

**MINISTER FOR COMMERCE,
MINISTER FOR FINANCE,
MINISTER FOR INDUSTRIAL RELATIONS,
MINISTER FOR AGEING, AND
MINISTER FOR DISABILITY SERVICES**

OVERVIEW

<i>Agency</i>	<i>Budget 2005-06 \$m</i>	<i>Budget 2006-07 \$m</i>	<i>Variation %</i>
Department of Commerce			
Total Expenses	606.7	644.7	6.3
Capital Expenditure	281.3	348.4	23.8
Department of Ageing, Disability and Home Care			
Total Expenses	1,548.9	1,757.6	13.5
Capital Expenditure	66.8	71.1	6.4
Home Care Service of New South Wales			
Total Expenses	187.3	186.4	-0.5
Capital Expenditure	3.0	3.0	...
Superannuation Administration Corporation			
Total Expenses	52.7	50.4	-4.2
Capital Expenditure	3.7	4.5	21.6
Motor Accidents Authority			
Total Expenses	39.1	38.7	-1.0
Capital Expenditure	0.1	0.2	95.0
Rental Bond Board			
Total Expenses	31.2	33.9	8.8
Capital Expenditure
WorkCover Authority			
Total Expenses	266.7	266.0	-0.3
Capital Expenditure	13.4	12.7	-5.0
Workers' Compensation (Dust Diseases) Board			
Total Expenses	89.6	90.2	0.6
Capital Expenditure	0.6	0.1	-80.0

<i>Agency</i>	<i>Budget 2005-06 \$m</i>	<i>Budget 2006-07 \$m</i>	<i>Variation %</i>
Building and Construction Industry Long Service Payments Corporation			
Total Expenses	91.0	99.7	9.5
Capital Expenditure	1.0	0.5	-55.0
Total, Minister for Commerce, Minister for Finance, Minister for Industrial Relations, Minister for Ageing, and Minister for Disability Services			
Total Expenses	2,913.2	3,167.6	8.7
Capital Expenditure	369.9	440.5	19.1

DEPARTMENT OF COMMERCE

The Department of Commerce supports the Minister for Commerce and Minister for Industrial Relations and the Minister for Fair Trading (Section 21).

The role of the Department is to help make doing business in New South Wales simple and fair and to ensure Government gets the best value for money when constructing and maintaining public assets or purchasing goods and services.

The Office of Fair Trading, the Office of Industrial Relations, the Office of Public Works and Services (formerly the Office of Government Business) and NSW Procurement form the Department of Commerce.

RESULTS AND SERVICES

The Department contributes to the NSW Government priorities of a stronger economy and more efficient and economical public service by working towards the following results:

- ◆ Consumers and traders operate in a fair and productive marketplace.
- ◆ New South Wales has fair and productive workplaces.
- ◆ NSW Government performance is improved.

Key services provided by the Department to contribute to these results include:

- ◆ review policy and enforce fair trading and industrial relations legislation;
- ◆ provide marketplace and workplace information and help in fair trading and industrial relations;

- ◆ provide architectural and engineering design services and project management services for water, engineering and waste water services;
- ◆ provide fleet management, vehicle leasing, corporate shared services and facilities management;
- ◆ provide services to manage owned and leased Crown properties;
- ◆ provide government advertising and publication services;
- ◆ assist NSW Treasury in the development and implementation of the NSW Government procurement policy;
- ◆ deliver online procurement tools and solutions;
- ◆ support operations of the State Contracts Control Board;
- ◆ develop and oversight implementation of the NSW Government Information and Communications Technology (ICT) plan;
- ◆ manage operations of key Government ICT infrastructure and co-ordinate emergency services communications; and
- ◆ manage the engineering response to emergencies.

A range of key services in fair trading, industrial relations and public works are delivered through a regional network.

RECENT DEVELOPMENTS

The Department of Commerce works extensively with other NSW Government agencies to help reduce costs and improve government-wide capability in procurement and information and communications technology.

