

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

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**OVERVIEW**

<i>Agency</i>	<i>Budget 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Variation %</i>
<b>Department of Commerce</b>			
Total Expenses .....	264.8	282.6	6.8
Asset Acquisitions .....	22.2	23.8	7.3
<b>Office of Government Business</b>			
Total Expenses .....	313.4	319.3	1.9
Asset Acquisitions .....	15.9	14.4	-9.2
<b>Office of Government Procurement</b>			
Total Expenses .....	130.2	186.0	42.9
Asset Acquisitions .....	210.3	224.1	6.6
<b>Superannuation Administration Corporation</b>			
Total Expenses .....	47.7	47.5	-0.3
Asset Acquisitions .....	4.0	3.0	-25.0
<b>Motor Accidents Authority</b>			
Total Expenses .....	32.6	33.5	2.7
Asset Acquisitions .....	0.1	0.1	-10.5
<b>Rental Bond Board</b>			
Total Expenses .....	31.0	30.3	-2.4
Asset Acquisitions .....	...	...	...
<b>WorkCover Authority</b>			
Total Expenses .....	241.6	238.2	-1.4
Asset Acquisitions .....	18.4	16.0	-13.0
<b>Workers' Compensation (Dust Diseases) Board</b>			
Total Expenses .....	74.4	76.9	3.4
Asset Acquisitions .....	0.4	0.4	4.0

<i>Agency</i>	<i>Budget 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Variation %</i>
<b>Building and Construction Industry Long Service Payments Corporation</b>			
Total Expenses .....	80.2	73.4	-8.5
Asset Acquisitions .....	1.5	1.7	11.1
<b>Total, Special Minister of State, Minister for Commerce, Minister for Industrial Relations and Minister for the Central Coast</b>			
Total Expenses .....	<b>1,215.9</b>	<b>1,287.7</b>	<b>5.9</b>
Asset Acquisitions .....	<b>272.8</b>	<b>283.5</b>	<b>3.9</b>

## DEPARTMENT OF COMMERCE

The purpose of Department of Commerce is to support a climate that makes doing business in New South Wales simple, accessible and fair for employees, consumers and industry as well as providing services to NSW Government agencies in their procurement and asset management activities. The Department comprises the Office of Fair Trading, Office of Industrial Relations, Office of Information and Communications Technology, the Office of Government Procurement and the Office of Government Business.

### EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Department of Commerce was formed in 2003 after a restructure of certain Government agencies. The 2003-04 financial year was the first full year in which the Department operated. Total expenses in 2003-04 are estimated at \$269.9 million. A major focus of activities in 2003-04 was the establishment of the new Department.

Commerce has embarked upon a program to review its business initiatives. The program involves reviewing all business units, prioritising the services that Commerce should provide, and in what form, and identifying how Commerce should structure and manage service provision.

The Government has allocated \$91.8 million over five years for the Long Term Radio Strategy to the Department of Commerce (\$74.8 million) and NSW Police (\$17 million). Commerce will, in turn, re-allocate funding related to individual agency projects as works proceed. The Strategy involves a number of projects to extend the useful life of the Government's existing radio networks. Funding was made available in 2003-04 to commence the first stage of works to secure Government communications - the digitisation and encryption of the NSW Police network. Funding has been provided for the ongoing costs of these works in the 2004-05 Budget. Other projects forming part of the Strategy include improving the resilience of the current networks to ensure suitable back-up and communications links in the event that existing agency Network Operations Control Centres are compromised and the cooperative development of data wireless applications and carrier voice services.

## **STRATEGIC DIRECTIONS**

### **Office of Fair Trading**

The Office of Fair Trading (OFT) safeguards consumer rights and advises businesses and traders on fair and ethical practice. It will develop and maintain a policy framework that provides appropriate safeguards for consumers while minimising restrictions on business and traders. OFT 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 Industrial Relations**

The Office of Industrial Relations (OIR) works to build fair and productive workplaces under NSW industrial relations legislation. It contributes to the development of a fair and responsive regulatory industrial relations framework, provides accessible information for employees and employers and provides advice to government on the operation of the NSW industrial relations system. OIR also undertakes an effective compliance program, under which its inspectors undertake a statewide targeted inspection program of workplaces, focussed on industries of strategic importance to the State's economy and known areas of low compliance. Where necessary, OIR takes action through the courts, either to protect minimum employment standards, or to ensure the effective operation of the NSW industrial relations system.

