

**SPECIAL MINISTER OF STATE,
MINISTER FOR COMMERCE,
MINISTER FOR INDUSTRIAL RELATIONS,
MINISTER FOR AGEING AND
MINISTER FOR DISABILITY SERVICES**

OVERVIEW

<i>Agency</i>	<i>Budget 2004-05 \$m</i>	<i>Budget 2005-06 \$m</i>	<i>Variation %</i>
Department of Commerce			
Total Expenses	672.4	596.6	-11.3
Capital Expenditure	262.3	281.3	7.2
Department of Ageing, Disability and Home Care			
Total Expenses	1,385.4	1,549.0	11.8
Capital Expenditure	36.8	66.8	81.6
Home Care Service of New South Wales			
Total Expenses	176.9	187.5	6.0
Capital Expenditure	3.0	3.0	...
Superannuation Administration Corporation			
Total Expenses	47.5	52.7	10.7
Capital Expenditure	3.0	3.7	2.3
Motor Accidents Authority			
Total Expenses	33.5	39.1	16.7
Capital Expenditure	0.1	0.1	...
Rental Bond Board			
Total Expenses	30.3	31.2	3.0
Capital Expenditure
WorkCover Authority			
Total Expenses	238.2	266.7	12.0
Capital Expenditure	16.0	13.4	-16.6
Workers' Compensation (Dust Diseases) Board			
Total Expenses	76.9	89.6	16.5
Capital Expenditure	0.4	0.5	25.0

<i>Agency</i>	<i>Budget 2004-05 \$m</i>	<i>Budget 2005-06 \$m</i>	<i>Variation %</i>
Building and Construction Industry Long Service Payments Corporation			
Total Expenses	73.4	91.0	24.0
Capital Expenditure	1.7	1.0	-40.0
Total, Special Minister of State, Minister for Commerce, Minister for Industrial Relations, Minister for Ageing and Minister for Disability Services			
Total Expenses	2,734.5	2,903.4	6.2
Capital Expenditure	323.3	369.8	14.4

DEPARTMENT OF COMMERCE

The purpose of the Department of Commerce is to provide a simple and fair way of conducting business in New South Wales and to help government get best value when building and maintaining public assets and when buying goods and services. The Department provides services that support the following NSW Government priorities:

- ◆ A fair marketplace for consumers and traders;
- ◆ Fair and productive workplaces;
- ◆ Simple and transparent dealings with government; and
- ◆ Improved NSW Government performance.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Department of Commerce was formed in 2003 from the former Department of Fair Trading, the former Department of Industrial Relations, the Office of Information Technology in the former Department of Information and Technology Management, and the former Department of Public Works and Services.

In 2004-05, the Department of Commerce was restructured to deliver services more efficiently and effectively. The Department now comprises the Office of Fair Trading, the Office of Industrial Relations, Service Improvement (formerly Office of Government Business), and NSW Procurement (formerly Office of Government Procurement). The former Office of Information, Communications and Technology has been split, with the Government Chief Information Officer (GCIO) now located in NSW Procurement and the remaining ICT projects located in Service Improvement.

This year, budgets for these entities have been consolidated into a single budget for the Department of Commerce. New program statements based on the revised programs are also included in this year's Budget Papers.

The Department's expenses are funded by revenues generated on a fee-for-service basis (66 percent of the total), the Consolidated Fund (26 percent), and statutory funds (8 percent).

In 2004-05, Commerce sold three of its businesses, QStores, State Mail and the Government Printing Service. Each of these businesses competed for work with the private sector and required significant investment. The businesses were sold by a competitive tender process run by a steering committee chaired by NSW Treasury. The tender process was overseen by an independent probity adviser.

