

**SPECIAL MINISTER OF STATE
MINISTER FOR COMMERCE,
MINISTER FOR INDUSTRIAL RELATIONS AND
MINISTER FOR THE CENTRAL COAST**

OVERVIEW

<i>Agency</i>	<i>Budget 2002-03 \$m</i>	<i>Budget 2003-04 \$m</i>	<i>Variation %</i>
Department of Commerce ^(a)			
Total Expenses	n.a.	266.8	n.a.
Asset Acquisitions	n.a.	22.2	n.a.
Office of the Minister for Public Works and Services			
Total Expenses	31.2	n.a.	n.a.
Asset Acquisitions	0.0	n.a.	n.a.
Superannuation Administration Corporation			
Total Expenses	50.0	47.7	-4.7
Asset Acquisitions	3.8	4.0	4.1
Motor Accidents Authority			
Total Expenses	18.3	32.6	78.5
Asset Acquisitions	0.1	0.2	39.5
Offices of Government Business/Government Procurement			
Total Expenses	n.a.	427.4	n.a.
Asset Acquisitions	n.a.	19.1	n.a.
Rental Bond Board			
Total Expenses	27.4	31.0	13.4
Asset Acquisitions
WorkCover Authority			
Total Expenses	219.7	241.6	10.0
Asset Acquisitions	30.1	18.4	-38.9
Workers' Compensation (Dust Diseases) Board			
Total Expenses	85.3	74.4	-12.8
Asset Acquisitions	0.6	0.4	-43.5

Agency	Budget 2002-03 \$m	Budget 2003-04 \$m	Variation %
Building and Construction Industry Long Service Payments Corporation			
Total Expenses	77.7	80.2	3.2
Asset Acquisitions	2.1	1.5	-26.8
Total, Special Minister of State, Minister for Commerce, Minister for Industrial Relations and Minister for the Central Coast ^(b)			
Total Expenses	n.a.	1,201.7	n.a.
Asset Acquisitions	n.a.	65.8	n.a.

(a) A number of Public Sector agencies have been restructured as at 2 April 2003. At this stage only high level aggregates are available for the 2002-03 year and 2003-04 Budget. Detailed Financial Statements and program statements for these agencies will be published on 26 August 2003.

(b) Total figures are not available due to the restructure of some agencies.

DEPARTMENT OF COMMERCE

The Department of Commerce has been created to support a climate that makes doing business in New South Wales simple, accessible and fair for employees, consumers and industry. A number of government services have been brought under one umbrella. The Department comprises the Office of Fair Trading, Office of Industrial Relations, Office of Best Practice Information Technology and Corporate Services, and Policy Development and Risk Management Services. The Office of Government Procurement and the Office of Government Business are also within the Department of Commerce but will operate on a commercial basis without direct budget funding.

	2002-03 Revised \$000	2003-04 Budget \$000
Recurrent Appropriation	133,774	148,705
Capital Appropriation	25,402	16,377
Total Expenses	241,715	266,847

STRATEGIC DIRECTIONS

Office of Industrial Relations

The Office of Industrial Relations works towards productive workplace relations under New South Wales industrial laws. The Office seeks to ensure that employers and employees are informed of their rights and obligations.

The Office provides education and information to assist employers, especially those in small business, achieve compliance with industrial legislation and awards. It targets inspectorial services at industries where compliance may be low. Where necessary, the Office takes action through the courts, to either protect the rights of participants or to ensure the smooth operation of the industrial relations system.

Office of Fair Trading

The Office of Fair Trading works towards fairness in the marketplace. The Office will develop and maintain a policy framework which provides appropriate safeguards for consumers while minimising restrictions on business and traders. The Office encourages compliance with regulatory requirements through information and education for consumers and traders, compliance monitoring and enforcement, complaint handling and dispute resolution, and licensing registration and certification.

