Department of Customer Service

Annual Report 2022-23

Long Service Corporation

Acknowledgement of Country

The Long Service Corporation acknowledges, respects and values Aboriginal peoples as the Traditional Custodians of the lands on which we live, walk and work. We pay our respects to Elders past and present. We recognise and remain committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships, and continuing connection to their lands, waters and seas. We acknowledge their history here on these lands and their rich contribution to our society.

We also acknowledge our Aboriginal employees who are an integral part of our diverse workforce, and recognise the knowledge embedded forever in Aboriginal and Torres Strait Islander custodianship of Country and cultures.

Annual Report 2022-23
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Acknowledgements

This annual report was produced wholly by Long Service Corporation officers.

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Contents

Letter of submission

Department of Customer Service
Office of the Secretary

Our reference: BN-05873-2023
20/10/23

The Hon. Sophie Cotsis MP
Minister for Industrial Relations
Minister for Work Health and Safety
Member for Canterbury
GPO Box 5341
SYDNEY NSW 2001

Re: Long Service Corporation Annual Report 2022/2023

Dear Minister

I am pleased to submit the annual report for the Long Service Corporation for the year ended June 2023, for presentation in Parliament.

This report has been prepared in accordance with the *Government Sector Finance Act 2018* and regulations under this Act.

Yours Sincerely,

Emma Hogan
Secretary

McKell Building
2-24 Rawson Place, Sydney NSW 2000

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ABN 81 913 830 179
nsw.gov.au

Secretary's message

I am pleased to present the 2022-23 Annual Report for the Long Service Corporation (LSC). Throughout the year, LSC has focused on delivering improved customer experience and operational efficiencies, keeping customers at the centre of everything we do.

The LSC Project Phoenix system delivery team made excellent progress this year in implementing the integrated Salesforce - System Applications and Products (SAP) solution for the portable long service schemes. I am looking forward to the launch of the new Building and Construction Industry (BCI) online portal for employers, tax agents and workers scheduled in August 2023.

The new system will provide greater digital accessibility for customers, enhancing LSC's ability to proactively engage with its customers, which will lead to significant improvements in customer service and communications, and better adherence to scheme regulatory obligations.

In September 2022, important changes to the Building and Construction Industry Long Service Payments Regulation and the Contract Cleaning Industry (Portable Long Service Leave Scheme) Regulation commenced. This included a reduction to the levy rate applicable to the building and construction industry scheme and a significant increase in the threshold value for levy exemptions, which directly benefit our levy payers. Penalty infringement notices were also introduced for both schemes.

I extend my thanks to the Chair and Members of the Building and Construction Industry Long Service Payments Committee (BCI Committee), the Contract Cleaning Industry Long Service Leave Committee (CCI Committee) and the Audit and Risk Committee for their ongoing support and advice during the year.

I would also like to thank LSC Director Kathy Skuta and the staff for their dedication to customer service and delivery of ongoing digital improvements throughout the year. Their efforts in preparing the business for digital transformation are acknowledged and celebrated.

I am confident that LSC will continue to serve the NSW Community and strengthen customer relations and satisfaction throughout 2023-24.

Emma Hogan
Secretary, Department of Customer Service

About this report

This report covers the Long Service Corporation (LSC) from 1 July 2022 to 30 June 2023.

There were no external production costs and the annual report is available in electronic format on the LSC website at www.longservice.nsw.gov.au.

Changes during the reporting period

There were no changes during the 2022-23 financial year.

Changes after the reporting period

No after balance date events that have a significant effect on financial operations, other operations or clientele/community serviced have occurred.

1

Overview

1.1 Who we are

1.1.1 Our purpose, vision and values

LSC, a separate statutory authority and part of the Department of Customer Service (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, the organisation's name changed to the Long Service Corporation.

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

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

As at 30 June 2023, LSC provides portable long service to 495,003 workers and 38,491 employers in the building and construction industry and 121,996 workers and 1,196 employers in the contract cleaning industry.

1.1.2 Our responsibilities, range of services and community served

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 0.25% on all building and construction work valued at $250,000 and above; and 1.0% of ordinary wages for the contract cleaning scheme. • **General community:** Information about levy rate and why we have it.
Workers (Workers, contractors, trade unions)	• **Workers:** Registration, recording service, claiming entitlements, other scheme related information and advice. • **Contractors:** Registration, recording service, claiming entitlements, other scheme related information and advice. • **Trade unions:** Worker advocacy, scheme coverage, scheme entitlements and industry committee membership.
Employers (Employers, employer groups/ industry associations)	• **Employers:** Responsibilities under the Acts, registration, lodging worker service returns, claiming entitlements, compliance, levy contributions, payment plans and queries. • **Employer groups:** Employer advocacy, scheme coverage, scheme entitlements and industry committee membership.
Third parties (Private certifiers, suppliers, interstate schemes, tax agents)	• **Private certifiers:** Regulation, policy and payment arrangements within the building and construction scheme. • **Suppliers:** Policy, procedures and payment arrangements. • **Interstate schemes:** National Reciprocal Agreement (NRA), national cooperation initiatives. • **Tax agents:** Submitting returns for contractors in the building and construction scheme.
Government (Local government, government agencies)	• **Local government:** Levy collection agent, scheme information for the building and construction scheme. • **Government agencies contracting work in both industries:** Responsibilities under the Acts.

Table 1: Stakeholders/key issues

1.1.3 Our functional 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.
- **Process Optimisation** – implements new Information and Communications Technology (ICT) systems, including enhancement projects to deliver improvements to customer service; information security management; ICT service contract management; data analysis and reporting; and business as usual requirements.
- **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 review and scheme marketing.

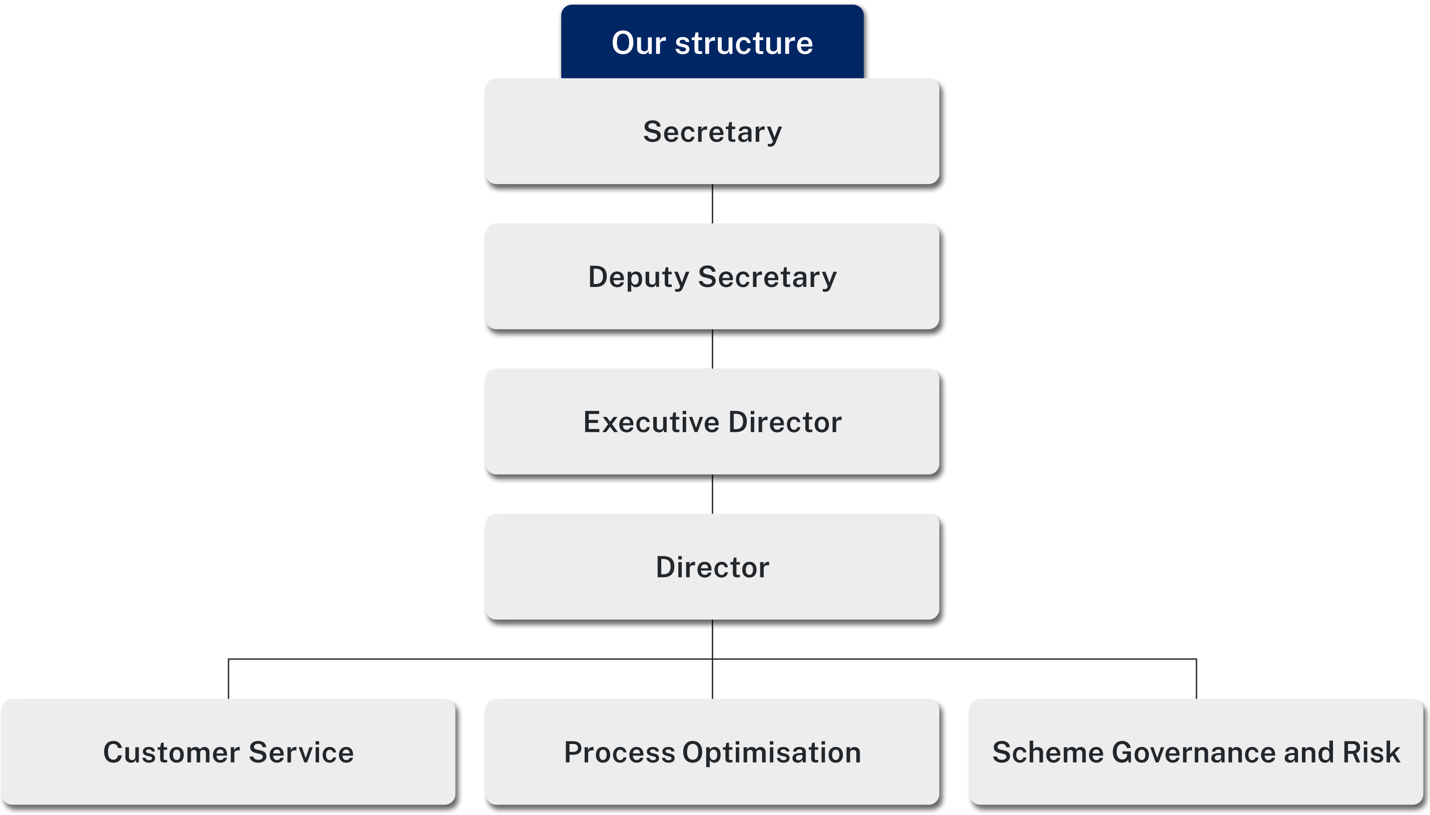

Figure 1: LSC functional structure

1.2 What we do

1.2.1 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.

1.2.2 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
- Policy
- Communications
- 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.

LSC also has an agreement with Service NSW (SNSW) for the provision of call centre functions.

Agreed areas of cost recovery for services accessed by LSC ensures transparency of costs incurred in the administration of the schemes.

1.3 Principal officers

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

Natasha Mann
Deputy Secretary, Better Regulation Division
Fair Trading Commissioner
Head of SafeWork NSW
Bachelor of Arts (Hons)/Bachelor of Laws

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

Darren Pritchard
Acting Manager, Process Optimisation (until December 2022)

Sharonne Moore
Manager, Process Optimisation (from January 2023 to date)
B.A. (Communications), M.A. (Communications, Technology and Policy), Grad Diploma (Financial Management)

2
Strategy

2.1 Key strategic objectives and/or outcomes

LSC has three key strategic areas of focus: Digital, Customer Experience and People.

1. Digital is focused on improving our ability to deliver our services through digital channels. The implementation of the new Salesforce - SAP solution will facilitate expansion of our digital offering.
2. Customer Experience is focused on making our customers' journey with us as easy as possible through improving awareness of new self-service capability and reducing customer wait times.
3. People goals are inwardly focused improvement plans. These look to ensure LSC is a great place to work and to provide our people with the tools they need to be successful.

In addition, LSC will support Ministerial and Government priorities. A key priority already identified for the coming year is exploring the application of the LSC schemes to Commonwealth places.

2.2 Current and future strategic plans to accomplish outcomes and objectives

2.2.1 Strategic plan 2023-24

	Digital	Customer Experience	People
Q1	Implement Salesforce for BCI Scheme (Project Phoenix)	Develop Salesforce communication and support for BCI employers	Conduct PMES survey Conduct training and change management for BCI Phoenix Conduct workforce planning
Q2	Develop Salesforce backlog and reporting Engage backlog Tiger Team	Develop Salesforce communication and support for BCI workers Review customer service Review SNSW Helpline agreement	Review PMES results and develop action plan Confirm target operating model and commence strategic recruitment
Q3	Implement Salesforce for CCI Scheme Operationalise Tiger Team Prioritise Salesforce backlog Implement reporting	Develop Salesforce communication and support for CCI customers Review customer service	Conduct training and change management for CCI Phoenix Conduct further workforce planning and recruitment
Q4	Develop new ICT business partner relationship management Manage systems and upgrade plan	Explore scope for mobile application development Review LSC website content Determine future customer service metric	Implement PMES action plan Map customer journeys for staff

Figure 2: Strategic plan for 2023-24

3
Operations and performance

3.1 Operations - Highlights and achievements

3.1.1 Director's report

The 2022-23 financial year was a productive yet challenging year as LSC pushed forward towards the launch of its new online portals and systems. LSC staff worked in a combination of both office and home-based environments embracing hybrid ways of working. Staff are able to work remotely using improved communication and technology strategies initiated by DCS that enable secure channels to provide excellent service to our customers.

LSC finished the financial year with an operational surplus of $135.2 million (2022: deficit $19.2 million) and an equity balance of $641.9 million (2022: $506.8 million). The operating result was driven by the strong positive return on Scheme investments for the year of 6.6% (2022: -6.8%) against a target of +5%. There was a more stable, but continuing upward movement in the Commonwealth Government Bond rate, the rate used to calculate the present value of scheme liability provisions, to 4.0% at 30 June 2023 (2022: 3.7%). In line with levy rate reductions and a threshold increase for the BCI Scheme from 1 January 2023, Levy receipts for the year were $185.0 million (2022: $227.4 million), a decrease of 18.6% on the prior year.

There has been considerable work completed this past year to ensure a smooth transition to the new Salesforce - SAP system including significant activities to cleanse its data records to support data migration; a comprehensive communication campaign; support for reporting requirements; and maintaining access to historical data. The new portals for the building and construction industry are on track to go live in August 2023, providing a better way to manage portable long service and for customers to interact with LSC.