The Government's Economic and Financial Statement in February 2006 sets out further responsibilities for the Department in whole-of-government initiatives including:

- ◆ requiring agencies other than state-owned corporations to manage their procurement through the State Contracts Control Board;
- ◆ introducing an accreditation scheme for goods and services procurement from 2007, modelled on a similar scheme in construction, to further enhance government procurement; and

- ◆ developing a NSW Government ICT plan, implementing a global capital ICT Budget, consolidating telecommunications purchasing, amalgamating ICT between agencies and identifying some agency ICT savings to support frontline services.

During 2005-06:

- ◆ Commerce delivered 30 modular classrooms to support smaller classes as part of a \$371 million program of 76 major schools capital projects for the Department of Education and Training.
- ◆ Commerce helped the Sydney Catchment Authority investigate or undertake several major projects to secure Sydney's water supply including the \$113 million works to tap deep water from the Warragamba and Nepean Dams.
- ◆ Working with the Department of Education and Training and other agencies, Commerce put in place new asset maintenance and cleaning contracts that will cut costs while maintaining or improving service levels.
- ◆ The Department managed a \$105 million capital works program for the Department of Corrective Services, including the construction of the Wellington Corrective Centre.
- ◆ Electricity costs in Government buildings were reduced by between 5 per cent and 21 per cent through upgraded lighting systems.
- ◆ NSW Government agencies are on track to save an estimated \$550 million or 5 per cent of the whole-of-government procurement budget for 2005-06, through increased use of various procurement initiatives including aggregated purchasing contracts, strategic sourcing and e-procurement solutions.
- ◆ In 2005, savings were achieved through the use of e-procurement solutions. The number of agencies using online procurement tools doubled, the volume of purchase transactions increased ten-fold and the number of tenders published online increased by 32 per cent compared to 2004.
- ◆ "Gateway" reviews on over \$2 billion of major ICT and construction projects facilitated by Commerce were undertaken to help minimize the risk of cost and time overruns.
- ◆ The NSW Government Chief Information Officer Executive Council was formed to oversight the development and implementation of a whole-of-government ICT plan that will guide funding priorities and deliver savings.

- ◆ Major new fair trading measures were introduced including controls to stop fringe lenders charging exorbitant fees, better protection for residents when residential parks are sold, closed or redeveloped and new guidelines to help licensed builders obtain affordable home warranty insurance.
- ◆ The Fair Trading Information Centre was launched, streamlining several smaller call centres, and will handle more than 1.3 million calls per annum. Consumers and traders now have better access to services and information on more than 40 different State laws.
- ◆ New technology in Consumer, Trader and Tenancy Tribunal hearing rooms will allow immediate access to written copies of Tribunal orders.
- ◆ Industrial Relations Inspectors carried out Australia's largest workplace compliance program, with more than 14,000 workplaces inspected during 2005.
- ◆ In an Australian-first, a mandatory Code of Practice for the NSW clothing industry took effect on 1 July 2005 to assist clothing outworkers receive their lawful entitlements.
- ◆ A major focus for the Office of Industrial Relations has been preparing and supporting the position of the Minister and the Government in response to the Commonwealth Government's expansion of the federal industrial relations system.

STRATEGIC DIRECTIONS

In order to achieve its major results in 2006-07, the Department is pursuing a number of broad strategies.

- ◆ *Consumers and traders operate in a fair and productive marketplace (the Office of Fair Trading):*
 - Enhance marketplace compliance through cost effective fair trading law enforcement strategies.
 - Provide better services, matching resources to changing customer service delivery preference.
- ◆ *New South Wales has fair and productive workplaces (the Office of Industrial Relations):*
 - Advise Government on the fairness and responsiveness of the industrial relations framework and regulations.

