfied by participation in dividend and distribution reinvestment plan	**57,928,752**	88,463,868
	162,396,753	198,463,863

16 Structured entities

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

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

17 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period up to the date of signing the Annual Financial Report which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2021 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2021 (30 June 2020: Nil).

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NSW GOVERNMENT
Long Service Corporation