## **Office of Information and Communications Technology**

The Office (OICT) is the lead NSW Government agency for information and communications technology (ICT) issues. Its role is to provide leadership in ICT and develop standards, technical architecture and strategic directions for government. Activities include developing public sector-wide best practice and standards; facilitating agency participation in the development of sector-wide initiatives; providing strategic advice on IT issues; and knowledge sharing to assist agencies meet government needs. OICT will continue to manage large IT infrastructure facilities such as the Government Radio Network.

## **Offices of Government Business and Government Procurement**

This area covers risk management for government to ensure the effective utilisation of resources and reduce government's risk exposure across its total procurement activities. Services include advice to NSW Treasury in its new policy role for procurement and asset management, and to support agencies on procurement, total asset management, the management of government-wide contracts and providing maintenance services for key heritage buildings. These activities are carried out by both the Office of Government Business and Office of Government Procurement.

## **2004-05 BUDGET**

### **Total Expenses**

Total expenses for 2004-05 are \$282.6 million, slightly more than in 2003-04 as the full year impact of forming the department takes effect. The main applications of this funding are outlined below.

### **Office of Fair Trading, including Consumer, Trader and Tenancy Tribunal**

Total expenses for 2004-05 are estimated to be \$148.5 million, compared to \$158.3 million in 2003-04. The decrease in expenses is mainly due to the reduction of staff through a redundancy program leading to a \$2.2 million reduction and a saving of \$8.3 million in the grant paid to the Fair Trading Administration Corporation. These savings are partly offset by an increase in other operating expenses. The grant is provided to meet the deficit associated with the previous Statutory Insurance Scheme for residential building works that closed on 30 April 1997. Future liabilities of the scheme are expected to decline.

The main applications of the Office of Fair Trading's funding in 2004-05 will be:

- ◆ managing consumer/trader enquiries and informal consumer complaints;
- ◆ maintaining the Register of Encumbered Vehicles and custody of rental bonds;
- ◆ licensing real estate agents, valuers, conveyancers and private employment agents, and registering business names;
- ◆ operating the Home Building Service and the Consumer, Trader and Tenancy Tribunal; and
- ◆ policy and regulatory review, and funding of community based programs.

### **Office of Industrial Relations**

Total expenses for 2004-05 are estimated to be \$19.2 million, compared to \$22.3 million in 2003-04. The decrease in expenses is mainly due to a reduction in grants paid and a reduction in voluntary redundancy expenses of \$0.7 million.

The main applications of the funding of the Office of Industrial Relations in 2004-05 will be:

- ◆ increased delivery to NSW workplaces, particularly through electronic and online services, of accurate and relevant information concerning NSW industrial relations laws and minimum employment conditions;
- ◆ continued expansion of statewide, targeted workplace compliance activities. This includes education of employers and employees, workplace inspections and, where necessary, prosecution action; and
- ◆ timely delivery of policy advice and analysis to government on issues affecting NSW workplaces.

### **Office of Information and Communications Technology**

Total expenses for 2004-05 are estimated to be \$90.2 million, compared to \$64.4 million in 2003-04. The increase in expenses is mainly due to an increase in the Online Business Licensing project to \$28 million, compared to \$11.2 million in 2003-04, and \$14.9 million funding for the Long Term Radio Strategy to secure and extend the useful life of the Government's existing radio networks.

Other programs for 2004-05 include whole-of-government projects of \$7.7 million and \$5.2 million respectively for the Human Services Better Service Delivery project and the Corporate Services Reform Strategy project. The Government Radio Network will receive an allocation of \$12.7 million, which is in addition to agency contributions for its operation. The Office will continue management of the Electronic Service Delivery program, with an allocation of \$2 million.

### **Policy Development and Risk Management Services**

Total expenses for 2004-05 are estimated to be \$24.9 million, compared to \$24.8 million in 2003-04. The main applications of this funding in 2004-05 will be maintaining significant government buildings, providing procurement and asset management policy advice and support to the NSW Treasury and risk management services to agencies. Funding is also provided for stone work and heritage maintenance projects and whole-of-government procurement and information services.

### **Asset Acquisitions**

The 2004-05 asset acquisitions program is \$23.8 million. This includes funding of \$12.6 million for the Long Term Radio Strategy. Other major projects include \$4 million to improve coverage and the mobile data network for the Government Radio Network, and \$3.6 million to amalgamate the Office of Fair Trading Call Centres into a single integrated, multi-channel contact centre.