- Provide employers and employees access to information on their rights and obligations.
- Provide effective compliance with industrial relations regulations.
- ◆ *NSW Government performance is improved (the Office of NSW Procurement and the Office of Public Works and Services):*
 - Remove duplication across government through central delivery of procurement systems and services.
 - Improve government procurement capability and productivity through greater use of electronic systems and by using solutions and services tailored to each client.
 - Establish and deliver common ICT infrastructure strategies for government by setting standards and encouraging collaboration across agencies. These include establishing common infrastructure and applications; sharing operational experience and capabilities; and optimising investment in technology.
 - Help agencies maximise the value of existing physical assets through better planning and management.
 - Deliver value and manage time and cost risks in building infrastructure.
 - Deliver optimal outcomes for projects of State significance and mitigate the impact on service delivery from natural disasters or terrorism.

2006-07 BUDGET

Total Expenses

The Department's total expenses for 2006-07 are budgeted to be \$644.7 million compared to the budget estimate of \$606.7 million for 2005-06.

The budgeted operating profit for 2006-07 is \$29.7 million compared to the estimate of \$19.6 million for 2005-06. Commerce has budgeted to pay \$8.8 million to the Consolidated Fund in dividend and tax equivalent payments for 2006-07.

Budgeted expenses of the Department of Commerce include:

- ◆ \$103 million for project management services to assist agencies in the construction of buildings and engineering works;

- ◆ \$85 million for enforcement of fair trading laws including business licensing/registration and the Consumer, Trader and Tenancy Tribunal;
- ◆ \$66 million for fair trading information and assistance services to consumers and traders;
- ◆ \$65 million for Government ICT 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 communications technology;
- ◆ \$28 million for the Central Corporate Services Unit to manage corporate services on behalf of 30 agencies and to reduce the cost of corporate services generally across the Public Sector;
- ◆ \$27 million to provide technical expert advice to agencies and the community on the management and use of water;
- ◆ \$22 million for expert technical advice from the Government Architect's Office;
- ◆ \$21 million for review and advice on industrial relations regulations, compliance and information to employers and employees on regulations;
- ◆ \$14 million for the management of goods and services standing offer agreements and client specific contracts; and
- ◆ \$14 million to deliver online procurement tools including smartbuy® and eTendering and other tools and services.

Capital Expenditure

The Department's capital expenditure in 2006-07 is estimated at \$348.4 million compared to \$281.3 million for the 2005-06 Budget, an increase of 23.8 per cent. This increase is mainly a result of changes to the financial arrangements of StateFleet. Motor vehicles that were formerly leased but are now purchased and held on the Department's balance sheet. Following a change in taxation treatment of leasing arrangements it became more economical for the Government to own its own vehicles.

An amount of \$307.6 million is allocated to motor vehicles for StateFleet, \$4.9 million to the Government Radio Network, which supports the State's emergency response, \$18.7 million for computer upgrades and replacement, \$10 million for accommodation and \$6.7 million for essential office equipment, furniture and fittings.

DEPARTMENT OF AGEING, DISABILITY AND HOME CARE

The Department of Ageing, Disability and Home Care is responsible for delivering programs and policies that assist older people, people with a disability and their families and carers to participate in community life. The Department is both a purchaser and provider of services and shares responsibility for clients with a number of other Government agencies that deliver services in areas such as health care, transport, family and children's services, and housing.

RESULTS AND SERVICES

The Department helps older people, people with a disability and their families and carers to participate in community life by working towards the following results:

- ◆ Older people and people with a disability are able to live in their own homes and have opportunities to participate in community activities.
- ◆ People with a disability who cannot remain in their own home are assisted to live in specialist accommodation.

Key services provided by the Department to contribute to these results include:

- ◆ community support programs including respite, skills development and day activity programs, therapy, case management, personal assistance and community care services for frail older people, people with a disability and their families and carers;
- ◆ intensive personal care (attendant care programs) in in-home settings for people with a disability; and
- ◆ specialist accommodation such as community housing or large residential centres to provide care for people with a disability who cannot remain in their own home.