The following initiatives were undertaken in 2004-05:

◆ *Fair marketplace for consumers and traders*

- The Department introduced major new consumer protection measures, including mandatory disclosure provisions for credit providers so consumers can meaningfully compare interest rates across different products; improved prudential management of funeral funds to protect the rights of people contributing money to these funds many years in advance; and new requirements setting limits on the powers of strata scheme executive committees to protect the rights of all owners.
- Under new provisions, successful actions were taken to prevent real estate agents quoting different prices to buyers and sellers, and auctioneers accepting dummy bids.
- Commerce spent \$4.5 million to continue implementing the Fair Trading Information Centre, a major call centre that will provide customers with fast and efficient service.
- The Department participated in initiating a national framework for co-ordinating investigation, compliance and enforcement of unlawful marketplace activities originating interstate.

◆ *Fair and productive workplaces*

- The Department implemented the final stage of the Government's three year, \$4.1 million *Behind the Label* program to improve the working lives of NSW clothing outworkers, through the creation of voluntary and mandatory codes for local clothing manufacturers, community education for outworkers and increased industry surveillance.

◆ *Simple and transparent dealings with government*

- By aggregating the purchasing of multiple agencies through period contracts, Commerce generated whole-of-government savings worth approximately \$450 million in 2003-04. Over the past five years, the reported use of period contracts has increased from \$1.6 billion per annum to \$3.1 billion in 2003-04.
- Commerce implemented the “Gateway” review process for capital projects of high risk or expected cost of over \$10 million, or \$5 million for ICT projects. This is a peer and external review procedure that minimises the risk of cost and time overruns in major capital works.
- Commerce began the roll-out of a State-wide broadband service to 24 regional centres. Broadband enables better service delivery, including specialist teaching in remote schools, access to specialist medical advice from regional hospitals, and the distribution of complex, real-time information for emergencies. The broadband service is expected to result in efficiency savings of more than 20 percent per annum (\$10 million per annum).
- The Department negotiated with electricity retailers and provided superior technical analysis of electricity supply contracts. The Department’s negotiations on whole-of-government electricity contracts (\$72 million in 2003-04) delivered savings of \$3.7 million in the six month period to December 2004.

◆ *Improved NSW Government performance*

- Commerce developed a new school classroom design to support reduced class sizes in primary schools. The design, known as the modular design range, is fully fabricated offsite. Benefits include faster construction times and less disruption to schools during construction. Commerce awarded contracts which resulted in 100 classrooms being delivered for occupation at the start of the 2005 school year.
- The Department completed installing 1,400 personal computers and 900 fast Internet connections to 1,200 non-government organisations providing health, welfare and other community services. Development commenced on an internet based system that will allow referrals to be securely transferred between agencies. Efficiency savings across Government are estimated to be \$7 million per year. The total cost of the project is \$7.6 million, of which \$7 million was spent in 2004-05 and remainder in the first half of 2005-06.

- Commerce began the development of the Government Licensing System. The project will improve the quality and efficiency of licensing and increase consumer protection. It will save up to \$70 million in avoided technology infrastructure costs, streamlined business and occupational licensing practices, and integrated licensing regimes.
- Commerce assisted NSW Government agencies to reduce energy consumption and greenhouse gas emissions in government buildings. Electricity costs have been reduced by between 9 percent and 19 percent, depending on the building type. Reductions of up to 1,117 tonnes per annum of carbon dioxide equivalent have been achieved for a large building.

STRATEGIC DIRECTIONS

The strategic directions for the priorities being addressed by the Department are:

- ◆ *Fair marketplace for consumers and traders (Office of Fair Trading):*
 - Improve the fairness of laws governing consumer and trader dealings;
 - Provide consumers and traders access to information on their rights and obligations;
 - Provide traders with information on the commercial benefits of fair practice; and
 - Provide effective compliance with fair trading laws.
- ◆ *Fair and productive workplaces (Office of Industrial Relations):*
 - Advise Government on the fairness and responsiveness of the industrial relations framework and regulations;
 - Provide employers and employees with access to information on their rights and obligations; and
 - Provide effective compliance with industrial relations regulations.
- ◆ *Simple and transparent dealings with government (NSW Procurement):*
 - Provide simple consistent frameworks for dealing with government in the procurement of building infrastructure, information communications technology and goods and services;

- Assist agencies to develop appropriate procurement capabilities;
 - Provide agencies with access to value for money goods and services; and
 - Provide agencies with access to independent advice on large complex procurement.
- ◆ *Improved NSW Government performance (Service Improvement):*
- Deliver value and manage time and cost risks in the creation of building infrastructure;
 - Assist agencies to have the right information communication technology capabilities;
 - Assist agencies to maximise the value of existing physical assets through better planning and management; and
 - Deliver optimal outcomes for state significant projects and mitigate the impact on government service delivery from natural disasters or terrorism.