Work also commenced on the next phase of Project Phoenix which will add LSC's Contract Cleaning Industry (CCI) services on the Salesforce - SAP platform, allowing LSC to use a single case management system for both the BCI and CCI Schemes.

LSC delivered a number of ICT initiatives in support of the launch of LSC's new portals including security improvements, upgrades to disaster recovery and production environments, and the transition of applications to DCS.

LSC responded to over 145,000 customer enquiries, which included over 86,000 calls managed through SNSW, who operate a helpline on our behalf. Customer enquiries increased by 5% compared to the previous year.

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

My thanks go to LSC staff for their unwavering commitment to our customers, and for their tremendous effort and hard work in the lead up to the delivery of our new BCI portals and systems under Project Phoenix. Staff continue to demonstrate their resilience, patience and flexibility in adapting to the new ways of working as a result of the system launch.

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

Kathy Skuta
Director

3.1.2 Operations review

	Building and Construction Industry (BCI)	Contract Cleaning Industry (CCI)
New worker registrations	41,534 ↑	6,407 ↑
Workers removed from register	39,829 ↑	612 ↓
Total numbers of active registered workers	495,003 ↓	121,996 ↑
New employer registrations approved	3,055 ↓	76 ↓
Total number of registered employers	38,491 ↑	1,196 ↑
Levies collected value	$175.44 million ↓	$9.582 million ↓
Worker claims volume	12,006 ↑	776 ↑
Worker claims value	$109.45 million ↑	$4.00 million ↑
Employer claims volume	1,077 ↓	552 ↑
Employer claims value	$6.85 million ↑	$1.47 million ↑
Inbound calls to helpline	80,559 ↓	5,528 ↑

Combined scheme activity	
Customer enquiries by email	46,849 ↑
Customer enquiries via internet	9,983 ↑
Incoming paper correspondence*	2,522 ↓

Note: *Does not include return to sender.

Table 2: Operations statistics

3.1.3 Claims processing

LSC has seen customer average wait times for payments of BCI claims increase and then decline during the year - see Figure 3.

LSC has continued its efforts to reduce the time taken to assess and pay claims following the expected increase seen in January 2023. Ongoing efforts to fill vacancies quickly and improve operational processes have also contributed to these results.

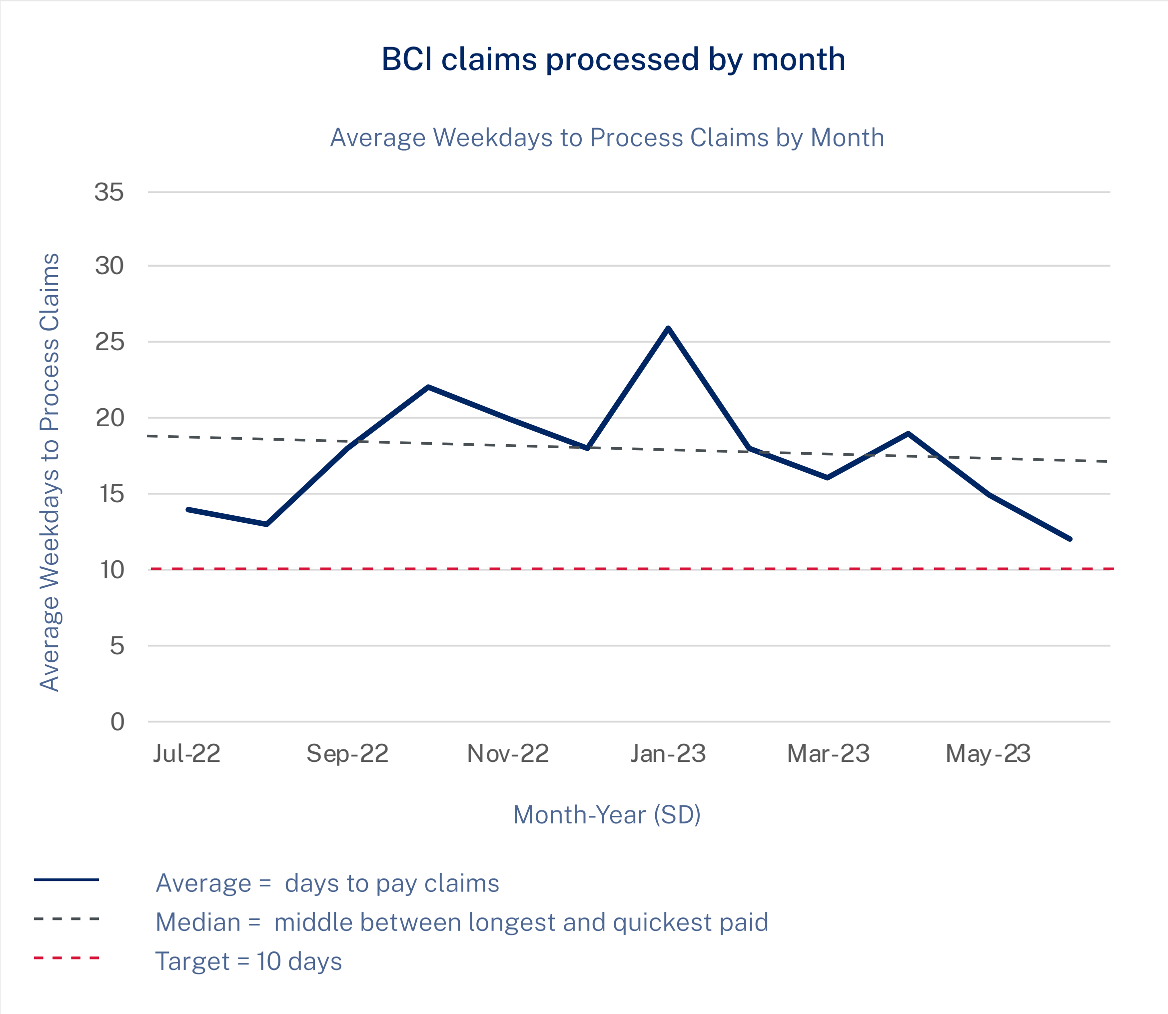

Figure 3: BCI claims processed by month

3.1.4 Online claims

During the year, 4,670 online claims were lodged digitally through the worker portal, (a 25% increase on the previous year).

Improved digital capability to support stronger uptake of online services continues to be built with the expected benefits from deployment anticipated to be realised late 2023 and into 2024 as staff and customers learn the new system.

3.1.5 Compliance activity

The Compliance Team completed the transition to a risk-based compliance model and there were four proactive compliance programs undertaken this financial year:

- BCI High-Risk Work Type
- BCI Unpaid Levies
- BCI Annual Returns
- CCI Returns and Debtors.

The BCI High-Risk Work Type program was undertaken utilising the data that was available within the Compliance Low-Risk Investigations database. Employers were selected from the database that were within an accessible radius (Greater Sydney Area), this resulted in the inspection of 21 employers. Those inspections further identified that 15 employers were recording service for partially ineligible/ineligible workers. In all there were 52 workers identified as being partially ineligible or ineligible to record service within the Scheme. The result of this program saw 161 years of service removed from partially ineligible/ineligible workers, with a Scheme saving of $157,200. The non-compliant employers were issued an education or warning letter.

Utilising the CoreLogic (Cordells) System, the BCI Unpaid Levies Program (Domestic Works $25,000 to $250,000) set about to identify any development where a levy may not have been paid prior to commencement of works. Given the scope of the program (Cost of Works) 3 developments were identified and inspections were undertaken. The result of these inspections established that building works had not commenced and, therefore, no further action was taken.

The BCI Annual Returns program concerned employers who had not completed annual returns for 2019-20, 2020-21 and 2021-22 financial years. There were 35 employers that had not completed annual returns for the target years. 10 employers were not further investigated as they had entered service confirmations for workers during the targeted financial years. While the program was in operation, a further 10 employers completed the required annual returns. The non-compliant employers were issued with a warning letter and action will be taken to follow up.

Utilising Workers Compensation data held by the State Insurance Regulatory Authority (SIRA) and our own Leave Track system, the CCI Returns and Debtors program identified 9 employers that required investigation into their registration status. Contact was made with the 9 employers and to date 7 of those employers have lodged their returns bringing them up to date. The 2 outstanding employers are still under investigation as there are complexities regarding Tax Agents and eligibility. This program included more than 195 returns being completed. Leading on from the Returns Program 8 debtors with outstanding levies were identified. During follow up (to date) 6 have paid in full or have entered a payment plan. The remaining 2 outstanding debtors were returned to Registrations as there were historic matters that needed to be addressed. The outstanding CCI levies paid were $75,690.

In addition to the above, 36 matters were identified and referred by Customer Service to the Compliance Team for investigation into suspected ineligible service and claims. As a result of their investigation, a total of 935 years of service was removed, with an estimated saving of $911,000 for the BCI scheme.

The Compliance Plan for 2023-24 includes reoccurring annual compliance activities and targeted proactive compliance activities including:

- BCI High-Risk Work Type
- BCI Annual Returns
- BCI Employer Compliance Education Program
- CCI Unregistered Employers
- CCI Employer Compliance Education Program.

There is scope to add further proactive compliance programs to the calendar dependent upon business needs and trends.

3.2 Committees

3.2.1 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:

- Coverage of work undertaken on Commonwealth land
- Scheme eligibility of mechanical fitters
- Project Phoenix and the opportunity to participate in demonstrations
- Introduction of new BCI regulations
- Levy reduction
- The introduction of penalty notices for non-compliance.

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 BCI Committee heard and gave consideration to 173 appeals lodged by workers.

3.2.2 BCI Committee Meetings July 2022 - June 2023

BCI Committee Members	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, Master Builders Association (MBA) NSW Nominated jointly by the MBA NSW and the Australian Federation of Employers and Industries (AFEI)	4 out of 4
Paula Thomson (LLB/B Business) Manager Workplace Relations, AFEI Legal Senior Associate Nominated jointly by the MBA NSW and the AFEI	3 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	4 out of 4
Thomas Costa (B.Sc/LLB (Hons) Science/Law, LLM, GDLP, B.INGS (Hons)) Assistant State Secretary, Unions NSW Nominated by Unions NSW	2 out of 4
Brian Seidler (B. Build) Executive Director, MBA NSW Directly appointed by the Minister	2 out of 4
David Bare (BE (Mat.) Business Management Certificate (General Management)) Executive Director, Housing Industry Association (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	1 out of 2
Theo Samartzopoulos State Secretary, Plumbing Trades Employees Union Nominated by Unions NSW	1 out of 2
Jasminne Muliadi (BA, BA Laws, Grad Dip Legal Practice, Legal Practice Management) Manager Workplace Services, Industrial Relations and Legal Services, HIA Directly appointed by the Minister	3 out of 4
Justin Page (GAIST (Adv.)) Coordinator Hunter Jobs Alliance, Electrical Trades Union Directly appointed by the Minister	3 out of 4
Hamish Harrington (BA (Usyd), J.D. (UNSW), GDLP (College of Law)) Senior Industrial Officer (MBA) NSW Nominated jointly by the MBA NSW and the AEFI	2 out of 2

Table 3: BCI Committee members and meetings

3.2.3 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:

- Coverage of work undertaken on Commonwealth land
- Project Phoenix and the opportunity to participate in demonstrations
- Introduction of the new CCI regulations
- The introduction of penalty notices for non-compliance.

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 during 2022-23.

The scheduled bulk cancellation of registrations did not proceed pending the introduction of the new Salesforce system.

3.2.4 CCI Committee Meetings - July 2022 - June 2023

CCI Committee Members	Attendance
Christine Gowland (BBus - Accounting) Director Registry and Accreditation DCS Chairperson	2 out of 3
Georgia Potter-Butler (LLB/BA Barrister and Solicitor NZ) National Coordinator Property Services, United Workers Union Nominated by Unions NSW	3 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
Alex Morales (BA Communications) Lead Organiser, United Workers Union Nominated by United Workers Union	2 out of 2
Mel Gatfield (BA Industrial Relations) Branch Secretary United Workers Union Nominated by United Workers Union	3 out of 3
Natasha Flores (BA (Hons), LLB, MLLR, DipEd) Industrial Officer Nominated by Unions NSW	1 out of 3
Jamie Halfhide (Masters Business Administration, Dip Business Management) General Manager - Strategic Growth BIC Services Directly appointed by the Minister	1 out of 2
Charlie Vasilas Group Executive Director, Ezko Property Services (AUST) Pty Ltd Directly appointed by the Minister	2 out of 3
Fatmata Bangura Business Manager, Sylla Cleaning Services Directly appointed by the Minister	1 out of 2
Dr Denis Boulais (BSc (UTS), MAppSc (UNSW), MBA (UNE), PhD (UNSW), PhD (UTS), JP) National Risk and HR Manager, Broadlex Cleaning and Property Services Directly appointed by the Minister	1 out of 1

Table 4: CCI Committee members and meetings

3.3 Consumer response

3.3.1 Feedback

LSC recorded a total of 348 unsolicited feedback items from customers during the 2022-23 financial year, with 94% resolved within 10 days. These items included:

- 190 complaints
- 74 compliments
- 52 suggestions
- 32 requests.

The main complaint themes related to online services and wait times. There were 23 complaints received from customers having to wait an extended period of time for their submissions to be processed.