RECENT DEVELOPMENTS

Ageing of the population, and increasing medical success contributing to people living longer, has driven increased demand in this sector. Total expenses of the Department are estimated at \$1.5 billion in 2005-06, an increase of \$433 million or 38.7 per cent over the last five years. This significant growth in the Department's spending reflects the Government commitment to improve support for people with disabilities and frail elderly people, their families and their carers.

In the 2005-06 Budget, the Government provided an additional \$376.6 million over four years including \$110.2 million to provide places for high needs children transferring from the Department of Community Services and expected transfers from other agencies.

STRATEGIC DIRECTIONS

The NSW Government has released a ten-year strategy *Stronger Together: A new direction for disability services*.

Stronger Together will provide more assistance for people with disabilities to live in their own home. It will also increase the range of specialist accommodation services for those unable to live at home.

Change will be achieved through three areas of effort:

- ◆ \$83 million over five years to strengthening families – enabling children with disabilities to grow up in a family and participate in the community;
- ◆ \$1,013 million over five years for community inclusion – supporting adults with disabilities to live in and be part of the community; and
- ◆ \$242 million over five years for improving services – fairer and clearer ways to access services, greater accountability and more opportunities for innovation.

The NSW Government has committed more than \$1 billion in new funding over the next five years to support the ten-year plan.

2006-07 BUDGET

Total Expenses

The Department's total expenses in 2006-07 are \$1.8 billion - an increase of \$208.6 million or 13.5 per cent on the 2005-06 Budget. The Department's services will be aligned with the two key result areas.

Community Support

The Government will provide an estimated \$811.4 million for services and support designed to enable older people and people with a disability to continue to live in their own home and to participate in community life.

Total expenditure in 2006-07 on these services is:

- ◆ \$235.3 million over five years (\$20.2 million in 2006-07) for increasing support from three days a week to four days a week for people with a significant disability (and five days for people with very high support needs) who leave school but are unable to enter the workforce. By 2010-11 it is estimated that over 6,200 people will be supported through the Department's post school programs;
- ◆ an additional 70 attendant care (intensive in-home support) places in 2006-07 at \$5.3 million. Over five years there will be 320 additional places - more than double the current number - at a cost of \$66 million;
- ◆ \$31 million over five years to provide intensive support packages for children and young people and their families. By 2010-11 there will be an additional 1,800 places a year;
- ◆ 600 new therapy places in 2006-07 at a cost of \$3.3 million. By 2010-11 the number of therapy places will be nearly 3,000 at a cost of \$41 million over five years;
- ◆ 750 new flexible respite places in 2006-07 at a cost of \$6.6 million. By 2010-11 there will be 1,260 new places at a cost of \$62 million; and
- ◆ 130 new places in day programs for adults with a disability at a cost of \$5.3 million. By 2010-11 there will be 780 new places at a cost of \$33 million.

Supported Accommodation

Under this program, the Department provides and funds specialist care programs to assist people with a disability who are unable to remain in their own home. The services are predominantly supported accommodation in the community or large residential settings.

Total expenditure in 2006-07 on these services is estimated at \$946.2 million. This includes:

- ◆ \$46 million to fund an extra 180 supported accommodation places in 2006-07. By 2010-11 there will be an additional 990 places, with costs over the five years totalling \$514 million;

- ◆ \$10 million over five years (\$0.9 million in 2006-07) to trial, in partnership with the Department of Housing and community housing providers, support models that will allow up to 40 people to transition from group homes; and
- ◆ up to \$80 million over five years (with the Commonwealth Government contributing half) to prevent young people entering nursing homes, improve the circumstances of younger people in nursing homes and develop alternative models of support for young people living in nursing homes.

In addition, across both programs the Government will:

- ◆ employ 100 new case managers at a cost of \$53 million over five years to help 4,000 disabled and frail elderly people access the services they need; and
- ◆ expand training for Government and non-government disability workers at a cost of \$15 million over five years.