2005-06 BUDGET

Total Expenses

Total expenses for 2005-06 are budgeted to be \$596.6 million. Total expenses are 11.3 percent lower than the 2004-05 budget. The reduction in expenditure reflects the Department's strategy of divesting services that are not consistent with its core objectives and improved efficiencies in service delivery.

The services provided by the Department of Commerce and the associated direct costs include:

- ◆ \$150 million for policy/legislation review of fair trading laws, compliance and information to the community on fair trading;
- ◆ \$18 million for review and advice on Industrial Relations regulations, compliance and information to employers and employees on regulations;
- ◆ \$13 million towards Smartbuy®, an online procurement system;
- ◆ \$23 million for the management of goods and services standing offer agreements and client specific contracts;

- ◆ \$25 million to Central Corporate Services Unit to reduce the cost of corporate services;
- ◆ \$57 million to provide government information and communication technology services, including managing the Government Radio Network and Long Term Radio Strategy projects. The Department also provides advice to NSW Government agencies to minimise risk and gain the best value from information and communication technology;
- ◆ \$17 million to provide expert technical advice from the Government Architect's Office;
- ◆ \$104 million to provide project management services to assist agencies in the construction of buildings and procurement of information and communication technology;
- ◆ \$21 million to provide technical expert advice to agencies and the community on the management and use of water; and
- ◆ \$121 million to manage the State's motor vehicle fleet to provide value for the NSW Government.

Capital Expenditure

Total capital expenditure in 2005-06 is budgeted at \$281.3 million.

Motor vehicles for State Fleet represent the major component of capital expenditure with an allocation of \$227 million, primarily to replace existing fleet vehicles.

Commerce has allocated \$37 million for information system enhancements, including a new system for project and contract management, fleet management, and records management system. The allocation also allows for the continuation of existing work programs, including the Government Radio Network, the long term radio strategy, Smartbuy®, and the Business License Information Service.

Commerce has also allocated \$17 million towards computer upgrades and replacement, office rationalisation and essential capital maintenance projects.

DEPARTMENT OF AGEING, DISABILITY AND HOME CARE

The Department of Ageing, Disability and Home Care (DADHC) is responsible for delivering programs and policies that assist older people, people with a disability and their carers to participate in community life. The Department is a provider and a funder of supports to this client group. The Department shares this responsibility with a number of other NSW Government agencies that deliver services and programs in areas such as health care, transport, family and children's services, and housing.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

In the 2004-05 Budget, the Government increased funding for services by \$141.3 million over four years. This included \$30.6 million over four years to deliver a broader range of intensive support options for children with a disability and \$54.1 million over four years for reforming the post school programs.

During 2004-05, the Government also provided an additional \$54.5 million to the Department in light of increased demand for services and to stabilise funding and service delivery arrangements. These increases are reflected in the Department's expenses which are estimated at \$1.4 billion in 2004-05.

STRATEGIC DIRECTIONS

The Department is currently working towards developing a sustainable and equitable community care and disability service system that can respond to the significant demand pressures experienced in this area. This system will recognise that:

- ◆ most support for older people and people with a disability is provided by family, friends or others in the community;
- ◆ a small number of older people and people with a disability need periodic or infrequent supports to help them through critical times in their lives; and
- ◆ a very small number of older people and people with a disability need and use specialist supports on a regular basis because they have limited assistance in the community or have high and complex support needs.