Office of Best Practice Information Technology and Corporate Services

The Office of Best Practice Information Technology & Corporate Services has a focus on electronic government service delivery. It will also incorporate the Corporate Services Reform Unit to reflect a shared services focus on implementation of government-wide agendas for process improvement. The Office will continue its role in the assessment of business cases for government ICT projects and will be involved in monitoring the progress and implementation of large projects. The ultimate aim of e-government is to deliver accessible and secure electronic services that are supported by efficient and customer focussed government business practices.

Policy Development and Risk Management Services

This covers the development of operational policy and risk management for government to ensure the effective utilisation of resources and reduce government's risk exposure across its total procurement activities. The services include advice to agencies on procurement, risk management, total asset management, management of government-wide contracts and the provision of maintenance services for key heritage buildings.

2003-04 BUDGET

Initiatives/Total Expenses

Total expenses for 2003-04 are \$266.8 million which will be applied to:

- ◆ Office of Industrial Relations – continuation of the office’s efforts to improve efficiency and compliance with NSW Industrial legislation in the clothing outworker industry and targeted inspectorate activities as areas of major focus, the operation of Government and Related Employees Appeals Tribunal (GREAT) and Transport Appeals Board.
- ◆ Office of Fair Trading:
 - the operation of the Consumer, Trader and Tenancy Tribunal;
 - licensing of real estate agents, valuers, conveyancers and private employment agents and the registration of business names, co-operatives, associations and co-operative housing societies; and
 - operation of the new Home Building Service which will provide strategic direction for NSW builders and consumers on residential building matters;
- ◆ Office of Best Practice Information Technology and Corporate Services – targeted use of information technology to improve service delivery including funding for the Online Licensing Project and Human Services Better Services Delivery Project; and
- ◆ Policy Development and Risk Management Services – maintenance of significant government buildings and the provision to agencies of policy advice and procurement risk management services. Funding is also provided for stone work and heritage maintenance projects.

Asset Acquisitions

The 2003-04 Asset Acquisitions program is \$22.2 million. Major projects within this program are \$12.45 million to improve coverage and the mobile data network for the Government Radio Network, and \$3.2 million to amalgamate the Office of Fair Trading Call Centres into a single integrated, multi-channel contact centre.

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

From 1 July 2003, the Office of the Minister for Public Works and Services will become part of the new Department of Commerce. It will be renamed Policy Development and Risk Management Services.

The Office of the Minister for Public Works and Services provided for the development of operational policy and the risk management framework for government to ensure the effective utilisation of resources and reduce government's risk exposure across its total procurement activities.

The services included advice on procurement, risk management, total asset management, management of Government wide contracts and the provision of maintenance services for key heritage buildings.

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 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;
- ◆ profitability; and
- ◆ completing the relocation to Wollongong.

The relocation to Wollongong was a Government funded initiative. By the end of 2002, 300 positions had been located in the Coniston premises and 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

2003-04 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 2003-04 Statement of Corporate Intent is expected to focus on:

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

Total Expenses

Estimated operating expenses for 2003-04 are forecast at \$47.7million.

Asset Acquisitions

Asset acquisitions include the settlement on the \$3.5 million purchase of the Coniston property. Some additional expenditure is also likely for system enhancements to meet statutory and market needs, and for building modifications.

MOTOR ACCIDENTS AUTHORITY

The Motor Accidents Authority of New South Wales (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.

The MAA manages HIH payments to claimants and service providers through its agent Allianz. The actuarial valuation of HIH liabilities has been revised from \$423 million at 30 June 2002 to \$313 million in 2002-03.

From 1 July 2003 the CTP levy increased from 1.4 percent to 1.6 percent. The increase, combined with a small rise in average motor vehicle insurance premiums, is expected to increase retained fees by 18 per cent for 2003-04.

Other operating expenses are projected to increase to \$14.5 million in 2002-03 due to a significant rise in the volume of work for the MAA's medical and claims assessment services. The MAA has a statutory obligation to assess the claims.

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 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
- ◆ supporting injury prevention and improved management of claimants' injuries.