Commonwealth and State Joint Funding Initiatives

The Department's expenditure includes \$449.4 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)

The NSW Government will again be required to meet an increasing proportion of funding to joint Commonwealth/State programs. In 2006-07, the NSW Government's contribution under the Agreement will be \$1,085.5 million to fund a range of programs and services under the Commonwealth-State-Territory Disability Agreement (CSTDA). Australian Government funding of \$200.7 million in 2006-07 brings total funding under this Agreement to \$1,286 million. The NSW Government share of total funding will be 84 per cent in 2006-07, compared to 79 per cent in 2003-04 which was the first year of the current agreement.

Home and Community Care Agreement

The Home and Community Care (HACC) Program is a joint Commonwealth/State program which provides funding to assist frail older people, and people with a disability, to live independently. The program tries to minimise premature or inappropriate admission 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 2006-07 Budget Papers.

Total estimated expenditure on the HACC Program in 2006-07 is \$504.7 million (includes estimated expenditure of \$65.2 million by the Department of Health under the HACC program and which is allocated directly to that Department). This expenditure, after excluding some carry over of funding for previous years' commitments, provides an increase of \$36.6 million or 8 per cent on the 2005-06 Budget. The NSW Government's contribution in 2006-07 will be \$197 million, an increase of \$14.7 million or 8 per cent on the 2005-06 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 2006-07, the total expenditure to non-government providers is estimated at \$883 million. NGO partners grants are indexed to accommodate reasonable growth in costs over the life of funding agreements.

Capital Expenditure

The Department's capital expenditure program allocation for 2006-07 is \$71 million. Major capital expenditure projects include:

- ◆ \$16.5 million to reconfigure the Grosvenor and Lachlan Centres as specialist State-wide accommodation services for people with complex health care needs and challenging behaviours respectively;
- ◆ \$18.9 million for acquisition of supported accommodation places for new clients; and
- ◆ \$14.5 million for improvements to, or replacement of, the Department's various existing accommodation facilities.

HOME CARE SERVICE OF NEW SOUTH WALES

The Home Care Service of NSW provides home-based assistance to frail older people and younger people with a disability and their carers. The governing legislation is the *Home Care Service Act 1988*.

RESULTS AND SERVICES

The Home Care Service aims to assist people who are having difficulty managing in their own homes to remain at home by providing basic support services.

Key services provided by the Service which contribute to people remaining at home include:

- ◆ domestic assistance including assistance with cleaning, washing, shopping and bill paying;
- ◆ personal care which includes assistance with bathing, dressing and other personal care tasks; and
- ◆ respite care which helps carers by providing a substitute carer who can provide them with a break.

RECENT DEVELOPMENTS

The Service has implemented new business systems and processes including financial and human resource systems. There has been a focus on analysing unit costs to identify strategies to increase efficiencies. These strategies have included a review of the use of subcontractors and an improved focus on occupational health and safety to reduce workers compensation premiums. Quality improvement is being monitored and will be informed by an independent client survey being undertaken across New South Wales.

STRATEGIC DIRECTIONS

In 2006-07 the Service will continue to focus on:

- ◆ implementing new business systems for client information and rostering care workers;
- ◆ improving the timeliness of intake and assessment processes while ensuring services reflect client need;
- ◆ ensuring client feedback continues to inform service delivery; and
- ◆ delivering hours of service at an efficient cost with improved monitoring of key performance indicators.

2006-07 BUDGET

Total Expenses

Total expenditure for the Home Care Service in 2006-07 is \$186.4 million including employee related expenditure of \$149.4 million and other operating expenditure of \$35.3 million.

Capital Expenditure

Total capital expenditure for the Home Care Service in 2006-07 is \$3 million including \$1.2 million for information technology equipment and \$1.8 million for the replacement of motor vehicles.