Service priorities in 2005-06 will build on the work in 2003-04 and 2004-05 to stabilise current funding and service delivery arrangements. In 2005-06, the major emphasis will be on:

- ◆ improving the flexibility of the Department's services, including broadening the options available to people seeking supported accommodation;
- ◆ making service eligibility more transparent and equitable; and
- ◆ improving the efficiency and effectiveness of the services, including the arrangements for funding and administering non-government providers.

2005-06 BUDGET

Total Expenses

The Department's total expense budget in 2005-06 is \$1.5 billion, an increase of \$163.6 million on the 2004-05 Budget. In 2005-06, this budget will be administered across a new program structure that aligns the Department's services with the two key results that the Department is required to achieve. The key results are that people with ongoing intensive support needs are living in suitable accommodation, and the ability of older people with a disability to live in their own home environment is maximised.

Supported Accommodation

Under this program, the emphasis will be on the services and support programs to assist people with a disability who have intensive support needs. This group of people generally does not have adequate alternative support arrangements that enable them to live in suitable accommodation and participate in the community.

The services are predominantly supported accommodation in community or large residential settings that are provided by the Department or non-government organisations. The program also includes intensive personal care programs that are provided in a person's own home.

Total expenditure in 2005-06 on these services is estimated at \$831.2 million. Major funding allocations include:

- ◆ \$110.2 million over four years (\$10.1 million in 2005-06) for increasing places to support high needs clients transferring from the Department of Community Services when they turn 18, and expected client transfers from other agencies; and
- ◆ \$8.4 million over four years (\$1.2 million in 2005-06) to support trials of alternative supported accommodation models.

Community Support

Under this program, the Department provides an extensive range of less intensive services and supports designed to enable older people and people with a disability to continue to live in their own home environment. It includes community access services, respite, case management and therapy services, and a wide range of personal assistance and community care services.

Total expenditure in 2005-06 on these services is estimated at \$717.9 million. This includes \$8.8 million over four years (\$2.2 million in 2005-06) to clear current blockages to respite beds.

Commonwealth and State Joint Funding Initiatives

The Department's expenditure includes \$425.5 million from the Australian Government to fund a range of services under the Commonwealth-State-Territory Disability Agreement (CSTDA) and the Home and Community Care (HACC) Program. This funding is split across the two program areas.

Commonwealth-State-Territory Disability Agreement (CSTDA)

In 2005-06, the NSW Government's contribution under the Agreement will be \$920.1 million to fund a range of programs and services under the Commonwealth-State-Territory Disability Agreement (CSTDA). Australian Government funding of \$194.2 million in 2005-06 brings total funding under this Agreement to \$1,114.3 million.

Home and Community Care Agreement

The Home and Community Care (HACC) Program is a joint Commonwealth - State Program which provides funding to an extensive range of support services to assist frail older people, and people with a disability, to continue to live independently. The program tries to minimise premature or inappropriate admission of people to permanent residential care.

The Department administers the program with assistance from the Department of Health and the Ministry of Transport. One of the main service providers under this Agreement is the Home Care Service of New South Wales, which is shown separately as an agency in the 2005-06 Budget Papers.

Total estimated expenditure on the HACC Program in 2005-06 is \$468.7 million (includes estimated expenditure of \$62.3 million by the Department of Health under the HACC program). This expenditure, after excluding some carry over of funding for previous years' commitments, provides an increase of \$33.5 million or 8.1 percent on the 2004-05 Budget. The NSW Government's contribution in 2005-06 will be \$183.8 million, an increase of \$13.4 million or 7.9 percent on the 2004-05 Budget.

Non-Government Providers

Expenditure across the Department's various program areas includes funding for the non-government sector for providing various community and accommodation support services. In 2005-06, the total expenditure to non-government providers is estimated at \$723 million.

Capital Expenditure

The Department's capital expenditure program allocation for 2005-06 is \$66.7 million. Major capital expenditure projects include \$24.9 million for acquisition of supported accommodation places for new clients, \$15 million for relocating people with a disability to community based accommodation settings, and \$9.5 million for improvements to or replacement of the Department's various existing accommodation facilities. An amount of \$1.5 million to develop a grants administration system has also been allocated.

