

## **Long Service Corporation Scoping Study FAQs**

### **What is the Long Service Corporation?**

The Long Service Corporation (LSC) is a NSW Government agency in the Treasury cluster that administers portable long service schemes for the building/construction and contract cleaning industries in the private sector.

The LSC is based in Gosford and has approximately 65 employees.

### **Why is a scoping study necessary and what is its purpose?**

The purpose of this scoping study is to improve the governance of the two portable long service leave schemes, which provide services to approximately 35,000 employers and 320,000 registered workers in the building/construction and contract cleaning industries.

The NSW Government believes that if there is a better way of delivering a service that exceeds current standards and delivers better results for NSW, it has a responsibility to consider it. Reform will only be pursued if it is in the best interests of the State.

### **What are the benefits of undertaking this scoping study?**

There are a number of benefits in undertaking the scoping study. This includes the most appropriate governance and administration arrangements for a business that within five years will control more than \$1 billion in assets and liabilities.

The portable long service leave schemes in Victoria and Tasmania were transferred from government to industry more than 15 years ago and have the flexibility to be more aligned with the needs of their members. For example, Tasmania's TASBuild invests funds in infrastructure projects to create more construction jobs for its sector.

In the past, funds from the long service leave scheme have been withdrawn for use by government (including \$120 million in 1995-96 and \$60 million in 1996-97) despite the entitlements being accrued by workers in the building/construction industry. There are therefore benefits to the schemes being administered at arm's length to government.

### **Who will be conducting the scoping study and will there be consultation?**

NSW Treasury will be leading the project, which will be governed by a Steering Committee with representatives from LSC and NSW Industrial Relations.

An advisor will be appointed to assist with the investigation and stakeholders will be consulted throughout the scoping study.

### **When will the results be known?**

It is expected the scoping study will be completed by the end of the FY 2013/14.

### **How soon after the results are known will changes occur?**

This will be dependent on the recommendations of the scoping study. Changes will only be pursued if they are in the best interests of members and taxpayers.

### **What models are being looked at?**

The purpose of the scoping study is to improve the governance and administration of the portable long service leave schemes. At this stage no option is being ruled in or out.

It is likely that the scoping study will consider a variety of models including the schemes that operate in other states and territories, which are controlled to differing degrees by their respective governments.

For example, the schemes in Victoria and Tasmania are administered by public trustee companies and governed by boards that represent both employers and employees in the industry.

### **Has the decision on the new model already been made?**

No. The Treasury Secretary and CEO of the LSC, Phil Gaetjens, has confirmed no decision has been made and is dependent on the recommendations of the scoping study. Reform will only be pursued if it is in the best interests of members and taxpayers.

### **Will a Board be appointed to oversee LSC?**

The purpose of scoping study is to improve the governance and administration of the NSW LSC. At this stage no option is being ruled in or out.

A Board is one potential recommendation of the scoping study.

### **If the decision is to move to a solution outside of the NSW public sector, will jobs be secure?**

If reform is required, protections for current employees will be put in place as part of the transition.

The NSW Government is committed to ensuring all jobs remain on the Central Coast.

### **Will the scoping study have any impact on the Scheme Funds?**

No. The scoping study is looking at how to improve the governance and administration of the LSC and not how funds are invested.

The Scheme Funds will remain invested with TCorp during the scoping study.

### **What impact will this scoping study have on day-to-day operations of the LSC?**

It will be 'business as usual' for the LSC during the scoping study and there will be no change in services provided to workers or employers.

### **Do the industry stakeholders of the two portable long service leave schemes support the scoping study?**

All key stakeholders will be consulted as part of the scoping study, including industry and the relevant unions.