SUPERANNUATION ADMINISTRATION CORPORATION (TRADING AS PILLAR ADMINISTRATION)

In November 2001, the Superannuation Administration 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. Through competitive tenders, Pillar has also secured private sector clients with more than 300,000 members in total. The services provided include collecting contributions and paying benefits, maintaining member records, inquiry services, accounting and finance, and statutory reporting.

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
- ◆ continuing regional growth after relocation to Wollongong.

The relocation to Wollongong, completed in 2001-02, was a Government funded initiative. There are currently over 400 positions located in the Coniston building and in adjoining leased premises. Expansion in Pillar's client base will provide future employment growth in Wollongong.

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 spread the costs of ongoing systems development and general overheads.

STRATEGIC DIRECTIONS

2006-07 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 2006-07 Statement of Corporate Intent will focus on business expansion, particularly in the private sector, and improving service standards and compliance for clients.

Operating expenses for 2006-07 are forecast at \$50.4 million and revenues at \$54.2 million. These are in line with 2005-06, reflecting the efficiencies being achieved in administering accounts while growing the number of accounts under administration.

Capital Expenditure

Capital expenditure is forecast at \$4.5 million. The major program is for computer hardware and storage upgrades to meet new business needs with \$3.5 million to be expended in 2006-07. Minor works cover office fit out costs at Coniston, software licences and upgrades and annual provisions.

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;
- ◆ specific functions to support the provision of acute care treatment, rehabilitation, long-term support and other services for persons injured in motor accidents;
- ◆ 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.

RECENT DEVELOPMENTS

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 \$118.7 million (discounted value, net of reinsurance and including claims handling expenses) as at 30 June 2005.

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.

The MAA has been closely involved with the setting up of the Lifetime Care and Support Authority to administer care needs to the catastrophic injury cases of motor accident victims. This will mean significant changes to the *Motor Accidents Compensation Act 1999* and a new legislative framework for the new authority.

2006-07 BUDGET

Total Expenses

The MAA's total expenses in 2006-07 are estimated to be \$38.7 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 2006-07 total expenses will decrease by \$0.4 million in comparison to 2005-06 Budget by achieving corporate services efficiencies.

Most of MAA's income is derived from the CTP levy which remains at 2.5 per cent (same as last year) on gross CTP insurance premiums collected by the licensed insurers. In 2006-07 a projected deficit of \$2 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 \$0.2 million for 2006-07.

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.

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 \$700 million of rental bond deposits on behalf of landlords in 2006-07. These administered funds do not form part of the assets reported within the balance sheet of the Board.

2006-07 BUDGET

Total Expenses

Total expenses are estimated at \$33.9 million in 2006-07 (\$32.3 million in 2005-06). The Board estimates that it will earn \$38.9 million in revenue to support its activities. The Board's expenses include provision for:

- ◆ \$13.7 million to administer the rental bond scheme;
- ◆ \$8.6 million in grants supporting 50 per cent 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;
- ◆ \$4.4 million in grants including support of 50 per cent 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*;

- ◆ \$6 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 and mediation services.

WORKCOVER AUTHORITY

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 Office of the WorkCover Authority are included in the Budget, the underwriting and investment activities of the Workers Compensation Insurance Fund are excluded as they are not part of the State accounts.

RECENT DEVELOPMENTS

As a result of reforms to workers' compensation legislation, the NSW Workers' Compensation Scheme financial position continues to improve. Independent valuations estimate the Scheme deficit has reduced by over \$2 billion since December 2002, from \$3.2 billion to \$1.2 billion at December 2005.

Due to the improved performance of the Scheme, a reduction in premiums of 5 per cent was implemented on 31 December 2005 and applies across all WorkCover Industry Classification rates. These premium reductions will directly benefit all businesses in New South Wales. A further 10 per cent reduction in premiums will come into effect on 30 June 2006. In total, these reductions save NSW businesses \$430 million per annum.