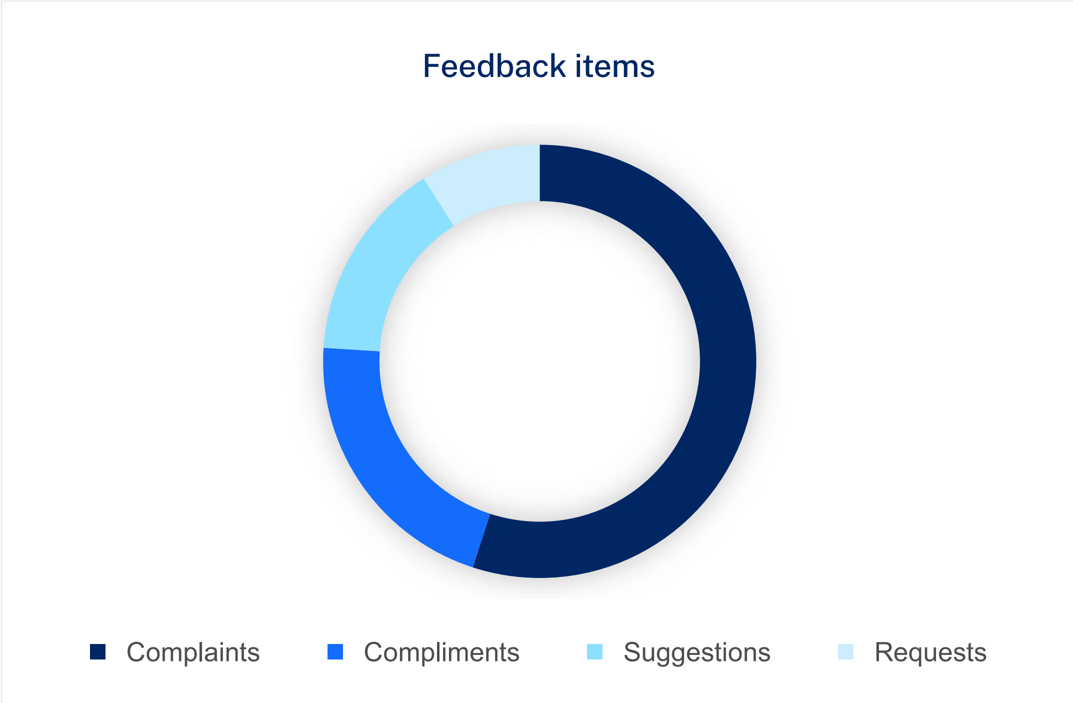

Figure 4: Feedback items from customers

3.3.2 Survey responses

LSC received 6,240 responses from our exit surveys on our customer portals. Of these responses 4,837 were positive, 200 negative, and 16 were requests for assistance. 435 suggestions were made for improvements, many of these will be addressed by the implementation of the Salesforce platform. The remaining 752 items were surveys where no comment was provided.

Of the total responses, 2,551 items were provided by BCI Employers, the most of any cohort. The remaining responses were 2,512 from BCI Workers, 906 from BCI Tax Agents, 181 from CCI Workers and the remaining 90 from CCI Employers.

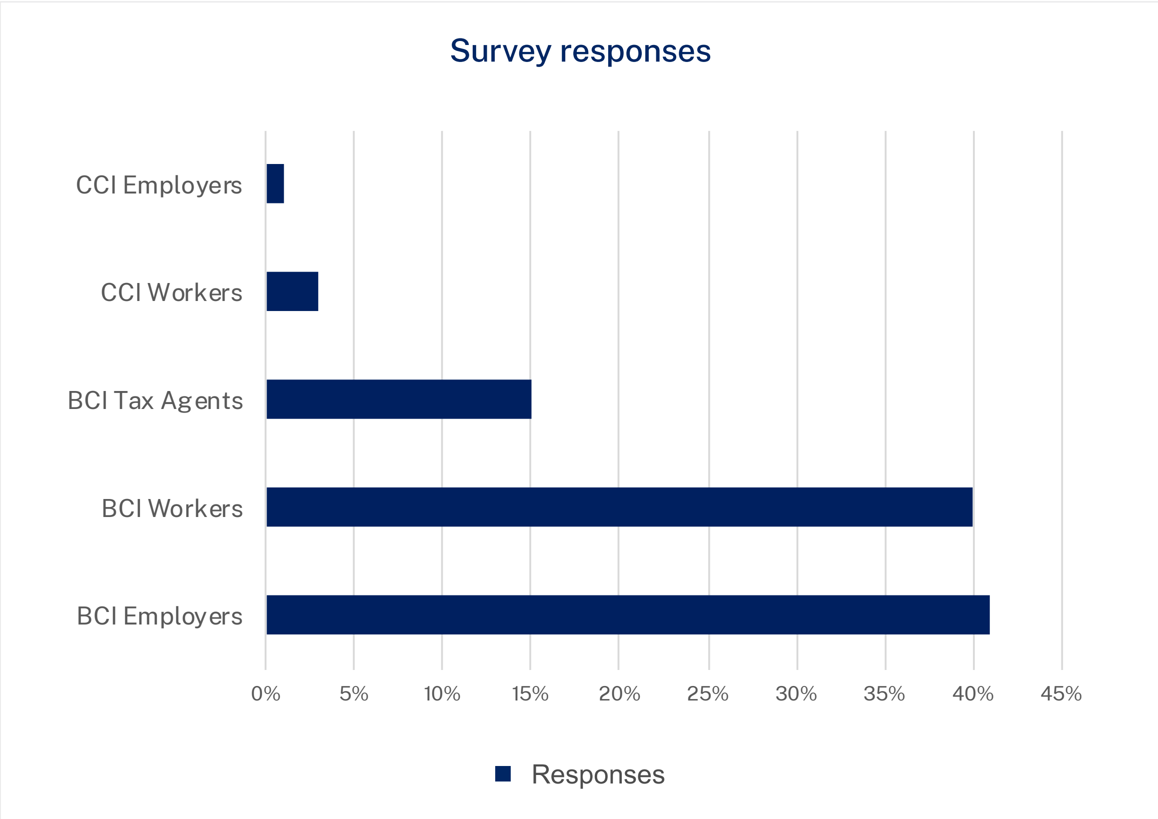

Figure 5: Survey responses

3.3.3 Improved feedback functions

LSC is continuing to improve the quality of customer feedback within our portals, and look forward to the benefits of the Salesforce platform implementation for a better customer experience and resolving irritants outlined in the feedback.

The increase in survey responses comes as a result of an improvement that makes it easier for the customer to be given the opportunity to answer a survey. This has allowed LSC to gather a much higher volume of feedback.

3.3.4 Proactive customer surveys

DCS has identified Qualtrics as the preferred tool to capture customer sentiment from proactive surveys and LSC has recently piloted this system.

From March 2023 through to August 2023, LSC received seven Qualtrics survey responses from customers who paid a BCI levy. LSC will increase the customer base that are able to participate in these surveys after the Salesforce platform goes live for all our customer groups. LSC will continue to monitor and review surveys from customers and take action to improve services in response to their feedback.

3.4 Financial highlights

REVENUE AND EXPENSES

Financial YTD, revenue from all sources amounted to $322.2 million, whilst expenditure amounted to $187.1 million. This resulted in a gain of $135.2 million.

The actual net result was favourable to budget by $125.5 million, primarily due to the following:

	$'000
• Increased Investment Returns	18,690
• Lower collection of levy income from Building Scheme	(34,081)
• Increased Operating expenses	(2,021)
• Decreased long service expenses (Scheme Liability and Finance costs)	142,923

BUDGET AND RESULT	Budget 2023 $'000	Actual 2023 $'000	Actual 2022 $'000
Expenses excluding losses			
Personnel services	10,055	9,886	7,482
Operating expenses	12,128	15,154	13,740
Depreciation and amortisation	1,129	293	243
Finance costs	27,000	59,370	24,465
Scheme Liability expenses	277,653	102,360	51,784
TOTAL EXPENSES EXCLUDING LOSSES	**327,965**	**187,063**	**97,714**
Revenue			
Investment revenue	118,517	137,207	(149,692)
Long service levy income	219,100	185,019	227,431
Other revenue	4	15	755
Total Revenue	**337,621**	**322,241**	**78,494**
Gain/(losses) on disposal	-	**1**	-
NET RESULT	**9,656**	**135,179**	**(19,220)**

FINANCIAL TRENDS	Actual 2019 $'000	Actual 2020 $'000	Actual 2021 $'000	Actual 2022 $'000	Actual 2023 $'000
Expenses excluding losses					
Personnel services	12,140	7,974	7,262	7,482	9,886
Operating expenses	9,049	7,219	9,023	13,740	15,154
Depreciation and amortisation	142	373	44	243	293
Finance costs	31,881	20,414	14,954	24,465	59,370
Scheme Liability expenses	294,235	275,127	77,242	51,784	102,360
TOTAL EXPENSES EXCLUDING LOSSES	**347,447**	**311,107**	**108,525**	**97,714**	**187,063**
Revenue					
Investment revenue	138,586	49,528	172,372	(149,692)	137,207
Long service levy income	188,981	163,447	207,472	227,431	185,019
Other revenue	194	262	282	755	15
TOTAL REVENUE	**327,761**	**213,237**	**380,126**	**78,494**	**322,241**
Gain/(loss) on disposal	-	7	(70)	-	1
NET RESULT	**(19,686)**	**(97,863)**	**271,531**	**(19,220)**	**135,179**

FINANCIAL POSITION

The principal assets continue to be investments of $2,213 million, in the TCorp Long Service Corporation Investment Fund and the principal liabilities are the estimates of Scheme Liabilities of $1,645 million as assessed by actuarial consultants. Equity increased by $135.2 million with accumulated funds of $641.9 million at 30 June 2023.

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 2023	30 JUNE 2022	INCOME	RETURN	RETURN
FUND CATEGORIES	$'000	$'000	$'000	%	%
Long Service Corporation Investment Fund	2,212,601	2,040,965	137,207	6.64%	5.0%

3.5 Funds granted to non-government community organisations

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

3.6 Major works

There were no major works in progress.

3.7 Implementation of Price Determinations

There were no applicable IPART determinations.

3.8 Major assets

There were no major asset acquisitions or disposals in the 2022-23 financial year.

3.9 Land disposal

LSC does not own real estate property nor was any real estate property disposed of during the financial year.

LSC is an agency of the DCS. Further information about how DCS complies with the GIPA Regulations can be found in their annual report.

3.10 Research and development

No research or development programs were undertaken.

3.11 Performance review - Strategic planning and performance framework

3.11.1 Delivery plan 2022-23

Actions (deliverables)	Targets achieved
Putting our customers at the centre – delivery of improved regulatory services to our customers	
Workforce planning to reduce wait times	Completed - the Backlog Busters team introduced. Completed - 1,185 action items in 7 weeks. Increased completed registrations by 19.7% and claims 18.4%.
Finalise data cleanse backlog*	Completed - the initial scope. Additional data cleansing requirements were identified during the migration of data, and ongoing action, particularly through to the implementation time-frame, will be needed.
Improve LSC website content*	Underway - a content audit and an expert User Experience (UX) review were conducted, including usability testing via user interviews and user story developed. 23 poorly trafficked pages for LSC Levies consolidated into 1 page. GA4 set-up including dashboard build. Information Architecture (IA) created and endorsed by the Executive Leadership Team (ELT). Website improvements to continue into FY 23-24. Upcoming activities include: • Publish 85+ updated assets for Project Phoenix go-live. • Google Translate implementation. • Aesthetic uplift: update logo; change font and size; transformation to share/print buttons; sidebar colour change; button creation. • Implement UX recommendations by uplifting 200+ website assets (tasks will include re-writing copy, re-mapping pages/journeys and metadata optimisation). • Note: ELT requested we put this work on hold for FY 22-23 due to SME availability despite digital readiness. • Ongoing content maintenance.
Improve use of Salesforce (levy) functionality*	Underway - Salesforce amendments were rolled out to address the change in the levy rate and implement user improvements for the Levy team. Continuous improvement is planned for all teams.
Deliver a proactive compliance program	Completed - a proactive compliance program commenced and will become an ongoing BAU item. The programs outlined have been undertaken both within the BCI and CCI footprint. Based upon the results, the majority will be continuing into FY 23-24.

Note: * Indicates action is related to the delivery of Project Phoenix.

Proactive customer engagement to support their on-boarding to Salesforce*	Underway - the communication plan was completed. The timing of Salesforce implementation was moved into FY 23-24 and this work has been delayed accordingly.
Improve staff knowledge of full LSC customer journey*	Underway - mapping of the end-to-end customer journey has commenced to identify and create awareness of customer wait times. This work will continue into FY 23-24 and will include the implementation of an education and training program for LSC and SNSW staff.
Making services easier via digital transformation - system reform	
Improve LSC website, portals and other external facing media	Completed - planned work. An audit of the LSC website and SharePoint site was undertaken together with the DCS Digital Communications and Project Phoenix teams. Extensive developments and multiple changes were made to the portals in preparation for the implementation of Salesforce including development of child pages and data for privacy (including Privacy Collection Notice pages). Ongoing updates will provide support to both customers and LSC staff through Whatfix app.
Decommission and archive legacy systems and data*	Completed - planned work. The legacy levy environment was decommissioned at the end of 2022 including transference of multiple environment infrastructure to DCS. Ongoing work to decommission remaining legacy systems will be managed in the FY 23-23 Delivery Plan.
Supporting our people through digital capability uplift	
Increase exposure for frontline staff to the Salesforce environment before role specific training (e.g. feedback through showcases)*	Completed - 2022-23 saw an increase of super users across the LSC organisation. All staff were taken through a showcase focusing on registrations. This will be ongoing as the Salesforce build continues into FY 23-24. Exposure to the Salesforce environment was also provided to team members participating in User Acceptance testing. Training will take place in FY 23-24.
Design and implement training plan to lift expertise across delivery	Completed - planned work. Salesforce training content, including Whatfix was completed. An assessment of expertise across LSC was conducted and recommendations are being made on how to track capabilities across the organisation. This information will be used to assess training and learning needs and develop a training cadence.
Explore opportunities for cross skilling of staff	Completed - a training program was completed which allowed staff to be cross skilled in Enquiries, Registration and Claims. This resulted in improved ability of staff to work across different streams.

