

SPECIAL MINISTER OF STATE AND MINISTER FOR INDUSTRIAL RELATIONS

OVERVIEW

<i>Agency</i>	<i>Budget 2000-01 \$m</i>	<i>Budget 2001-02 \$m</i>	<i>Variation %</i>
Department of Industrial Relations			
Total Expenses	27.8	29.8	7.0
Asset Acquisitions	0.8	0.6	- 25.2
Motor Accidents Authority			
Total Expenses	19.6	17.3	- 11.7
Asset Acquisitions	0.1	0.1	...
WorkCover Authority			
Total Expenses	183.7	189.0	2.9
Asset Acquisitions	25.5	36.1	41.6
Superannuation Administration Corporation			
Total Expenses	47.8	47.8	...
Asset Acquisitions	2.0	12.8	642.2
Workers' Compensation (Dust Diseases) Board			
Total Expenses	71.0	82.9	16.8
Asset Acquisitions	0.2	0.3	64.7
Building and Construction Industry Long Service Payments Corporation			
Total Expenses	70.7	82.2	16.2
Asset Acquisitions	1.6	1.6	...
Total, Special Minister of State and Minister for Industrial Relations			
Total Expenses	420.6	449.0	6.8
Asset Acquisitions	30.2	51.5	70.5

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations works with employers, employees and their representatives to facilitate productive workplace relations under New South Wales industrial laws. The Department is committed to ensuring that employers and employees are informed of their rights and obligations under this legislation.

The Department also administers the Workers' Compensation Resolution Service (WCRS), which is directed at resolving disputed workers' compensation claims, and the Government and Related Appeals Tribunal and Transport Appeals Board, which handle appeals against promotion and disciplinary decisions in the public sector.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Savings and efficiencies will continue to be realised without service delivery to clients being adversely impacted.

STRATEGIC DIRECTIONS

The Department has embarked upon a comprehensive review of its functions. The Government's legislative program is in place and operating effectively. Accordingly, the Department will align its services to achieve outcomes which incorporate an appropriate balance between the needs of employers and workers.

These services are educational and informational in nature and assist employers (especially in small business) to achieve compliance with New South Wales industrial legislation and awards.

The Department will continue to target inspector services at industries where compliance may be low. The Department will place particular emphasis on the disadvantages experienced by clothing outworkers in the coming year.

Savings will continue to be sought by ongoing review of structures and functions. Revenue raising initiatives through e-business will continue to be pursued.

2001-02 BUDGET

Total Expenses

In 2001-02, total expenses are projected to be \$29.8 million. This represents an increase of 7 percent over the 2000-01 budget.

Expenses in 2001-02 include \$1.5 million for the continuation of the Department's commitment to the Outworker project. The Department will initiate a series of measures that will protect clothing outworkers from industrial exploitation.

A grant of \$100,000 will be made to the Working Women's Centre in 2001-02 for community relations programs and specific industry projects. This will enhance services to working women through advocacy, information and advice service.

A grant of \$1 million will be made to WorkCover NSW in 2001-02 for assistance to landholders to install tractor rollover protection, as part of a \$2.4 million scheme over two years.

Asset Acquisitions

The Department's asset acquisition program will amount to \$595,000 in 2001-02. Major priorities will be the continuation of e-business initiatives, including the maintenance and upgrade of the Department's Information Technology infrastructure.

MOTOR ACCIDENTS AUTHORITY

The Motor Accidents Authority of New South Wales (MAA) is a statutory corporation and was established by the Parliament of New South Wales under the *Motor Accidents Act 1988*. There have been substantial changes to the Scheme and new enabling legislation *Motor Accidents Compensation Act 1999* became effective in September/October 1999.