STRATEGIC DIRECTIONS

WorkCover NSW is committed to improving the health and safety of the NSW workforce. Work related fatalities and employment injury rates have dropped to their lowest levels in 17 years. In addition, a review of the Occupational Health and Safety Act and industry regulations over the period 2005 to 2007 will help ensure that safety laws continue to reduce accidents.

Other initiatives include:

- ◆ the development of products to assist smaller sized businesses manage their occupational health and safety and workers compensation obligations; and
- ◆ the development of nine Industry Action Plans flowing from the 2005 Safety Summit which provide a strategic framework for delivery of the New South Wales Workplace Health and Safety Strategy 2005-2008.

From 1 January 2006, new contractual arrangements apply to the selected agents, mainly insurance companies, who manage individual claims. They comprise performance-based contracts which reward agents on outcomes, making the Scheme more affordable and sustainable by promoting better treatments and a return to work for injured workers.

Scheme assets became assets of the Workers Compensation Nominal Insurer held in the Workers Compensation Insurance Fund from 1 July 2005. The Workers Compensation Insurance Fund has an investment board, which determines the Fund's investment policies and reports on fund performance. The board comprises six expert members from the finance, insurance and legal professions. The Board has appointed 26 sector specialist investment managers to manage the Fund.

2006- 07 BUDGET TOTAL EXPENSES

Total expenses for 2006-07 are budgeted at \$266 million, including:

- ◆ \$71.4 million for the safety inspectorate and the prevention of injuries and diseases at workplaces;
- ◆ \$33.7 million for the resolution of disputes including funding of the Workers' Compensation Commission; and
- ◆ \$26.7 million to meet the cost of claims made against uninsured employers, failed insurers and those arising from bushfire fighting and emergency services activities.

Capital Expenditure

The capital program of \$12.7 million in 2006-07 includes:

- ◆ \$1.3 million for software needed to deliver the business of WorkCover, meet the requirements of the Scheme reform and related Claims Management changes;

- ◆ \$5.8 million for a new computer system to support system infrastructure; and
- ◆ \$3.5 million for the ongoing program to upgrade regional office accommodation including at Wollongong, Tamworth and Ballina.

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.

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 \$661 million of cash and other financial assets as at June 2007 to offset, together with future levy income, total liabilities of \$1.5 billion.

STRATEGIC DIRECTIONS

The Board's policy is to maintain the Dust Diseases levy rate for 2006-07 at a level sufficient to meet liabilities associated with reported claims and IBNR claims 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 including the construction of a \$6.9 million laboratory to research asbestos-related diseases at Concord Repatriation General Hospital and promotes awareness in occupational respiratory health.

The Board has projected investment income of \$47.4 million in 2006-07 (\$44.9 million in 2005-06) reflecting improved market returns.

2006-07 BUDGET

Total Expenses

Total expenses in 2006-07 are estimated at \$90.2 million including payments of claims liabilities of \$65.8 million.

Capital Expenditure

The Board is budgeting to acquire \$0.1 million of assets in 2006-07, comprising scientific equipment upgrades and replacement of motor vehicles.

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.

RECENT DEVELOPMENTS

Long service benefits from the scheme 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 can 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 the latest circumstances and experience.

STRATEGIC DIRECTIONS

The Corporation is continuing to search for and implement improvements to customer service and the effectiveness and efficiency of the organisation's operations.

A major initiative for 2006-07 will be the implementation of a new Worker Registry System. The new system will allow the Corporation to better service the industry including enabling employers and workers direct internet functionality.

2006-07 BUDGET

Total expenses are estimated to be \$99.7 million of which \$89.4 million relates to scheme liabilities. These comprise long service payments made to beneficiaries and changes in outstanding liabilities.

Total income is estimated at \$101.9 million, of which \$69 million is income from the long service levy and \$32.9 million is investment earnings from funds invested through NSW Treasury Corporation.

This will result in an operating surplus of \$2.2 million in 2006-07.

Capital Expenditure

An amount of \$450,000 has been budgeted for capital expenditure in 2006-07 including upgrades to the Corporation's core operational software.