Note: * Indicates action is related to the delivery of Project Phoenix.

Respond to PMES feedback based on agreed focus areas and create a 2023 action plan from the 2022 PMES results	Completed - updates on progress and implementation were provided to staff via Town Hall's throughout the year.
Streamlining services - update and standardize operating policies and procedures	
Complete Standard Operating Procedures (SOP) review and update for Salesforce.*	Underway - key SOPs will be completed for BCI Salesforce portal go-live. CCI SOPs to be carried over while the development and implementation of the CCI scheme is finalised into FY 23-24.
Enhancing data use - increased use of data to inform decision-making and assessment outcomes	
Investigate relevant data sources and request access	Completed - an assessment and review of current Memorandum of Understanding (MOUs) was conducted to identify data opportunities. A review of appeal outcomes and the BCI Coverage Index was also conducted to ensure LSC policy aligns to committee decisions.
Access the suitability and viability for automation of services (e.g. ABNs, TANs and License Checker)	Completed - an assessment of the suitability and viability for automation was completed. Ongoing work to deliver automation testing for additional phases of work is subject to the Project Phoenix timeline and will be finalised in FY 23-24.
Review current reporting and establish regular reports that align to LSC priorities*	Underway - engagement with LSC business areas and Salesforce SMEs was conducted to review reporting and dashboard requirements. Finalisation of reporting requirements will continue in FY 23-24.
Developing sustainable partnerships with key agencies - SNSW and CIO	
Review and establish the governance around the DCS CIO support for LSC related ICT programs of work	Underway - Project Working Group meetings were held to bring all ICT stakeholders together to establish governance. BAU support and escalation processes for all systems and applications has been documented and prepared for on-going management.
Manage the Service NSW Agreement to improve service offering and ensure Agreement will meet the needs of a Salesforce environment*	Completed - planned work. A review of the escalation procedure was undertaken with SNSW to understand the needs of SNSW and LSC with regard to high impact customer activities such as threats of self-harm and other vulnerable customers. Processes between SNSW and LSC for standard activities. The process for standard activities sent to LSC from SNSW is under review. The review includes clarifying the urgency, need and creating consistency of language used between the agencies. Training of SNSW SMEs and a review of knowledge article presentation was undertaken to uplift capability and knowledge of LSC business. This training will be continued into the FY 23-24. SNSW rebranding was implemented which allows for calls to be answered by SNSW and a feedback mechanism.

Embedding and operationalising legislative and policy reform programs	
Operationalise BCI and CCI Regulation Remake	Completed - a project and communications plan was developed and implemented to lead LSC and LSC business partners through the business readiness process. Levy reduction was successfully implemented.
Embed legislative and policy reform programs	Completed - policy projects completed includes the BCI and CCI regulation remakes for 2022. Established relationship with BRD Policy team and have regular meetings for LSC policy issues.

Note: * Indicates action is related to the delivery of Project Phoenix.

Table 5: Delivery plan 2022-23

4

Management and accountability

4.1 Employment statistics

Non-executive staff by classification and grade	2020		2021		2022		2023	
Grade	Actual[1]	FTE[2]	Actual[1]	FTE[2]	Actual[1]	FTE[2]	Actual[1]	FTE[2]
Clerk Grade 1 - 2	5	4.5	0	0.0	0	0.0	0	0.0
Clerk Grade 3 - 4	13	10.9	11	9.5	8	7.5	9	9.0
Clerk Grade 5 - 6	24	21.4	27	24.8	32	29.0	53	50.0
Clerk Grade 7 - 8	10	9.5	10	9.4	17	15.7	18	17.4
Clerk Grade 9 - 10	11	10.1	10	9.7	11	11.0	10	10.0
Clerk Grade 11 - 12	3	3.0	2	2.0	4	4.0	4	4.0

Note 1: Actual staff numbers

Note 2: Full-time equivalent (FTE)

Table 6: Employment statistics

4.2 Leadership

4.2.1 Remuneration of senior executives

In June 2023, LSC had 91.4 full-time equivalent (FTE) employees. This equates to a headcount of 95.

Senior Executive Band	2021[3,4,5]		2022[3,4,5]		2023[3,4,5]	
	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 3: Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments and staff on secondment to other agencies.

Note 4: Statistics are based on Workforce Profile Census data as at 24 June 2021, 23 June 2022 and 22 June 2023.

Note 5: All employees reported in 2021, 2022 and 2023 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	2021[6,7]	2022[6]	2023[6]
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)	$229,064	$234,791	$239,487

Note 6: Salary ranges effective at the Workforce Profile census dates of 24 June 2021, 23 June 2022 and 22 June 2023.

Note 7: There were no exceptional movements in wages, salaries or allowances in 2021.

Employee related costs	2021[8]	2022	2023
Executive	$220,000	$195,000	$182,000
Non-Executive	$7,042,000	$7,287,000	$9,704,000
Total	**$7,262,000**	**$7,482,000**	**$9,886,000**
Ratio Senior Executive	3.12%	2.68%	1.84%

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

Table 7: Remuneration of senior executives/Employee related costs

4.3 Requirements arising from employment arrangements

4.3.1 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.

Refer to the DCS Annual Report 2022-23 for information on the personnel policies and industrial relations policies and practices.

4.4 Consultants

Consultant	Product description	Amount (excl. GST) $
Consultants costing less than $50,000		
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	80,329
Total expenditure on consultants		**80,329**

Table 8: Consultants

4.5 Promotion

Officers made no overseas visits during the financial year.

4.6 Legislation administered

LSC administers Acts and Regulations on behalf of the Minister for Fair Trading. 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 2022;
- Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010 No 122;
- Contract Cleaning Industry (Portable Long Service Leave Scheme) Regulation 2022; and
- Long Service Corporation Act 2010 No 123.

4.7 Legislative changes

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

Under the staged repeal provisions of Section 10(2) of the Subordinate Legislation Act 1989, the existing Building and Construction Industry Long Service Payments Regulation 2017 and Contract Cleaning Industry (Portable Long Service Scheme) Regulation 2017 were repealed on 1 September 2022. All required actions under the Subordinate Legislation Act 1989 were undertaken to ensure that replacement Regulations were in place on 1 September 2022.

4.7.1 BCI and CCI regulations remake 1 September 2022

The BCI regulation remake raised the levy exemption threshold from $25,000 to $250,000, which allowed for a large portion of low value levy payers to be exempt from paying the levy while having a small impact on the amount of overall levy LSC receives.

The levy rate was reduced from 0.35% to 0.25% of the cost of works for building. These two important changes came into effect from 1 January 2023. The remake also introduced a Penalty Infringement Notice schedule.

The CCI regulation remake introduced a Penalty Infringement Notice schedule.

4.7.2 Contract Cleaning Industry (Portable Long Service Leave Scheme) (Cleaning Work) Order 2022

A ministerial order was created to provide clarity around certain work types. The order will help businesses in the hospitality industry understand if they are required to register with LSC.

The order includes the following types of work: the collection or removal of rubbish on or adjacent to premises; the making of a bed, including stripping the bed, removing the linen and fitting the bed with fresh linen; the cleaning of a bathroom, including cleaning a toilet, bath, shower or washbasin and removing linen from a bathroom; the cleaning of kitchen appliances, kitchenware or tableware; and the cleaning or dusting of surfaces, including floors.

4.8 Significant judicial decisions

There were no significant judicial decisions affecting the agency or users of its services.

4.9 Government Information (Public Access) Act 2009 reporting

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 2022-23.

4.10 Compliance with the 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 frontline staff. 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.

4.11 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 PIDs	0	0	0
Number of PIDs received	0	0	0
Of PIDs 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 PIDs finalised	0	0	0

Table 9: PID statistics

4.12 Key internal and external risks

4.12.1 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 Members	Attendance
Malcolm Freame BEc, FCA, CISA, GAICD	4 out of 4
Peter Mayers FCA (Eng & Wales) FCA (Aust & NZ) MAICD	4 out of 4
Shirley Liew FAICD, FCPA, FTIA, MIIA, Aff (FINSIA), CGEIT (ISACA)	4 out of 4

Table 10: ARC Committee members and meetings

4.12.2 Business Continuity Management (BCM) Planning

LSC works hand in hand with BRD on the management of business continuity risk, with roles and responsibilities recognised across the agency and BRD. LSC's BCM is reviewed annually, and any necessary updates are reflected in the published plan. The most recent review of the LSC BCM was June 2023.

LSC is also included in wider BRD and Departmental exercises. The exercises include a debrief, aimed at finding areas to improve the reliability of the documented processes. The next exercise is a desktop simulation targeting a large scale ICT system outage and is scheduled to take place in the first quarter of 2024 financial year.

4.12.3 Compliance, Risk, Assurance Management System

The LSC ARC is presented with an update on risks, ratings and mitigations as well as emerging risks quarterly in line with scheduled meeting.

LSC mitigated its risk management reporting to the Departmentally-supported CURA solution, RiskWise, during the financial year. The consistent use of RiskWise across DCS facilitates an escalation of high and extreme risks to the DCS Executive without the need to report separately to multiple forums.

Risks associated with significant IT projects are managed through the DCS Project Management Office for Executive review.

4.12.4 Risk assessment

Strategic and operational risks are reviewed monthly by the LSC Executive, ensuring the risks reported are current, adequately identified and ratings relevant.

The annual internal audit plan targets areas of significant risk on a rotational basis. An internal audit review provides an independent review of the agency's assessment of specific risks and current controls, and allows for a continuous improvement path for controls and mitigation strategies.

All major IT projects undertaken by LSC undergo specific monthly 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 reporting on any changes to risk ratings and the progress of any mitigation strategies and actions.

4.13 Insurance activities

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 2022-23 totalled $53,054 (2021-22: $59,974).

4.14 Internal audit and risk management attestation

Internal Audit and Risk Management Attestation Statement for the 2022-2023 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 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 or non-compliant
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.	Compliant
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
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

Membership

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

- Independent Chair, Malcolm Freame 21 July 2021 to 20 July 2024
- Independent Member, Peter Mayers, 1 January 2021 to 31 December 2023
- Independent Member, Shirley Liew, 21 July 2021 to 20 July 2024

Emma Hogan
Secretary
Department of Customer Service

Date: 19/09/23

4.15 Cyber security policy attestation

Department of Customer Service

Cyber security Annual Attestation Statement for the 2022-2023 Financial Year for the Department of Customer Service (Secretary – NSW Department of Customer Service)

I, Emma Hogan, am of the opinion that the Department of Customer Service (DCS) has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy. The evidence presented to me as a part of this attestation gives me confidence that the aggressive and comprehensive cyber security resilience strategy DCS has been implementing has delivered extensive maturity improvements which will strengthen our ability to keep the trust of our clients.

Risks to the information and systems of DCS have been identified and assessed. DCS is continuously improving cyber risk management processes and operations to effectively manage cyber risks.

Governance is in place to manage cyber security maturity and related initiatives, including uplift of the ACSC Essential Eight. Independent audits on cyber security have been conducted, commitment and processes are in place to treat any opportunities for improvement. DCS has designed and operates a contemporary cyber incident response plan, which has been tested during the reporting period.

DCS will continue to harden its technology environments and increase awareness of cyber security risks for all staff. Through an aggressive and comprehensive cyber security resilience strategy, the DCS will continue to 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.

DCS has defined target maturity scores to achieve for the 2023-2024 financial year. The uplift to target maturity scores requires collective direction and ongoing engagement to ensure consistency and effectiveness of controls across DCS to achieve the agreed shared target ratings. Key to achieving these targets is alignment and coordination of the various technology environments across DCS. The strategy is focused on long-term, sustainable processes and solutions. DCS acknowledges and accepts the risk until target maturity levels are met.

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

- Independent Review Office
- Long Service Corporation
- State Insurance Regulatory Authority.

Yours sincerely

Emma Hogan
Secretary, NSW Department of Customer Service

5 Sustainability

5.1 Modern Slavery Act 2018 (NSW) reporting

LSC is an agency of the DCS. Further information about how DCS complies with the Modern Slavery Act 2018 can be found in their annual report.

5.2 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.

5.2.1 Worker 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 2022-23 financial year.

Worker compensation claims	2023
Number of claims	1
Average Net Incurred Cost	$220,341.94
Net Incurred Cost	$220,341.94
Total Amount Paid	$44,471.29
Latest Estimate	$175,870.65

Table 11: Worker compensation claims

5.3 Diversity and inclusion at LSC

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 family room.

LSC is an agency of the DCS. In 2022-23, LSC in partnership with DCS People and Culture, supported its teams and individual staff with a multi-faceted, DCS-wide approach to diversity and inclusion, in line with the former Premier's Priorities and underpinned by the Public Service values of accountability, integrity, service and trust.