HOME CARE SERVICE OF NEW SOUTH WALES

The Home Care Service of New South Wales (Home Care) provides home-based assistance to frail, older people, younger people with a disability and their carers. Assistance is provided to maintain the independence of clients in a community setting and to avoid or delay their admission into institutional care. Home Care receives the bulk of its funding from the Home and Community Care (HACC) Program. Services are also provided on a fee basis under the Disability Services, Veteran Home Care and Commonwealth Aged Care Packages program.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Home Care's budgeted expenditure increased by 1.2 percent in 2004-05, and a further 6 percent increase is budgeted for 2005-06, a total increase of 33.1 percent since 2000-01.

STRATEGIC DIRECTIONS

In 2005-06, the Home Care Service will continue to focus on:

- ◆ taking opportunities to foster State-wide and local partnerships with mainstream and other community based providers to improve outcomes of the service;
- ◆ implement a number of new business systems and processes including financials, human resources and a time management system for rostering care workers;

- ◆ continuing to implement recommendations from the Audit Office Report including introduction of a State-wide fees policy, regular client reviews and quality assurance processes; and
- ◆ examining unit costs including benchmarking with other providers to identify strategies to increase efficiencies.

2005-06 BUDGET

Total Expenses

Home Care's total expenses are projected to be \$187.5 million for 2005-06, an increase of \$10.5 million or 6 percent on the 2004-05 Budget. Total expenses should increase further as the Home Care Service is successful in bidding for HACC growth funds.

Capital Expenditure

Home Care's \$3 million capital expenditure program provides \$1.8 million for the replacement of plant and equipment, and \$1.2 million for motor vehicles.

SUPERANNUATION ADMINISTRATION CORPORATION *(TRADING AS PILLAR ADMINISTRATION)*

The former Superannuation Administration Authority became a statutory State Owned Corporation, the Superannuation Administration Corporation, on 26 July 1999. In November 2001, the Corporation's trading name became Pillar Administration (Pillar).

The business of the corporation, as prescribed in the *Superannuation Administration Authority Corporatisation Act 1999*, is the provision of superannuation scheme administration services and related services in both the public and private sectors. Pillar's clients in the public sector include the trustees of the First State Superannuation Fund, the Pooled Fund, and the Parliamentary Contributory Superannuation Fund. The services provided include collecting contributions and paying benefits, maintaining member records, inquiry services, accounting and finance, and statutory reporting.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

As a State Owned Corporation, Pillar operates on a fully commercial basis. The major corporate objectives in recent years have been:

- ◆ quality of service and compliance for existing clients;
- ◆ system development;
- ◆ market competitiveness and business expansion; and
- ◆ profitability.

The relocation to Wollongong was a Government funded initiative. There are currently 400 positions located in the Coniston building and in adjoining leased premises. Further staff will be located in Wollongong in accordance with business needs.

Pillar has been successful in tendering for additional business, continues to market its services, and expects further success in winning new business. Business expansion will enable it to improve the returns it has from past expenditure on systems development and to spread the costs of general overheads.

STRATEGIC DIRECTIONS

2005-06 BUDGET

As a statutory State Owned Corporation, Pillar is subject to the commercial monitoring regime that provides accountability and reporting requirements to the New South Wales Government as shareholder.

The 2005-06 Statement of Corporate Intent will focus on:

- ◆ maintaining existing clients;
- ◆ quality of service and compliance;
- ◆ system enhancements in line with statutory and market needs;
- ◆ profitability; and
- ◆ business expansion, particularly in the private sector.

Total Expenses

Estimated operating expenses for 2005-06 are forecast at \$52.7 million, an increase over 2004-05 due to increases in staff numbers to administer new client accounts.

Capital Expenditure

Capital expenditure is forecast at \$3.7 million for system enhancements and office fit outs to meet new business needs.