2003-04 BUDGET

Total Expenses

The MAA's total expenses in 2003-04 are estimated to be \$32.6 million representing an increase of 78 percent over the 2002-03 budget. The sharp increase in expenses in 2003-04 results from an additional \$9.8 million in grants for road safety and rehabilitation projects, and for improvements to the medical and claims assessment services.

Most of MAA's income is derived from the CTP levy (1.6 percent in 2003-04) on gross CTP insurance premiums collected by the licensed insurers. In 2003-04, the MAA is projecting a deficit of \$8.8 million, to be funded from retained earnings, as a result of the additional \$9.8 million grant funding.

Asset Acquisitions

The Authority's asset acquisition program relates solely to office equipment such as computers, office machines and furniture and is budgeted at \$95,000 for 2003-04.

OFFICE OF GOVERNMENT BUSINESS AND OFFICE OF GOVERNMENT PROCUREMENT

The Office of Government Business and Office of Government Procurement have been restructured from the former Department of Public Works and Services. Both offices operate on a commercial basis.

	<i>2002-03 Revised \$m</i>	<i>2003-04 Budget \$m</i>
Surplus/(Deficit)	6.9	24.2

STRATEGIC DIRECTIONS

The revised structure realigns the commercial services provided by the Department of Commerce into two discrete entities that will improve accessibility for clients, customers and the community and provide real value to the Government.

The Office of Government Business brings together the primarily contestable commercial services provided on a fee-for-service basis, while the Office of Government Procurement brings together the procurement functions and services as well as other functions which are mandated across the NSW Public Service.

The Central Corporate Services Unit forms part of the Office of Government Business to better reflect its commercial focus and a state and regional service group has been formed to better deliver regionally based services.

2003-04 BUDGET

Initiatives/Total Expenses

Total expenses of the Office of Government Business and the Office of Government Procurement are budgeted at \$427.4 million in 2003-04. Key expenditure items and initiatives include:

- ◆ the ongoing roll out of smartbuy which is the Government's strategy to achieve better value for money in the procurement of goods and services;
- ◆ the rationalisation and review of operating and shared services costs; and
- ◆ a review of products and service delivery to improve value for clients and government.

Asset Acquisitions

The Offices will spend \$19.1 million in 2003-04, mostly on information technology projects. Major projects included are information technology infrastructure (\$8.3m), Central Corporate Services Unit's information systems (\$3.5 million) and smartbuy (\$2.3m) which is a computerised procurement system.

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 earned on rental bond deposits.

The Board estimates that it will administer \$530 million of rental bond deposits on behalf of landlords in 2003-04. These administered funds do not form part of the assets reported within the balance sheet of the Board.

2003-04 BUDGET

Total expenses are estimated at \$31 million in 2003-04 (\$29.2 million in 2002-03). The Board estimates that it will earn \$33.6 million in revenue to support its activities. The Board's expenses include provision for:

- ◆ \$14.1 million to administer the rental bond scheme;
- ◆ \$7.6 million in grants supporting 50 percent of the costs of the residential tenancy functions of the Consumer Trader and Tenancy Tribunal. The Consumer, Trader and Tenancy 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;

- ◆ \$3.8 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 1997*;
- ◆ \$4.2 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
- ◆ \$1.3 million to meet operating costs of strata schemes 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 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 introduced new occupational health and safety requirements.

The revised 2002-03 Budget and 2003-04 Budget data mainly reflects funding of the recently enacted reform measures in occupational health and safety and workers compensation.

As an outcome of the recent Workplace Safety Summit, the Government has dedicated \$13 million over three years to implement the recommendations of supporting industry attainment of NSW injury and fatality prevention targets, and enhance the development of government-wide initiatives to improve safety outcomes in the private and public sectors.

STRATEGIC DIRECTIONS

The reforms to workers' compensation have significantly improved the position of the Work Cover scheme. An independent actuarial report on the New South Wales workers compensation scheme's financial position as at 31 December 2002 shows that accumulated deficit would have been \$919 million higher without the reforms to date.