Key inclusion commitments were embedded through the DCS Care and Belonging Strategy 2022-25, providing a framework to further elevate the DCS culture of care for the benefit of our customers across NSW.

The strategy's six focus areas emphasise the critical cultural pillars upon which to build a culture of care and belonging at DCS. Each focus area has detailed commitments for delivery over three 'time horizons' up to the end of 2025, setting us up for a successful implementation.

Further information about DCS' workforce diversity achievements during 2022-23 and key workforce diversity strategies proposed for 2023-24 can be found in the DCS annual report.

5.4 Diversity and inclusion statistics

Trends in the representation of workforce diversity groups*				
Workforce diversity group	Benchmark	2021	2022	2023
Women[1]	50%	67.2%	60.3%	66.3%
Aboriginal and/or Torres Strait Islander people[2]	3.3%	0.0%	1.4%	0.0%
People whose first language spoken as a child was not English[3]	23.2%	1.6%	4.4%	4.5%
People with a disability[4]	5.6%	6.9%	7.4%	5.7%
People with a disability requiring work-related adjustment[4]	N/A	6.9%	4.5%	1.1%

*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.

Trends in the distribution index for workforce diversity groups				
Workforce diversity group	Benchmark[1, 2]	2021	2022	2023
Women	100	96	100	98
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.

Table 12: Diversity and inclusion statistics

5.5 Disability inclusion action plans

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.

LSC is an agency of DCS. LSC is committed to the DCS Disability Inclusion Action Plan 2020-25 (DIAP) which is mapped to the NSW Government's Disability Inclusion Plan.

Our DIAP uses 10 key areas of access and inclusion to ensure that DCS considers and includes all our customers, people, and suppliers with disability. As well as publishing the DIAP, DCS provides public summaries in Auslan and Easy English. The plan is governed by the Disability Inclusion Steering Committee with representatives from across DCS and supported by the AbilityDCS Employee Resource Group (ERG).

DCS recognises the importance of intersectionality and the DIAP and Aboriginal Employment Strategy have actions for Aboriginal people with disability. The DIAP has actions for people with disability of CALD and other diversity backgrounds.

Further information about DCS' progress during 2022-23 in implementing the DIAP can be found in the DCS annual report.

6
Financial performance

6.1 Long Service Corporation

6.1.1 Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Long Service Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Long Service Corporation (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and 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
- present 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.

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 Secretary's Responsibilities for the Financial Statements

The Secretary of the Department of Customer Service (the Secretary) is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The 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

29 September 2023
SYDNEY

6.1.2 Statement by the Secretary

LONG SERVICE CORPORATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
STATEMENT BY THE ACCOUNTABLE AUTHORITY

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

- have been prepared in accordance with Australian Accounting Standards and the applicable requirements of the Act, *the Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly the Long Service Corporation's financial position, financial performance and cash flows.

27/9/23

Emma Hogan
Secretary, Department of Customer Service
27 September 2023

6.1.3 Financial statements

LONG SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Budget 2023 $'000	Actual 2023 $'000	Actual 2022 $'000
Expenses excluding losses				
Personnel services	2(a)	10,055	9,886	7,482
Operating expenses	2(b)	12,128	15,154	13,740
Depreciation and amortisation	2(c)	1,129	293	243
Finance costs	2(d)	27,000	59,370	24,465
Scheme liability expenses	2(e)	277,653	102,360	51,784
Total Expenses excluding losses		**327,965**	**187,063**	**97,714**
Revenue				
Investment revenue	3(a)	118,517	137,207	(149,692)
Long service levy income	3(b)	219,100	185,019	227,431
Other revenue	3(c)	4	15	755
Total Revenue		**337,621**	**322,241**	**78,494**
Operating Result		**9,656**	**135,178**	**(19,220)**
Gain / (losses) on disposal	4	-	1	-
		-	**1**	**-**
NET RESULT		**9,656**	**135,179**	**(19,220)**
Other comprehensive income		-	-	-
Total other comprehensive income / (loss)		**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME / (LOSS)		**9,656**	**135,179**	**(19,220)**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	Budget 2023 $'000	Actual 2023 $'000	Actual 2022 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	5	85,958	25,043	25,646
Receivables	6	5,933	25,158	24,424
Total Current Assets		**91,891**	**50,201**	**50,070**
Non-Current Assets				
Financial assets at fair value	7	2,214,056	2,212,601	2,040,965
Receivables	6	-	18,899	16,422
Plant and equipment	8	269	4	8
Intangible assets	9	5,362	8,470	5,170
Total Non-Current Assets		**2,219,687**	**2,239,974**	**2,062,565**
Total Assets		**2,311,578**	**2,290,175**	**2,112,635**
LIABILITIES				
Current Liabilities				
Payables	11	3,058	3,671	1,268
Provisions	12	1,344,772	1,376,018	1,359,523
Total Current Liabilities		**1,347,830**	**1,379,689**	**1,360,791**
Non-Current Liabilities				
Provisions	12	485,836	268,538	245,076
Total Non-Current Liabilities		**485,836**	**268,538**	**245,076**
Total Liabilities		**1,833,666**	**1,648,227**	**1,605,867**
Net Assets		**477,913**	**641,948**	**506,768**
EQUITY				
Accumulated funds		477,913	641,948	506,768
Total Equity		**477,913**	**641,948**	**506,768**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023		
	Notes	**Accumulated Funds $'000**
Balance at 1 July 2022		**506,768**
Net Result for the financial year		135,179
Balance at 30 June 2023		**641,948**
Balance at 1 July 2021		**525,988**
Net Result for the financial year		(19,220)
Balance at 30 June 2022		**506,768**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Budget 2023 $'000	Actual 2023 $'000	Actual 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel Services		(10,055)	(9,815)	(7,553)
Long Service Scheme Claims paid		(128,855)	(121,642)	(103,205)
Other		(13,197)	(12,196)	(16,472)
Total Payments		**(152,107)**	**(143,653)**	**(127,230)**
Receipts				
Long service levy income		219,100	181,227	193,101
Interest received		17	571	76
Other		1,073	(100)	130
Total Receipts		**220,190**	**181,698**	**193,307**
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	**68,083**	**38,045**	**66,077**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets		-	11,000	-
Purchase of financial assets		-	(46,000)	(137,000)
Purchase of plant and equipment		(260)	-	(11)
Purchase of intangible assets		-	(3,648)	(3,850)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(260)**	**(38,648)**	**(140,861)**
NET (DECREASE) / INCREASE IN CASH		**67,823**	**(603)**	**(74,784)**
Opening cash and cash equivalents		18,135	25,646	100,430
CLOSING CASH AND CASH EQUIVALENTS	5	**85,958**	**25,043**	**25,646**

The accompanying notes form part of these financial statements.

LONG SERVICE CORPORATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Long Service Corporation (Corporation) is a NSW government entity, within the Department of Customer Service (DCS) portfolio of agencies, 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 Fund 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 2023 have been authorised for issue by the Secretary, Department of Customer Service on 27 September 2023.

(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 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. While the Corporation controls LSCIFT, under AASB 10 ‘Consolidated Financial Statements’, the Corporation has a NSW Treasury exemption from the requirement in TPG 23-04 'Mandates of options and major policy decisions under Australian Accounting Standards' to prepare consolidated financial statements.

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 $642 million (2022: $507m), but a deficiency in working capital of $1.33 billion (2022: $1.31b), being the difference between current assets of $50.2 million (2022: $50m) and current liabilities of $1.38 billion (2022: $1.36b). 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:

	2023		
	$'000	$'000	$'000
Expected timing of settlement (Note 12)	Building Industry	Cleaning Industry	Total
Not later than one year	124,530	5,602	130,132
Later than one year and not later than five years	539,763	24,322	564,085
Later than five years	901,720	48,619	950,339
Total	1,566,013	78,543	1,644,556

In the event that the vested benefits which will be settled within 12 months is greater than $50m 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 investments could be liquidated as per below:

Liquidity availability expectations	Normal market environments		Stressed market environments	
	%	$'000	%	$'000
Funds available within 30 days	80.0%	1,770,080	70.0%	1,548,820
Funds available within 6 months	90.0%	1,991,340	75.0%	1,659,450
Funds available within 1 year	95.0%	2,101,970	80.0%	1,770,080

(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

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

Where necessary, comparative disclosures in financial statements and in the notes to the financial statements have been amended to conform to the current year presentation.

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

(i) Effective for the first time in the 2023 financial year

The accounting policies applied in 2023 financial year are consistent with those of the previous financial year. Several other amendments and interpretations apply for the first time in the 2023 financial year, but do not have an impact on the Corporation's financial statements:

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018 - 2020 and other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

(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 has determined they are unlikely to have a material impact on the Corporation's financial statements.

2. EXPENSES EXCLUDING LOSSES

(a) Personnel Services Expenses

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

	2023 $'000	2022 $'000
Salaries and wages (including annual leave)	8,541	6,555
Superannuation	810	601
Long service leave	(6)	(54)
Workers' compensation insurance	26	28
Payroll tax and fringe benefits tax	515	352
	9,886	**7,482**

$628k in personnel services expenses were capitalised in relation to the development cost of new levy and worker registration systems (Project Phoenix) (2022: $447k).

(b) Operating Expenses

	2023 $'000	2022 $'000
Accommodation	459	423
Administration service charge	1,903	1,932
Auditor's remuneration		
- audit of the financial statements	103	105
- internal audit	111	39
Computer expenses	6,673	6,625
Consultants	80	89
Contractors	1,288	865
Fees and charges	3,151	2,470
Other expenses	1,386	1,192
	15,154	**13,740**

Recognition and Measurement

The administration service charge is the allocation of the cost of services performed by the Department of Customer Service on behalf of the Corporation. Fees and charges includes the cost of certain non-statutory customer service functions provided by ServiceNSW.

Computer expenses includes $5.7m (2022: $5.4m) for the software as a service (SaaS) portion of the development cost of new levy and worker registration systems (Project Phoenix).

(c) Depreciation and Amortisation Expense

	2023 $'000	2022 $'000
Depreciation		
- Computer equipment	4	2
Amortisation		
- Computer software	289	241
	293	243

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

(d) Finance Costs

	2023 $'000	2022 $'000
Unwinding of discount rate	59,370	24,465

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.

The increase in the finance cost is due to the increase in the discount rate. Refer Note 12(a)(i) and Note 12(b)(i) for details on changes to the discount rate used for the 2023 and 2022 financial years.

(e) Scheme Liability Expenses

	2023 $'000	2022 $'000
Scheme liability expenses	102,360	51,784

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 12(a)(i) and Note 12(b)(i) for details on changes to Scheme Liabilities for the 2023 and 2022 financial years.

3. REVENUE

(a) Investment Revenue

	2023 $'000	2022 $'000
Net gain / (loss) in Long Service Corporation Investment Fund Trust	136,636	(149,768)
Interest income	571	76
	137,207	(149,692)

Recognition and Measurement

Gains or losses on the Long Service Corporation Investment Fund Trust (LSCIFT) represent movements in the unit price and are presented in investment revenue in the period in which the movement arises. Unit prices are calculated and published daily. The LSCIFT incurred a return of 6.64% for the 2023 financial year compared to a negative return of (6.8%) in the 2022 financial year.

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

	2023 $'000	2022 $'000
Long service levy income	187,504	230,261
Long service levy refunds	(2,485)	(2,830)
	185,019	**227,431**

Recognition and Measurement

In relation to the Building and Construction Industry (BCI), a levy is applied at the rate of 0.25% (2022 0.35%) on the value of building and construction contracts of $250,000 or above (2022 $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 1.0% (2022 1.0%) 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

	2023 $'000	2022 $'000
Other revenue	**15**	**755**

4. GAIN / (LOSS) ON DISPOSAL

	2023 $'000	2022 $'000
Net gain / (loss) on disposal of assets	**1**	**-**

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Cash at bank and on hand	**25,043**	**25,646**

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:

	2023 $'000	2022 $'000
Cash and cash equivalents (as per Statement of Financial Position)	**25,043**	**25,646**
Closing cash and cash equivalents (as per Statement of Cash Flows)	**25,043**	**25,646**

Refer to Note 17 for details regarding credit risk and market risk arising from financial instruments.

6. CURRENT / NON-CURRENT ASSETS - RECEIVABLE

	2023 $'000	2022 $'000
Current		
Prepayments	112	108
Other	300	184
	412	292
Long service levy income	25,643	24,327
Less: Allowance for expected credit losses *	(897)	(195)
	24,746	24,132
Total Current Receivables	**25,158**	**24,424**
Non-Current		
Long service levy income	18,899	16,422
Total Non-Current Receivables	**18,899**	**16,422**
Total Receivables	**44,057**	**40,846**

* Movement in the allowance for expected credit losses

Long service levy income		
Balance at the beginning of the financial year	(195)	(156)
(Increase) / decrease in allowance recognised in net results	(702)	(39)
Balance at the end of the financial year	**(897)**	**(195)**

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 17.

Recognition and Measurement

The Corporation recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the entity considers:

- Whether the entity has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement

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

	2023 $'000	2022 $'000
Non-Current Assets		
Long Service Corporation Investment Fund Trust - LSCIFT	**2,212,601**	**2,040,965**

The LSCIFT invests in cash, money market instruments, Australian and international bonds, listed property and Australian shares.