The MAA monitors and manages the Motor Accidents Scheme under which competing licensed insurers sell Compulsory Third Party (CTP) Insurance (known as the 'Green Slip') to the public in New South Wales. The MAA services the community by undertaking the following tasks:

- ◆ review and monitor premiums, handle claims, enquiries and complaints, manage the Nominal Defendant Scheme, collect and analyse statistics, monitor solvency and financial performance of insurers;
- ◆ educate and advise key groups, identify special needs, support and fund awareness and prevention, injury management and research projects;
- ◆ develop and implement public education in relation to the Green Slip and road safety initiatives;
- ◆ monitor and review legislation and legal developments as well as develop and coordinate policy; and
- ◆ operate medical and claim assessment services for claimants.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The MAA has been delivering cost-effective programs without any significant change in the cost of delivery. The average CTP insurance premium has been reduced and kept under control through appropriate legislative reforms and a close scrutiny of premium filings.

STRATEGIC DIRECTIONS

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

The MAA aims to keep Green Slips affordable, lower the level of litigation in resolving claims and improve the timeliness and effectiveness of medical treatment to injured persons through:

- ◆ regulating the CTP scheme and its participants;
- ◆ providing education and information to stakeholders and service providers;
- ◆ operating medical and claims assessment services; and
- ◆ promoting continuous improvement in all areas of the Authority's operations.

2001-02 BUDGET

Total Expenses

The MAA's total expenses in 2001-02 are estimated to be \$17.3 million. The MAA's operational expenses are estimated at \$12.3 million and Injury Management / Road Safety projects funding at \$5.0 million. The MAA derives its income mostly from a levy (set at 1.4 percent in 2000-01) on gross CTP insurance premiums collected by the licensed insurers.

Asset Acquisitions

MAA's acquisition program relates solely to office related equipment such as computers, office machines and furniture and is budgeted at \$106,000 for the financial year.

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 WorkCover Scheme Statutory Funds which are managed by licensed insurers.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

To meet the Authority's key corporate objectives, expenditure in recent years reflects on-going activities in the review and reform of workers' compensation and occupational health and safety legislation. Recent legislative reform has addressed key issues to improve compliance, the implementation of injury management pilots and incentive schemes to reduce premium costs by improving the workplace environment and return to work programs.

STRATEGIC DIRECTIONS

A further series of reform measures for the New South Wales workers' compensation scheme is underway. These reforms include an increased emphasis on injury management and return to work strategies, improvements to dispute resolution mechanisms, further compliance measures, removing cross-subsidies in premium rate setting and reducing the Scheme's accumulated deficit.

Major community education and awareness programs will also be undertaken to promote improvements in occupational health and safety.

2001-02 BUDGET

Total Expenses

Total expenses for 2001-02 are estimated at \$189 million, including:

- ◆ \$62.8 million for the safety inspectorate which is responsible for promoting the prevention of injuries and diseases at workplaces;

- ◆ \$33.3 million for resolution of workers' compensation disputes including funding of the Compensation Court of New South Wales and the Workers' Compensation Resolution Service;
- ◆ \$21.3 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;
- ◆ \$20.7 million for regulation of the workers' compensation insurance scheme including providing advice on injury management to employers and employees;
- ◆ \$7.0 million for an education campaign to raise community awareness on occupational health and safety; and
- ◆ \$1 million for assistance to landholders to install tractor rollover protection, as part of a \$2.4 million program that commenced in 2000-01.

Asset Acquisitions

The capital program of \$36.1 million in 2001-02 provides for a range of technology applications necessary to support the business of WorkCover. Funding has been allocated for systems development to meet the requirements of WorkCover Scheme reform and related occupational health and safety legislative changes.

Provision has also been made for the rationalisation and on-going implementation of the information management and technology strategic plan, the contents of which are consistent with the Government's blueprint on information management and technology. An amount of \$3.5 million is to be spent on the fit-out of premises at Gosford for the relocation of the WorkCover Authority in 2002.

SUPERANNUATION ADMINISTRATION CORPORATION

The former Superannuation Administration Authority (SAA) became a statutory State Owned Corporation, the Superannuation Administration Corporation (SAC), on 26 July 1999.

SAC currently provides superannuation administration services to the trustees of the First State Superannuation Fund, the Pooled Fund and the Parliamentary Contributory Superannuation Fund. These services include collecting contributions and paying benefits, maintaining member records, telephone and field advisory services and technical advice to the trustees.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

As a State Owned Corporation, SAC operates on a fully commercial basis, where previously SAA operated on a cost recovery basis. In December 1999, SAC entered into an administration contract with the First State Superannuation Trustee Corporation for a three-year period. In June 2000, a similar contract was finalised with the State Authorities Superannuation Trustee Corporation for a five-year period. At the end of the respective contract periods, under the Superannuation Administration Act, the Trustee corporations can enter a new contract with SAC or with another administrator.