A series of reform initiatives to further improve the operation of the scheme and reduce the deficit will continue. These reforms include an increased emphasis on injury management and return to work strategies, improvements to dispute resolution mechanisms and further compliance measures. An independent review of the Scheme design is also underway.

Major community education and awareness programs will also continue to promote improvements in occupational health and safety, injury management and delivery of benefits to injured workers.

2003-04 BUDGET

Total Expenses

Total expenses for 2003-04 are estimated at \$242 million, including:

- ◆ \$58 million for the safety inspectorate and activities engaged in the prevention of injuries and diseases at workplaces;
- ◆ \$45.5 million for the resolution of workers' compensation disputes being funding of the Compensation Court and the new Workers' Compensation Commission;
- ◆ \$31.1 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;
- ◆ \$34.8 million for regulation of the workers' compensation insurance scheme including the support of employers and employees with injury management;

- ◆ \$7 million to fund industry reference groups and support employer and employee organisations to implement recent legislative reforms through the “Workcover Assist” initiative; and
- ◆ \$5.5 million for an education campaign to raise community awareness on occupational health and safety.

Asset Acquisitions

The capital program of \$18.4 million in 2003-04 provides for:

- ◆ \$9.9 million for a range of software applications 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 is consistent with the Government’s blueprint on information management and technology;
- ◆ \$3m for the implementation and enhancement of infrastructure solutions to provide the technology platform with which the core business activities of WorkCover are based;
- ◆ \$4.2 million for the ongoing program of fit-outs of a number of regional and district offices including Sydney District Office, Newcastle, Liverpool and Albury offices; and
- ◆ \$1.3 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's actuaries have calculated the outstanding claims liability as at 30 June 2003, to include incurred but not reported claims (IBNR). This approach is consistent with the guidance received from the Australian Accounting Standards Board (Urgent Issues Group Abstract 47). The Board previously recorded its claims liability on the basis of known claims, in accordance with the (Dust Diseases) Act.

This change has increased the Board's outstanding claims liability by \$808.9 million.

The Board has projected investment income of \$10.2 million in 2002-03, reflecting lower investment market returns. The Board's actuary has projected investment income of \$15.2 million in 2003-04.

STRATEGIC DIRECTIONS

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 is projecting to have \$419 million of cash and other financial assets as at June 2003 to offset, together with future levy income, total liabilities of \$1.3 million.

2003-04 BUDGET

Total Expenses

Total expenses in 2003-04 are estimated at \$74.3 million including payments of claims liabilities of \$51.9 million and other operating expenditure of \$22.4 million.

Other operating expenditure includes administrative costs of \$6.4 million, a grant to meet the operating costs of the Dust Disease Tribunal of \$4.7 million and research grants of \$1.3 million.

Asset Acquisitions

The Board is budgeting to acquire \$0.4 million of assets in 2003-04, 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 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 number of claims that may be made in any year, and therefore disbursements and cash flows may vary significantly from year to year.

Over recent years, the Corporation's levy and investment income has been volatile. Investments returns in 2002-03 are projected to be a loss of \$4.9 million due to poor market conditions.

Forward projections of scheme liabilities, long service payments, investment and levy income are based on actuarial advice and current market conditions. The levy rate of 0.2 percent is based on the latest actuarial investigation undertaken at 30 June 2001.

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.

Relocations of the Corporation to Gosford and Lidcombe were undertaken in 2002-03.

2003-04 BUDGET

Total expenses in 2003-04 are estimated to be \$80.2 million, of which \$69.7 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 in 2003-04 is estimated at \$57.8 million, of which \$30 million is income from the long service levy and \$27.8 million is investment earnings from funds invested through New South Wales Treasury Corporation.

Asset Acquisitions

An amount of \$1 million has been budgeted for the redesign and enhancement of the Corporation's core workers' entitlements and levy payment systems.