Refer to Note 17 for further information regarding fair value measurement, credit risk and market risk arising from financial instruments.

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.

The Corporation does not hold any financial assets classified at fair value through other comprehensive income.

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. The LSCIFT is managed and it's performance is evaluated on a fair value basis and therefore the business model is neither to hold or to collect the 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 the LSCIFT and other TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

8. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

(a) Plant and Equipment

	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Low Value Items $'000	Total $'000
At 1 July 2021 - fair value					
Gross carrying amount	22	106	75	5	208
Accumulated depreciation and impairment	(22)	(106)	(75)	(5)	(208)
Net carrying amount	**-**	**-**	**-**	**-**	**-**
Year ended 30 June 2022					
Net carrying amount at the beginning of the financial year	-	-	-	-	-
Purchase of assets	-	10	-	-	10
Depreciation expense	-	(2)	-	-	(2)
Net carrying amount at the end of the financial year	**-**	**8**	**-**	**-**	**8**
At 1 July 2022 – fair value					
Gross carrying amount	20	24	75	-	119
Accumulated depreciation and impairment	(20)	(16)	(75)	-	(111)
Net carrying amount	**-**	**8**	**-**	**-**	**8**

	Plant and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Low Value Items $'000	Total $'000
Year ended 30 June 2023					
Net carrying amount at the beginning of the financial year	-	8	-	-	8
Purchase of assets	-	-	-	-	-
Depreciation expense	-	(4)	-	-	(4)
Net carrying amount at the end of the financial year	**-**	**4**	**-**	**-**	**4**
At 30 June 2023 – fair value					
Gross carrying amount	20	24	56	-	100
Accumulated depreciation and impairment	(20)	(20)	(56)	-	(96)
Net carrying amount	**-**	**4**	**-**	**-**	**4**

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 2023 financial year are:

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

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 21-09) and Treasurer's Direction: Valuation of Physical Non-Current Assets at Fair Value (TD21-05). TD21-05 and TPP21-09 adopt 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.

9. INTANGIBLE ASSETS

	Software $'000	Work in progress $'000	Total $'000
At 1 July 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**
Year ended 30 June 2022			
Net carrying amount at the beginning of the financial year	-	2,073	2,073
Additions	1,445	1,893	3,338
Disposal	-	-	-
Amortisation	(241)	-	(241)
Net carrying amount at the end of the financial year	**1,204**	**3,966**	**5,170**
At 1 July 2022			
Gross carrying amount	3,436	3,966	7,402
Accumulated amortisation and impairment	(2,232)	-	(2,232)
Net carrying amount	**1,204**	**3,966**	**5,170**
Year ended 30 June 2023			
Net carrying amount at the beginning of the financial year	1,204	3,966	5,170
Additions	-	3,589	3.589
Disposals	-	-	-
Amortisation	(289)	-	(289)
Net carrying amount at the end of the financial year	**915**	**7,555**	**8,470**
At 30 June 2023			
Gross carrying amount	3,436	7,555	10,991
Accumulated amortisation and impairment	(2,521)	-	(2,521)
Net carrying amount	**915**	**7,555**	**8,470**

Work in progress is the capital project to replace the Corporations legacy systems with a Salesforce Customer Relationship Management (CRM) and SAP Enterprise Resource Planning (ERP) solution referred to as Project Phoenix.

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 5 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. Work in progress intangible assets is tested for impairment annually. 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

	2023 $'000	2022 $'000
Accrued salaries, wages and on-costs	43	(28)
Long service levy commissions	4	18
Long service payments	132	-
Other creditors and accruals	3,492	1,278
	3,671	**1,268**

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 17.

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 - PROVISIONS

	2023 $'000	2022 $'000
Current		
Scheme Liability	1,376,018	1,359,523
Total Current Provisions	**1,376,018**	**1,359,523**
Non-Current		
Scheme Liability	268,538	245,076
Total Non-Current Provisions	**268,538**	**245,076**
Total Provisions	**1,644,556**	**1,604,599**

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.

	2023 $'000	2022 $'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	1,531,579	1,564,739
Unwinding of discount rate - Note 2(d)	56,668	23,471
Scheme liability expenses - Note 2 (e)	94,068	42,361
Claims paid	(116,302)	(98,992)
Carrying amount at the end of the financial year	**1,566,013**	**1,531,579**
Provision for scheme liability – Contract Cleaning Industry		
Carrying amount at the beginning of the financial year	73,020	66,294
Unwinding of discount rate - Note 2(d)	2,702	994
Scheme liability expenses - Note 2 (e)	8,293	9,423
Claims paid	(5,472)	(3,691)
Carrying amount at the end of the financial year	**78,543**	**73,020**
Total Provisions	**1,644,556**	**1,604,599**

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 2021. They have updated this valuation to 30 June 2023 and estimated the Scheme liabilities as follows:

	Note	2023 $'000	2022 $'000
Valuation as per AASB 137	(i)	1,566,013	1,531,579
Vested Benefits	(ii)	1,300,568	1,371,409

(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 2023, the following key assumptions were adopted:

- Discount rate 4% (2022: 3.7%). 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.
- Future wage increases 4.5% (2022: 4.0%).
- Rate of future accrual of service (only used to determine if a worker qualifies for a benefit): 195 days per year (2022: the same).
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2022: the same).
- Active Workers liability: Valued based on historical evidence (2022: the same).
- In Force Inactive Workers liability: Valued based on historical evidence (2022: the same).
- Out of Force Workers liability: Valued based on historical evidence (2022: the same).
- Incurred but Not Reported Service (IBNR) - Active Workers 6.5% (2022: the same).
- Incurred but Not Reported Service (IBNR) - In Force Inactive and Out of Force Workers 9% (2022: the same).

(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 2023 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:

	2023	2022
Number of workers:		
Active	266,594	275,141
Inforce inactive	80,671	79,800
Out of force	22,908	22,733
Total number of workers valued	**370,173**	**377,674**

	2023 $'000	2022 $'000
Expected timing of settlement		
Not later than one year	124,530	106,246
Later than one year and not later than five years	539,763	457,680
Later than five years	901,720	967,653
Total	**1,566,013**	**1,531,579**

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-23**	**30-Jun-22**
	$'000	**$'000**
Carrying amount at the beginning of the financial year	1,531,579	1,564,739
Unwinding of discount rate	56,668	23,471
Scheme liability expenses being adjustments as a result of changes in:		
- discount rate	(3,253)	(219,593)
- assumptions apart from the discount rate	9,923	74,336
- additional provisions	87,398	187,618
Claims Paid	(116,302)	(98,992)
Carrying amount at the end of the financial year	**1,566,013**	**1,531,579**

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

A full actuarial valuation of the Contract Cleaning Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2022. They have updated this valuation to 30 June 2023 and estimated the Scheme liabilities as follows:

	Note	2023 $'000	2022 $'000
Valuation as per AASB 137	(i)	78,543	73,020
Vested Benefits	(ii)	70,539	65,006

(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 2023, the following key assumptions were adopted:

- Discount Rate 4% (2022: 3.7%). 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: 5.0% up to age 40, and 4.0% for ages 40 and above (2022: the same)
- Rate of future accrual of service (only used to determine if a worker qualifies for a benefit): 365 days per year (2022: the same)
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2022: similar assumptions but with slightly lower withdrawal rates at ages 35 to 50).
- Active Worker: claim rates based on the Scheme's experience (2022: higher rates based on the assumption, as the Scheme had limited experience, that most workers eligible to make in-service claims would do so soon after becoming eligible).
- Inforce Inactive Worker: 30% of Inactive workers will return to Active status and 20% of Inactive workers with a vested benefit will claim their benefit using a run-off table (2022: 70% of their vested benefit which was based on the value of expected benefits using a run-off table).
- Incurred but Not Reported Service (IBNR): Nil (2022: the same).

(ii) The Actuaries categorise the workers as Active if they had service in last 2 years or Inactive.

For the purpose of this valuation the actuaries have assumed that 30% of Inactive Workers will return to active status and 20% of Inactive workers with a vested benefit will claim their benefit.
As the data for most workers does not include the last quarter of the 2023 financial year, these categories are estimated from earlier data.

(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:

	2023	2022
Number of workers:		
Active	38,033	36,463
Inforce inactive	83,100	69,698
Total number of workers valued	**121,133**	**106,161**

	2023 $'000	2022 $'000
Expected timing of settlement		
Not later than one year	5,602	6,021
Later than one year and not later than five years	24,322	20,983
Later than five years	48,619	46,016
Total	**78,543**	**73,020**

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-23**	**30-Jun-22**
	$'000	**$'000**
Carrying amount at the beginning of the financial year	73,020	66,294
Unwinding of discount rate	2,702	994
Scheme liability expenses being adjustments as a result of changes in:		
- discount rate	(847)	(3,397)
- assumptions apart from the discount rate	1,014	2,988
- additional provisions	8,126	9,832
Claims Paid	(5,472)	(3,691)
Carrying amount at the end of the financial year	**78,543**	**73,020**

13. COMMITMENTS

There are no commitments as at 30 June 2023 (2022 $Nil)

14. CONTINGENT ASSETS AND LIABILITIES

There were no known contingent assets or liabilities as at the end of the financial year.

15. 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 $135.2 million surplus (2022: $19.2 million deficit) which was favourable to the budgeted net result by $125.5 million. The major variations to budget are:

Total Revenue was $15.4 million unfavourable to budget, primarily due to the reduction in the Building & Construction levy rate and increase in the threshold. This was offset by Long Service Corporation Investment Fund Trust (LSCIFT) returns being higher than expected. The LSCIFT incurred a return of 6.64% for the financial year compared to a budgeted return of 5%.

Total Expenses were $140.9 million favourable to budget, primarily due to decreased Scheme expenses as a result of changes in the values in the actuarial assumptions including changes in the discount rate. The budget was based on the actuarial projections from the June 2021 Actuarial report when the discount rate was 1.5%. The actuals reflect the updated projections provided in the June 2023 Accounting Valuation where the discount rate was 4%

Assets and liabilities

The actual net assets of $641.9 million (2022: $506.8 million) was favourable to budget by $164 million. The main variation to budget was:

Scheme Liabilities were $186.1 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 was $0.6 million which was unfavourable with the budgeted net increase in cash of $86 million due to the investment of surplus cash funds in the LSCIFT and the reduction in Building and Construction levy receipts due to the decrease in the levy rate and the increase in the levy threshold. In 2022 the levy rate and threshold were 0.35% and $25,000 respectively. From 1 January 2023 the levy rate and threshold were 0.25% and $250,000 respectively.

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

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2023 $'000	2022 $'000
Net cash used in operating activities	38,045	66,077
Depreciation and amortisation	(293)	(243)
Allowance for impairment	(702)	(39)
Net gain / (loss) on investments	136,636	(149,769)
Increase / (decrease) in Long Service scheme provision	19,413	50,899
Increase / (decrease) in finance costs	(59,370)	(24,465)
Increase / (decrease) in receivables	3,912	34,389
(Increase) / decrease in payables	(2,462)	3,931
Net result	**135,179**	**(19,220)**

Non-Cash Investing Activities

Non-cash additions to investments during the year amounted to $55m (2022: $98.3m) which were financed by distribution income declared.

	2023 $'000	2022 $'000
Investments acquired by distribution income	**54,999**	**98,334**

FUND INFORMATION

Fund		Building & Construction Industry		Contract Cleaning Industry		Total	
	Notes	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Expenses excluding losses							
Personnel services expenses	2(a)	**8,058**	6,074	**1,828**	1,408	**9,886**	7,482
Other operating expenses	2(b)	**12,409**	10,917	**2,745**	2,823	**15,154**	13,740
Depreciation and amortisation	2(c)	**292**	243	**1**	-	**293**	243
Finance costs	2(d)	**56,668**	23,471	**2,702**	994	**59,370**	24,465
Scheme liability expenses	2(e)	**94,067**	42,361	**8,293**	9,423	**102,360**	51,784
Total expenses excluding losses		**171,494**	83,066	**15,569**	14,648	**187,063**	97,714
Revenue							
Investment revenue	3(a)	**131,069**	(142,909)	**6,138**	(6,783)	**137,207**	(149,692)
Long service levy income	3(b)	**175,437**	217,005	**9,582**	10,426	**185,019**	227,431
Other revenue	3(c)	**13**	533	**2**	222	**15**	755
Total Revenue		**306,519**	74,629	**15,722**	3,865	**322,241**	78,494
(Loss) / gain on disposal	4	**1**	-	-	-	**1**	-
Total comprehensive income		**135,026**	(8,437)	**153**	(10,783)	**135,179**	(19,220)

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Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2023	2022	2023	2022	2023	2022
		$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current Assets							
Cash and cash equivalents	5	**23,769**	23,652	**1,274**	1,994	**25,043**	25,646
Receivables	6	**22,790**	22,183	**2,368**	2,241	**25,158**	24,424
Total Current Assets		**46,559**	45,835	**3,642**	4,235	**50,201**	50,070
Non-Current Assets							
Financial assets at fair value	7	**2,115,243**	1,949,689	**97,358**	91,276	**2,212,601**	2,040,965
Receivables	6	**18,899**	16,422	**-**	-	**18,899**	16,422
Plant and equipment	8a	**3**	6	**1**	2	**4**	8
Intangible assets	9	**8,470**	5,170	**-**	-	**8,470**	5,170
Total Non-Current Assets		**2,142,615**	1,971,287	**97,359**	91,278	**2,239,974**	2,062,565
Total Assets		**2,189,174**	2,017,122	**101,001**	95,513	**2,290,175**	2,112,635

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2023	2022	2023	2022	2023	2022
		$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES							
Current Liabilities							
Payables	11	**3,158**	567	**513**	701	**3,671**	1,268
Provisions	12	**1,309,975**	1,298,885	**66,043**	60,638	**1,376,018**	1,359,523
Total Current Liabilities		**1,313,133**	1,299,452	**66,556**	61,339	**1,379,689**	1,360,791
Non-Current Liabilities							
Provisions	12	**256,038**	232,694	**12,500**	12,382	**268,538**	245,076
Total Non-Current Liabilities		**256,038**	232,694	**12,500**	12,382	**268,538**	245,076
Total Liabilities		**1,569,171**	1,532,146	**79,056**	73,721	**1,648,227**	1,605,867
Net Assets		**620,003**	484,976	**21,945**	21,792	**641,948**	506,768
EQUITY							
Accumulated Funds		**620,003**	484,976	**21,945**	21,792	**641,948**	506,768
Total Equity		**620,003**	484,976	**21,945**	21,792	**641,948**	506,768

17. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	2023 $'000 Carrying Amount	2022 $'000 Carrying Amount
Class:				
Cash and cash equivalents	5	Amortised Cost	25,043	25,646
Receivables (i)	6	Amortised Cost	-	-
Financial assets at fair value	7	Fair value through profit or loss	2,212,601	2,040,965
Financial Liabilities	**Note**	**Category**		
Class:				
Payables(ii)	11	Financial liabilities measured at amortised cost	3,535	1,247

(i) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
(ii) 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 $897k (2022 $195k). The Corporation is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2023 and 2022.