MOTOR ACCIDENTS AUTHORITY

The Motor Accidents Authority of New South Wales (MAA) monitors and supervises the Compulsory Third Party (CTP) Scheme for motor vehicles registered in New South Wales. Competing licensed insurers sell CTP insurance (known as the 'Green Slip') to the public in New South Wales.

The MAA services the community by undertaking the following tasks:

- ◆ monitoring the operation of the CTP Scheme;
- ◆ collection and analysis of statistics on the Scheme;
- ◆ publication and dissemination of information on the Scheme;
- ◆ providing funding for the reduction of trauma as a result of motor vehicle accidents;
- ◆ issuing certain guidelines to ensure compliance with the Act;
- ◆ providing advice to the Minister on the efficiency and effectiveness of the Scheme;
- ◆ providing support and advice to the Motor Accidents Council;
- ◆ supporting the provision of acute care treatment, rehabilitation, long-term support and other services for persons injured in motor accidents;
- ◆ providing claims and medical dispute resolution services and an advisory service;

- ◆ public education and awareness of the Green Slip and various road safety initiatives; and
- ◆ monitoring and review of legislation and policy co-ordination.

The Authority has statutory functions in connection with third party insurance, including its role as the Nominal Defendant and in the licensing and supervision of insurers.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The average CTP insurance premium has been reduced and kept under control through appropriate legislative reforms and a close scrutiny of premium filings. At 30 June 2004 the average premium prices had fallen to pre-1996 levels making them more affordable than ever for NSW motorists.

The MAA manages HIH payments to claimants and service providers through its agent Allianz Insurance Co. Ltd. The actuarial valuation of HIH claims liabilities was estimated at \$163.3 million (discounted value, net of reinsurance and including claims handling expenses) as at 30 June 2004.

STRATEGIC DIRECTIONS

The MAA aims to administer the programs in an effective, efficient and economical manner, whilst ensuring compliance with all relevant statutory requirements.

The MAA's objective is to have a CTP Insurance and Compensation Scheme that is affordable, fair and accessible by:

- ◆ being an effective regulator;
- ◆ promoting appropriate treatment of injured persons;
- ◆ providing medical and claims assessments in disputed cases;
- ◆ providing advice to the Minister, Board, Council, Parliamentary Committee and stakeholders;
- ◆ supporting injury prevention initiatives; and
- ◆ providing services as the Nominal Defendant.

The MAA has been administering HIH Nominal Defendant run-off claim payments, funded by the NSW Treasury and all related matters including liaison with the HIH Liquidator.

2005-06 BUDGET

Total Expenses

The MAA's total expenses in 2005-06 are estimated to be \$39.1 million. This includes \$14.1 million in grants for road safety and rehabilitation projects, and for improvements to the medical and claims assessment services. In 2005-06 total expenses will increase by \$5.6 million in comparison to 2004-05 Budget.

The increase in expenditure in 2005-06 compared to the previous year's Budget consists of the following:

- ◆ an overall increase in employee related costs due to expanded activities in MAA's Motor Accidents Assessment Services (MAAS) from an increase in assessment applications, as well as salary award increases and associated costs; and
- ◆ an increase in other operating expenses due in part to additional grant funding of \$2.9 million, mostly related to Road Safety, and an increase of \$1.1 million in assessors' fees.

Most of MAA's income is derived from the CTP levy which remains at 2.5 percent (same as last year) on gross CTP insurance premiums collected by the licensed insurers. In 2005-06 a projected deficit of \$1.5 million will be funded from MAA's retained earnings.

Capital Expenditure

The Authority's capital expenditure program relates solely to office related equipment such as computers, office machines and furniture and is budgeted at \$0.1 million for 2005-06.

RENTAL BOND BOARD

The Rental Bond Board is a statutory corporation, established under the *Landlord and Tenant (Rental Bonds) Act 1977*, and is the custodian of rental bonds taken on private residential tenancies in New South Wales. It comprises five members, one of whom is the Commissioner of the Office of Fair Trading.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Office of Fair Trading, part of the Department of Commerce, undertakes the administrative functions of the Board on a user pays basis. The Board is a self-funding body, and derives its income mainly from net earnings on rental bond deposits.