Due to the complexities associated with Y2K compliance and GST implementation issues, a major upgrade of all computer administration systems, which commenced in 1997 and originally scheduled for completion in November 1999, was completed in March 2001. Additional refinements and modifications are expected to be completed by September 2001. This has meant that employee expenses are higher than forecast as additional contract staff have had to be retained. Capital expenditure in 2000-01 is also higher due to additional expenditure on scheme migration and capitalisation of software development expense.

The transfer of SAC's core operations to Wollongong, as announced by the Government in March 1999, commenced in May 2001 following the opening of the National Service Centre at Coniston by the Premier. The Contact Centre and processing operations are being relocated in 2001 with other selected activities being relocated progressively from 2002. A Sydney office will remain to provide services to members and trustee clients.

STRATEGIC DIRECTIONS

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

In addition to finalising the transitional issues associated with the implementation of the new governance structure, the systems upgrade and administration contracts with the trustees, the 2001-02 Statement of Corporate Intent will focus on achieving the following objectives:

- ◆ increase key stakeholders' satisfaction with service provision;
- ◆ extend the quality improvement program throughout the business; and
- ◆ ensure a smooth transition to Wollongong operations.

2001-02 BUDGET

Total Expenses

Estimated total expenses for 2001-02 are forecast at \$47.8 million, a decrease of 21.6 percent on estimated expenditure in 2000-01 of \$61.1 million, following the completion of the computer systems upgrade. \$3 million of the total is for relocation costs which also is a reduction over the previous year.

Asset Acquisitions

Asset acquisitions amount to \$12.8 million to cover the ongoing development of software for the various superannuation schemes and ongoing maintenance of the computer systems and fit-out of new premises.

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

Due to an increase in outstanding claims over the previous five years, total expenses, which encompass the cost of claims and other expenditure of the Board, have grown from \$50.2 million in 1996-97 to a projected \$82.9 million in 2001-02. The projection for 2001-02 includes an increase of \$27.1 million in the actuarial estimate of total liabilities of the Dust Diseases Fund.

STRATEGIC DIRECTIONS

The Dust Diseases levy rate for 2001-02 has been set to meet compensation liabilities arising from total reported claims as at 30 June 2001 and projected claims forecast by the actuaries for 2001-02. The Board's policy is to maintain the levy at a level to meet liabilities associated with reported claims and forecast claims for the relevant financial year.

2001-02 BUDGET

Total Expenses

Total expenses, encompassing the projected cost of claims and other expenditure, are projected to be \$82.9 million in 2001-02.

Asset Acquisitions

Asset acquisitions by the Board are projected to be \$0.3 million in 2001-02. This expenditure will be used to meet the information technology needs of the Board, including computer network upgrade and office refurbishment.

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. Funds are obtained from a 0.2 percent levy on the cost of prescribed building and construction work in New South Wales and from 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. Expenditure trends and cashflows reflect the number of claims made, which may vary significantly from year to year.

Over recent years, levy and investment income received has been gradually rising, however, in the current financial year there has been a sharp decrease in levy income, due to a fall in building and construction activities.

Forward projections of scheme liabilities, long service payments, investment and levy incomes are calculated on the basis of actuarial advice.

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. As a key strategy to support these initiatives, the Corporation will continue the redevelopment of its information technology systems in 2001-02.

2001-02 BUDGET

Total Expenses

Total expenses are estimated to be \$82.2 million, of which \$71.8 million comprise long service payments for registered building and construction industry workers.

Total Income

Total income is estimated at \$64.6 million, of which \$32.4 million is attributed to revenue from the long-service levies, and \$32.2 million to investment earnings from funds invested through New South Wales Treasury Corporation.

Asset Acquisitions

An amount of \$1.6 million has been budgeted for the re-development of information technology systems and for annual provisions.