(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**
2023							
Payables	3,535	-	-	3,535	3,535	-	-
	3,535	-	-	3,535	3,535	-	-
	$'000	**$'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**
2022							
Payables	1,247	-	-	1,247	1,247	-	-
	1,247	-	-	1,247	1,247	-	-

(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 LSCIFT. 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 2022. 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%**
2023					
Financial Assets (i)					
Cash and cash equivalents	25,043	(250)	(250)	250	250
2022					
Financial Assets (i)					
Cash and cash equivalents	25,646	(256)	(256)	256	256

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

Other Price risk – TCorp Funds

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

Fund	Investments	Investment Horizon	2023 $’000	2022 $’000
LSCIFT	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	2,212,601	2,040,965

The unit price is equal to the total fair value of the net assets held by the fund divided by the number of units on issue. Unit prices are calculated and published daily. The Corporation holds 100% of the units issued by the Long Service Corporation Investment Fund Trust (LSCIFT).

TCorp as trustee for the LSCIFT 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 the fund in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets. A significant portion of the administration of the fund is outsourced to an external custodian.

Investment in the LSCIFT 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 including the LSCIFT, 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 TCorp Fund Statement). Actual movements in the price risk variables may differ to the sensitivity rate used due to a number of factors. The 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			
	2023		2022	
	Change in Unit price	$’000	Change in Unit price	$’000
LSCIFT	+/-10%	+/-221,260	+/-10%	+/-204,097

(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
2023				
Financial Assets at fair value				
LSCIFT	-	2,212,601	-	2,212,601
Total	**-**	**2,212,601**	**-**	**2,212,601**
2022				
Financial Assets at fair value				
LSCIFT	-	2,040,965	-	2,040,965
Total	**-**	**2,040,965**	**-**	**2,040,965**

The value of the LSCIFT is based on the Corporation's share of the value of the underlying assets of the fund, based on the market value. The LSCIFT is 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.

18. RELATED PARTY DISCLOSURES

Key management personnel
During the year, the Corporation incurred $182k (2022: $195k) 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:

		2023 $'000		2022 $'000	
Nature of transaction		**Transaction value income/ (expense) $'000**	**Net receivable/ (payable) $'000**	**Transaction value income/ (expense) $'000**	**Net receivable/ (payable) $'000**
Purchases of goods/ services and other payments	Department of Customer Service	(20,129)	(977)	(13,887)	(786)
Purchases of goods/ services and other payments	Audit Office of NSW	(103)	(47)	(105)	(78)
Purchases of goods/ services and other payments	NSW Self Insurance Corporation	(27)	-	(60)	-
Purchases of goods/ services and other payments	State Archives & Records Authority	(27)	-	(24)	(2)
Purchases of goods/ services and other payments	NSW Police	-	-	(2)	-
Purchases of goods/ services and other payments	Crown Solicitors Office	(1)	-	-	-

19. 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 2023.

END OF AUDITED FINANCIAL STATEMENTS

6.2 Long Service Corporation - Investment Fund

6.2.1 Independent Auditor's Report

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 2023, the Statement of financial position as at 30 June 2023, the Statement of changes in equity and the Statement of cash flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information, 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).

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

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

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, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | mail@audit.nsw.gov.au | audit.nsw.gov.au

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

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

5 October 2023
SYDNEY

6.2.2 Statement by the Trustee

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 2023 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	D M Deverall
Director	Director

Sydney

29 September 2023

6.2.3 Financial statements

Long Service Corporation Investment Fund
Statement of comprehensive income
For the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Investment income			
Interest income from financial assets at fair value through profit or loss		**620,505**	8,335
Trust distribution income		**56,547,649**	51,044,910
Net gains/(losses) on financial instruments held at fair value through profit or loss	12	**79,164,449**	(201,382,923)
Total net investment income/(loss)		**136,332,603**	(150,329,678)
Expenses			
Trustee fees	14	**1,645,748**	1,589,668
Expense recovery fees	14	**-**	33,134
Management fees*		**238,002**	23,331
Custody fees		**63,975**	35,147
Transaction costs		**39,812**	24,070
Audit fees	13	**17,543**	-
Other operating expenses		**163,014**	22,007
Total operating expenses		**2,168,094**	1,727,357
Profit/(loss) for the year		**134,164,509**	(152,057,035)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**134,164,509**	(152,057,035)

*Management fees include payments to TCorp as manager and other external managers. Refer to Note 14 for any amounts paid or payable to TCorp as manager.

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

	Notes	30 June 2023 $	30 June 2022 $
Assets			
Cash and cash equivalents	11	**6,266,218**	20,131,736
Margin and collateral accounts		**9,884,065**	6,895,636
Due from brokers - receivable for securities sold		**6,617,194**	-
Receivables	9	**113,206**	61,322
Financial assets held at fair value through profit or loss	6	**2,204,894,150**	2,032,784,556
Total assets		**2,227,774,833**	2,059,873,250
Liabilities			
Margin and collateral accounts		**163,207**	154,093
Payables	10	**39,738**	23,993
Financial liabilities held at fair value through profit or loss	7	**18,479,391**	19,767,176
Total liabilities		**18,682,336**	19,945,262
Net assets attributable to unitholders - equity	5	**2,209,092,497**	2,039,927,988

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

	Notes	30 June 2023 $	30 June 2022 $
Total equity at the beginning of the financial year		**2,039,927,988**	2,054,985,023
Comprehensive income for the year			
Profit/(loss) for the year		**134,164,509**	(152,057,035)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**134,164,509**	(152,057,035)
Transactions with unitholders			
Applications	5	**46,000,000**	137,000,000
Redemptions	5	**(11,000,000)**	-
Units issued upon reinvestment of distributions	5	**54,999,262**	98,334,005
Distributions paid and payable	5	**(54,999,262)**	(98,334,005)
Total transactions with unitholders		**35,000,000**	137,000,000
Total equity at the end of the financial year		**2,209,092,497**	2,039,927,988

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

	Notes	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**309,576,850**	942,143,602
Purchase of financial instruments held at fair value through profit or loss		**(361,767,287)**	(1,069,919,927)
Trust distributions received		**4,887,107**	4,472,426
Interest received		**593,249**	506
Trustee fees paid		**(1,645,748)**	(1,589,668)
Expense recovery fees paid		**-**	(30,750)
Management fees paid		**(238,316)**	(22,683)
Transaction costs paid		**(39,812)**	(24,070)
Custody fees paid		**(63,076)**	(27,530)
Payment of other operating expenses		**(190,025)**	(46,807)
Net cash inflow/(outflow) from operating activities	15(a)	**(48,887,058)**	(125,044,901)
Cash flows from financing activities			
Proceeds from applications by unitholders		**46,000,000**	137,000,000
Payments for redemptions by unitholders		**(11,000,000)**	-
Net cash inflow/(outflow) from financing activities		**35,000,000**	137,000,000
Net increase/(decrease) in cash and cash equivalents		**(13,887,058)**	11,955,099
Cash and cash equivalents at the beginning of the year		**20,131,736**	8,169,026
Effects of foreign currency exchange rate changes on cash and cash equivalents		**21,540**	7,611
Cash and cash equivalents at the end of the year	11	**6,266,218**	20,131,736
Non-cash operating activities	15(b)	**51,660,542**	46,572,484
Non-cash financing activities	15(b)	**54,999,262**	98,334,005

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 29 September 2023. 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 to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been represented to be consistent with current period disclosures.

(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 *AASB 13 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

The Fund operates under the Attribution Managed Investment Trust ("AMIT") tax regime.

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.

(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.

2 Summary of significant accounting policies (continued)

(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.

2 Summary of significant accounting policies (continued)

(r) Investment entity exemption

An investment entity is an entity that:

a) obtains funds from one or more unitholders for the purpose of providing the unitholder(s) with investment management services;
b) commits to its unitholder(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Typical characteristics of an investment entity include:

a) it has more than one investment;
b) it has more than one unitholder;
c) it has unitholders that are not related parties of the entity; and
d) it has ownership interests in the form of equity or similar interests.

The Fund has been determined to be an investment entity even though some of the unitholders are related parties. All transactions between the Fund and its related parties are at market value and on normal commercial terms and conditions. This includes purchases and sales of financial instruments as well as applications and redemptions of units. As such, the related parties do not transact with the Fund on terms that are unavailable to other unitholders therefore this does not preclude the Fund from meeting the definition of an investment entity.

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.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of movements in market prices.

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.

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 2023** **AUD equivalent in exposure by currency** **$**	30 June 2022 AUD equivalent in exposure by currency $
US Dollars	**620,552**	880,807
Euro	**110,458**	53,753
Japanese Yen	**12,045**	12,513
Swiss Franc	**358,467**	54,980
Other Currencies	**75,217**	38,484
Total assets	**1,176,739**	1,040,537

Liabilities	**30 June 2023** **AUD equivalent in exposure by currency** **$**	30 June 2022 AUD equivalent in exposure by currency $
US Dollars	**(10,202,752)**	(16,802,617)
Euro	**(1,460,554)**	(1,092,076)
British Pounds	**(1,574,555)**	(150,746)
Canadian Dollars	**(812,153)**	(570,987)
Swiss Franc	**(38,430)**	(515,344)
Hong Kong Dollars	**(150,295)**	-
Other Currencies	**(76,263)**	(97,945)
Total liabilities	**(14,315,002)**	(19,229,715)

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

(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.

(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 2023	**(220,355,399)**	**220,355,399**	**(4,415)**	**4,415**
	-10%	+10%	-10%	+10%
	$	$	$	$
30 June 2022	(203,138,935)	203,138,935	(3,739)	3,739

*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.

3 Financial risk management (continued)

(c) Credit risk (continued)

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.

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 2023	**Less than 1 month**	**1-6 months**	**6-12 months**	**Over 12 months**	**Total**
	$	**$**	**$**	**$**	**$**
Liabilities					
Forward foreign exchange contracts					
Inflows	**17,681,405**	**814,928,061**	**-**	**-**	**832,609,466**
(Outflows)	**(17,955,655)**	**(830,262,296)**	**-**	**-**	**(848,217,951)**
Equity futures					
(Outflows)	**-**	**(476,459)**	**-**	**-**	**(476,459)**
Interest rate futures					
(Outflows)	**-**	**(2,394,447)**	**-**	**-**	**(2,394,447)**
Margin and collateral accounts	**(163,207)**	**-**	**-**	**-**	**(163,207)**
Payables	**(39,738)**	**-**	**-**	**-**	**(39,738)**
Total liabilities	**(477,195)**	**(18,205,141)**	**-**	**-**	**(18,682,335)**

At 30 June 2022	Less than 1 month	1-6 months	6-12 months	Over 12 months	Total
	$	$	$	$	$
Liabilities					
Forward foreign exchange contracts					
Inflows	126,994,066	424,819,931	-	-	551,813,997
(Outflows)	(132,593,383)	(438,295,252)	-	-	(570,888,635)
Equity futures					
(Outflows)	-	(25,038)	-	-	(25,038)
Interest rate futures					
(Outflows)	-	(667,500)	-	-	(667,500)
Margin and collateral accounts	(154,093)	-	-	-	(154,093)
Payables	(23,993)	-	-	-	(23,993)
Total liabilities	(5,777,403)	(14,167,859)	-	-	(19,945,262)

3 Financial risk management (continued)

(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.

- 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.

3 Financial risk management (continued)

(f) Fair value measurement (continued)

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 2023 and 30 June 2022.