The Board estimates that it will administer \$650 million of rental bond deposits on behalf of landlords in 2005-06. These administered funds do not form part of the assets reported within the balance sheet of the Board.

2005-06 BUDGET

Total Expenses

Total expenses are estimated at \$31.2 million in 2005-06 (\$30.3 million in 2004-05). The Board estimates that it will earn \$35.1 million in revenue to support its activities. The Board's expenses include provision for:

- ◆ \$12.3 million to administer the rental bond scheme;
- ◆ \$8.3 million in grants supporting 50 percent of the costs of the residential tenancy functions of the Consumer, Trader and Tenancy Tribunal. The Tribunal has power to determine matters in relation to the termination of tenancy agreements, payment of rental bonds on termination of tenancies, breaches relating to terms of tenancy agreements and payment of compensation;
- ◆ \$4.3 million in grants including support of 50 percent of the costs of the Tenancy Advice and Advocacy Program. This program provides advice, information and advocacy services to public and private tenants and, where appropriate, people seeking to become tenants. The services are provided in accordance with the *Landlord and Tenant (Rental Bonds) Act 1977*;
- ◆ \$5.4 million to meet the operating costs of providing information, education and mediation services within the framework of the *Retirement Villages Act 1989* to tenants, village residents, landlords, their agents and village managements; and
- ◆ \$1.2 million to meet operating costs of strata and mediation services.

WORKCOVER AUTHORITY

In undertaking its statutory role, the WorkCover Authority:

- ◆ promotes the prevention of injuries and diseases at the workplace and the development of healthy and safe workplaces;
- ◆ promotes the prompt, efficient and effective management of the return to work of persons injured at work; and
- ◆ regulates the operation of workers' compensation insurance arrangements.

While the operations of the WorkCover Authority are included in the State Budget, the Budget does not include the underwriting and investment activities of the Workers Compensation Insurance Fund since it is not part of the State accounts.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

To meet the Authority's key corporate objectives, expenditure in recent years reflects ongoing activities in the review and reform of workers' compensation and occupational health and safety legislation.

The revised 2004-05 Budget and 2005-06 Budget data mainly reflects continued funding of reform measures in occupational health and safety requirements and the re-design of the WorkCover Scheme.

STRATEGIC DIRECTIONS

The reforms to workers' compensation are continuing to improve the financial position of the Workers' Compensation Scheme. An independent actuarial report on the Workers' Compensation Scheme as at 31 December 2004 showed the accumulated deficit at \$1.6 billion. This is a \$1.27 billion improvement over the deficit of \$2.9 billion reported at 31 December 2003.

A series of reform initiatives for the Workers' Compensation Scheme is to continue. There will be a focus on improving the viability of the Workers' Compensation Scheme through initiatives that will improve insurer performance, achieve better return-to-work rates and speed up dispute resolution.

2005-06 BUDGET

Total Expenses

Total expenses for the Authority in 2005-06 are estimated at \$266.7 million, including:

- ◆ \$67.9 million for the safety inspectorate and the prevention of injuries and diseases at workplaces;
- ◆ \$34.4 million for the resolution of workers' compensation disputes including funding of the Workers' Compensation Commission;
- ◆ \$29.3 million to meet the cost of workers' compensation related claims made in respect of uninsured employers, failed insurers and those arising from bush fire fighting and emergency services activities; and
- ◆ \$41.3 million for oversight and regulation of the Workers' Compensation Scheme including the support of employers and employees with injury management.

Capital Expenditure

The capital program of \$13.4 million in 2005-06 provides for:

- ◆ \$7.6 million for a range of software applications necessary to deliver the business of WorkCover, meet the requirements of WorkCover Scheme reform and related occupational health and safety legislative changes. The information management and technology strategic plan supports the corporate goals of WorkCover in facilitating the delivery of services to the community. The plan is consistent with the Government's blueprint on information management and technology;
- ◆ \$2.1 million for the implementation and enhancement of infrastructure solutions to provide the technology platform on which the core business activities of WorkCover are based;
- ◆ \$2.8 million for the ongoing program to upgrade office accommodation at a number of regional and district offices including Lismore, Goulburn, Wollongong and Orange; and
- ◆ \$0.9 million for the purchase of minor technical and computer equipment.