	Level 1	Level 2	Level 3	Total
As at 30 June 2023	**$**	**$**	**$**	**$**
Financial assets				
Forward foreign exchange contracts	**-**	**863,700**	**-**	**863,700**
Equity futures	**124**	**-**	**-**	**124**
Unlisted managed investment funds	**-**	**1,954,024,902**	**250,005,424**	**2,204,030,326**
Total	**124**	**1,954,888,602**	**250,005,424**	**2,204,894,150**
Financial liabilities				
Forward foreign exchange contracts	**-**	**(15,608,485)**	**-**	**(15,608,485)**
Equity futures	**(476,459)**	**-**	**-**	**(476,459)**
Interest rate futures	**(2,394,447)**	**-**	**-**	**(2,394,447)**
Total	**(2,870,906)**	**(15,608,485)**	**-**	**(18,479,391)**

	Level 1	Level 2	Level 3	Total
As at 30 June 2022	$	$	$	$
Financial assets				
Forward foreign exchange contracts	-	1,367,022	-	1,367,022
Equity futures	118,441	-	-	118,441
Interest rate futures	3,143	-	-	3,143
Unlisted managed investment funds	-	1,791,397,798	239,898,152	2,031,295,950
Total	121,584	1,792,764,820	239,898,152	2,032,784,556
Financial liabilities				
Forward foreign exchange contracts	-	(19,074,638)	-	(19,074,638)
Equity futures	(25,038)	-	-	(25,038)
Interest rate futures	(667,500)	-	-	(667,500)
Total	(692,538)	(19,074,638)	-	(19,767,176)

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 2023 and 30 June 2022.

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).

3 Financial risk management (continued)

(f) Fair value measurement (continued)

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 2023	**Unlisted managed investment funds**
	$
Opening balance	**239,898,152**
Purchases	**7,385,176**
Sales	**(395,296)**
Gains/(losses) recognised in the Statement of comprehensive income	**3,117,392**
Closing balance	**250,005,424**
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	**3,020,439**

30 June 2022	Unlisted managed investment funds
	$
Opening balance	197,152,546
Purchases	23,663,705
Gains/(losses) recognised in the Statement of comprehensive income	19,081,901
Closing balance	239,898,152
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	19,081,901

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.

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

	Fair value at 30 June 2023	**Unobservable inputs**	**Reasonable possible shift +/- (absolute value)**	**Change in valuation**
	$			**$**
Unlisted managed investment funds	**250,005,424**	**Published redemption prices**	**+/-10%**	**25,000,542/ (25,000,542)**

	Fair value at 30 June 2022	Unobservable inputs	Reasonable possible shift +/- (absolute value)	Change in valuation
	$			$
Unlisted managed investment funds	239,898,152	Published redemption prices	+/-10%	23,989,815/ (23,989,815)

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 2023	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	863,700	(863,700)	-	-	-
Equity futures	124	(124)	-	-	-
Margin and collateral accounts	9,884,065	(163,207)	9,720,858	(698,888)	9,021,970
Total	10,747,889	(1,027,031)	9,720,858	(698,888)	9,021,970
Financial liabilities					
Forward foreign exchange contracts	(15,608,485)	863,700	(14,744,785)	222,553	(14,522,232)
Equity futures	(476,459)	124	(476,335)	476,335	-
Interest rate futures	(2,394,447)	-	(2,394,447)	-	(2,394,447)
Margin and collateral accounts	(163,207)	163,207	-	-	-
Total	(18,642,598)	1,027,031	(17,615,567)	698,888	(16,916,679)

4 Offsetting financial assets and financial liabilities (continued)

30 June 2022	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	1,367,022	(1,198)	1,365,824	-	1,365,824
Equity futures	118,441	(25,038)	93,403	-	93,403
Interest rate futures	3,143	(3,143)	-	-	-
Margin and collateral accounts	6,895,636	(150,980)	6,744,656	(667,470)	6,077,186
Total	8,384,242	(180,359)	8,203,883	(667,470)	7,536,413
Financial liabilities					
Forward foreign exchange contracts	(19,074,638)	1,198	(19,073,440)	-	(19,073,440)
Equity futures	(25,038)	25,038	-	-	-
Interest rate futures	(667,500)	3,143	(664,357)	664,357	-
Margin and collateral accounts	(154,093)	150,980	(3,113)	3,113	-
Total	(19,921,269)	180,359	(19,740,910)	667,470	(19,073,440)

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 2023	30 June 2022	**30 June 2023**	30 June 2022
	No.	No.	**$**	$
Opening balance	**2,191,993,087**	1,957,296,594	**2,039,927,988**	2,054,985,023
Profit/(loss) for the year	**-**	-	**134,164,509**	(152,057,035)
Applications	**47,584,075**	129,191,301	**46,000,000**	137,000,000
Redemptions	**(11,255,294)**	-	**(11,000,000)**	-
Units issued upon reinvestment of distributions	**56,714,887**	105,505,192	**54,999,262**	98,334,005
Distributions paid and payable	**-**	-	**(54,999,262)**	(98,334,005)
Closing balance	**2,285,036,755**	2,191,993,087	**2,209,092,497**	2,039,927,988
Published Unit Price			**0.9683**	0.9311

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 2023 Fair value	30 June 2022 Fair value
	$	$
Equity futures	**124**	118,441
Interest rate futures	**-**	3,143
Forward foreign exchange contracts	**863,700**	1,367,022
Unlisted managed investment funds	**2,204,030,326**	2,031,295,950
Total financial assets held at fair value through profit or loss	**2,204,894,150**	2,032,784,556

7 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2023	30 June 2022
Equity futures	**(476,459)**	(25,038)
Interest rate futures	**(2,394,447)**	(667,500)
Forward foreign exchange contracts	**(15,608,485)**	(19,074,638)
Total financial liabilities held at fair value through profit or loss	**(18,479,391)**	(19,767,176)

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 2023			
Forward foreign exchange contracts	**822,745,323**	**863,700**	**(15,608,485)**
Equity futures	**(28,942,485)**	**124**	**(476,459)**
Interest rate futures	**211,060,020**	**-**	**(2,394,447)**
		863,824	**(18,479,391)**

		Fair Value	
	Contract/notional	Assets	Liabilities
	$	$	$
30 June 2022			
Forward foreign exchange contracts	543,648,871	1,367,022	(19,074,638)
Equity futures	7,564,457	118,441	(25,038)
Interest rate futures	150,698,435	3,143	(667,500)
		1,488,606	(19,767,176)

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

9 Receivables

	As at	
	30 June 2023	30 June 2022
	$	$
Interest receivable	**35,483**	8,227
GST receivable	**77,723**	53,095
Total	**113,206**	61,322

10 Payables

	As at 30 June 2023 $	As at 30 June 2022 $
Management fees payable	**334**	3,031
Custody fees payable	**21,861**	20,962
Audit fees payable	**17,543**	-
Total	**39,738**	23,993

11 Cash and cash equivalents

	As at 30 June 2023 $	As at 30 June 2022 $
Cash at bank	**6,266,218**	20,131,736
Total	**6,266,218**	20,131,736

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 2023 $	Year ended 30 June 2022 $
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss (including FX gains/(losses))	**79,164,449**	(201,382,923)
	79,164,449	(201,382,923)

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 2023 $	Year ended 30 June 2022 $
Audit of the financial statements	**17,543**	14,329
Total	**17,543**	14,329

From 1 July 2022, audit fees and certain other expenses are paid and accrued directly by the Fund. Prior to 1 July 2022, these costs were incurred by the Trustee and as a result, the Trustee received expense recovery fees from the Fund as disclosed in Note 14.

14 Related party transactions

Trustee

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

Ultimate parent entity

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

Key management personnel

Directors

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

Key management personnel compensation

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

Key management personnel loan disclosures

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

Other transactions

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

Cabinet Ministers

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

Other New South Wales Government entities

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

Trustee fees and other transactions

Under the terms of the Fund Constitution for the Fund, the Trustee is entitled to receive trustee fees monthly. Trustee fees for all TCorp related Funds invested into were paid and accrued directly by this Fund, based on its percentage holding.

From 1 July 2022, audit fees and certain other expenses are paid and accrued directly by the Fund. Prior to 1 July 2022, these costs were incurred by the Trustee and as a result, the Trustee received expense recovery fees from the Fund.

14 Related party transactions (continued)

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 2023 $	Year ended 30 June 2022 $
Expense recovery fees for the year	**-**	33,134
Trustee fees for the year	**1,645,748**	1,589,668
Management fees for the year	**59,605**	23,331
Aggregate amounts payable to the Trustee as asset manager at the reporting date	**5,405**	3,031

Investments

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

30 June 2023	**Fair value of investment $**	**Interest held %**	**Distributions/ Interest received or receivable during the year $**
TCorpIM Australian Share Fund	**92,095,144**	**2.04**	**11,238,056**
TCorpIM Australian Inflation Linked Bond Fund	**545,036,955**	**70.46**	**2,383,946**
TCorpIM Australian Bond Fund	**210,920,712**	**7.70**	**1,660,452**
TCorpIM Liquidity Cash Fund	**106,574,541**	**3.26**	**3,558,074**
TCorpIM Short Term Income Fund	**28,080,494**	**3.02**	**1,293,195**
TCorpIM Emerging Market Share Fund	**45,615,823**	**1.47**	**940,866**
TCorpIM Unlisted Property Fund	**85,288,670**	**2.70**	**3,146,923**
TCorpIM Unlisted Infrastructure Fund	**98,555,828**	**2.29**	**2,167,732**
TCorpIM Defensive Alternatives Fund	**92,953,389**	**2.57**	**13,463,055**
TCorpIM Bank Loan Fund	**81,361,262**	**2.21**	**4,256,369**
TCorpIM Emerging Market Debt Fund	**94,697,248**	**4.12**	**-**
TCorpIM Opportunistic Fund A	**35,324,170**	**7.78**	**1,478,599**
TCorpIM Core Alternatives Fund	**86,280,129**	**1.74**	**2,761,105**
TCorpIM Developed Market Property Fund	**16,342,633**	**1.18**	**305,143**
TCorpIM Opportunistic Fund B	**7,884,769**	**2.49**	**1,255,814**
TCorpIM Developed Markets Equities (Sovereign Investor - Hedged) Fund	**425,817,418**	**2.64**	**4,668,076**
TCorpIM Opportunistic Fund E	**2,517,805**	**1.79**	**89,661**
TCorpIM Direct Investment Fund N	**3,589,462**	**0.94**	**-**
TCorpIM Global Credit Fund	**43,020,368**	**3.81**	**-**
TCorpIM High Yield Fund	**38,345,794**	**2.49**	**1,879,874**
TCorpIM Opportunistic Liquidity Provision Fund	**63,225,624**	**2.76**	**-**

14 Related party transactions (continued)

Investments (continued)

30 June 2022	Fair value of investment $	Interest held %	Distributions/ Interest received or receivable during the year $
TCorpIM Alternative Risk Premia Fund	-	-	1,076
TCorpIM Australian Share Fund	79,934,112	1.62	14,373,100
TCorpIM Australian Inflation Linked Bond Fund	505,647,298	72.94	6,017,298
TCorpIM Australian Bond Fund	194,077,578	6.14	797,231
TCorpIM Liquidity Cash Fund	127,792,922	3.25	120,090
TCorpIM Short Term Income Fund	40,173,616	1.86	1,411,104
TCorpIM Emerging Market Share Fund	36,973,559	1.28	1,109,203
TCorpIM Unlisted Property Fund	88,111,347	3.03	1,201,262
TCorpIM Unlisted Infrastructure Fund	88,117,626	2.41	574,083
TCorpIM Defensive Alternatives Fund	101,062,017	3.11	-
TCorpIM Bank Loan Fund	85,163,829	2.05	5,889,826
TCorpIM Emerging Market Debt Fund	79,683,832	3.59	575,469
TCorpIM Opportunistic Fund A	35,746,602	7.78	4,472,427
TCorpIM Core Alternatives Fund	83,060,391	1.20	2,719,387
TCorpIM Developed Market Property Fund	15,457,755	1.18	30,092
TCorpIM Opportunistic Fund B	8,488,054	2.49	18,343
TCorpIM Developed Markets Equities (Sovereign Investor - Hedged) Fund	359,050,182	2.81	10,559,043
TCorpIM Opportunistic Fund E	2,533,677	1.79	-
TCorpIM Direct Investment Fund N	1,182,550	0.64	27,194
TCorpIM Global Credit Fund	63,632,306	2.09	604,039
TCorpIM High Yield Fund	35,146,156	2.06	544,645

The Fund held $Nil (2022: $10,000,000) in cash deposits with New South Wales Treasury Corporation as at 30 June 2023.

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

	Year ended 30 June 2023 $	30 June 2022 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	**134,164,509**	(152,057,035)
Net (gains)/losses on financial instruments held at fair value through profit or loss (including FX (gains)/losses)	**(79,164,449)**	201,382,923
Proceeds from sale of financial instruments held at fair value through profit or loss	**309,576,850**	942,143,602
Purchases of financial instruments held at fair value through profit or loss	**(361,767,287)**	(1,069,919,927)
Dividends/distributions reinvested	**(51,660,542)**	(46,572,484)
Net change in receivables and other assets	**(51,884)**	(32,628)
Net change in accounts payables and accrued liabilities	**15,745**	10,648
Net cash inflow/(outflow) from operating activities	**(48,887,058)**	(125,044,901)
(b) Non-cash activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**54,999,262**	98,334,005
During the year, the following acquisitions were satisfied by participation in dividend and distribution reinvestment plan	**51,660,542**	46,572,484
	106,659,804	144,906,489

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 2023 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 2023 (30 June 2022: Nil).

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