WORKERS' COMPENSATION (DUST DISEASES) BOARD

The Workers' Compensation (Dust Diseases) Board was established under the *Workers' Compensation (Dust Diseases) Act 1942*. Under the Act, the Board is required to determine eligibility and award compensation to workers and to dependants of deceased workers. The Board is also responsible for administering the Workers' Compensation (Dust Diseases) Fund and the payment of monies for compensation, awards, research grants, fees, salaries and all other costs of administering the Act, including the operating expenses of the Dust Diseases Tribunal.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Board estimates its liabilities on the basis of incurred but not yet reported (IBNR) claims. The Board's expenditure includes dust disease compensation payments made and any additional dust disease compensation liabilities recognised. Claims expense figures used by the Board are based on actuarial advice.

The Board is projecting to have \$534 million of cash and other financial assets as at June 2006 to offset, together with future levy income, total liabilities of \$1.3 billion.

STRATEGIC DIRECTIONS

The Board's policy is to maintain the Dust Diseases levy rate for 2005-06 at a level sufficient to meet liabilities associated with reported claims and claims incurred but not reported (IBNR) over a medium to longer term.

The Board's fundamental objective is to compensate and improve the care, dignity and health of workers suffering from dust diseases. Recent initiatives include the introduction of a mobile respiratory screening service for industry. The Board also funds numerous research programs and promotes awareness in occupational respiratory health.

The Board has projected investment income of \$42.8 million in 2005-06 (\$38.2 million in 2004-05) reflecting improved market returns.

2005-06 BUDGET

Total Expenses

Total expenses in 2005-06 are estimated at \$89.6 million including payments of claims liabilities of \$62.4 million and other operating expenditure of \$27.2 million.

Capital Expenditure

The Board is budgeting to acquire \$0.5 million of assets in 2005-06, comprising information technology, office refurbishment and scientific equipment upgrades, including a mobile respiratory testing unit.

BUILDING AND CONSTRUCTION INDUSTRY LONG SERVICE PAYMENTS CORPORATION

The Corporation administers the *Building and Construction Industry Long Service Payments Act 1986*. The Act provides workers in the building and construction industry with an industry-based, portable long service benefit scheme.

The Corporation earns its revenue to fund the scheme through:

- ◆ a 0.2 percent levy on the cost of prescribed building and construction work in New South Wales; and
- ◆ investment earnings on scheme funds.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Corporation administers long service benefits, which are required to be readily available when members decide to claim them. The Corporation cannot control the numbers of claims that may be made in any year, and therefore disbursements and cash flows may vary significantly from year to year.

Budget figures for scheme liabilities, long service payments, investment and levy income are essentially based on the latest actuarial advice whilst current year projections take into account both actuarial advice and existing circumstances and experience.

STRATEGIC DIRECTIONS

The Corporation is continuing to examine and implement ways in which customer service and the effectiveness and efficiency of the organisation's operations may be improved.

2005-06 BUDGET

Total expenses are estimated to be \$91 million of which \$80.5 million relates to scheme liabilities. This comprises long service payments which are made to beneficiaries and a long service payments liability expense, which encompasses new liabilities accumulating during the year and any changes in the accumulated liability.

Total income is estimated at \$66.3 million, of which \$37.3 million is income from the long service levy and \$29 million is investment earnings from funds invested through NSW Treasury Corporation.

It has been assumed that the current long service levy rate will continue at its existing level. Therefore a budget deficit is forecast in the 2005-06 financial year. The Corporation is monitoring the financial situation closely.

Capital Expenditure

An amount of \$0.7 million has been budgeted for to complete the redesign and enhancement of the Corporation's Worker system and \$0.3 million for annual provisions.