## **OFFICE OF GOVERNMENT BUSINESS**

The former Department of Public Works and Services was restructured in 2003 to improve accessibility for clients, customers and the community and to provide real value to the Government. The restructure and the formation of the Department of Commerce created two separate entities providing commercial services for Government agencies. One of these is the Office of Government Business, which offers contestable services on a fee-for-service basis for clients across New South Wales.

The Office provides four types of services: property services, projects and regional services, the Government Architect's Office including architectural and design services, and a range of business services. Regional offices provide all clients, irrespective of location, with the opportunity to access quality services that meet their asset management and other procurement needs.

Inclusion of the Central Corporate Services Unit, which provides corporate services to other government agencies, in the Office of Government Business better reflects the Unit's commercial focus.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The major client base of the Office of Government Business is the NSW public sector. Changes in government policies and directions therefore have a direct impact on the Office's financial performance. Savings in government spending, agency restructures, new policy initiatives, and redirection of funding to specific portfolios may open up or restrict markets, with a resultant impact on performance.

Commerce will continue integrating corporate areas of the former Departments of Fair Trading, Industrial Relations, and Public Works and Services into the new Strategic Management and Corporate Support Directorate. The integration will establish a competitive internal service provider using the best available solution to support clients.

The integration will reduce costs by removing duplication and respond to Commerce's budget commitments, in line with sector-wide targets. It will also continually improve the cost and quality of corporate service delivery, in line with the Council on the Cost and Quality of Government review recommendations and implement the service-wide reform agenda for shared corporate services.

## **STRATEGIC DIRECTIONS**

The review of business initiatives is the most important issue facing Commerce and the Office of Government Business. Commerce has embarked on a program to enhance efficiencies through process rationalisation, cost reductions and improved customer service. The intent is to improve and rationalise service delivery, add value to government and provide better outcomes for clients. This will be done by improving capital and non-capital procurement, minimising risk and ensuring better management of government assets.

## **2004-05 BUDGET**

### **Total Expenses**

Total expenses for 2004-05 are budgeted to be \$319.3 million. Excluding Shared Corporate Services costs relating to Office of Fair Trading, Office of Industrial Relations and Office of Information and Communications Technology, total expenses for 2004-05 are 1.7 percent lower than 2003-04 expenses. The reduction primarily reflects a containment of business overheads and costs savings resulting from the restructure of corporate services.

### **Asset Acquisitions**

Total expenditure for 2004-05 is budgeted at \$14.4 million, a reduction of \$1.5 million compared to \$15.9 million for 2003-04.

## **OFFICE OF GOVERNMENT PROCUREMENT**

The former Department of Public Works and Services was restructured in 2003 to improve accessibility for clients, customers and the community and to provide real value to the Government. In this restructure, the procurement and asset management policy functions were transferred to NSW Treasury. The restructure and the formation of the Department of Commerce created two separate entities providing services for government agencies. One of these is the Office of Government Procurement, which supports a number of procurement functions and services that are mandated across the NSW Public Sector. The Office's main objectives are to reduce the cost of conducting government business by simplifying processes and enhancing accessibility for suppliers and government buyers, and to support NSW Treasury in its procurement and asset management policy role.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

As with other parts of the Department of Commerce, the integration of the corporate areas of Commerce Offices will improve the cost and quality of corporate service delivery in line with Council on the Cost and Quality of Government review recommendations and implement the service-wide reform agenda for shared corporate services.

A business unit of the Office of Government Procurement, StateFleet, manages the NSW Government leased motor vehicle fleet. Previous lease arrangements operated under three tranches financed by the private sector. A new leasing arrangement commenced in 2003-04. Under tranche four, StateFleet purchases replacement vehicles with finance provided by NSW Treasury Corporation. StateFleet then leases the vehicles to other government agencies and is responsible for profits/losses upon their disposal.

Cabinet has recently approved a procurement reform program which places the Office of Government Procurement (OGP) in a support role to NSW Treasury in its procurement and asset management policy functions. This will result in a Service Level Agreement outlining OGP services to Treasury and the level of funding to be provided by Treasury in 2004-05.

## **STRATEGIC DIRECTIONS**

As with the Department of Commerce and the Office of Government Business, the review of business initiatives is the most important issue facing the Office of Government Procurement. The intent of the review is to improve and rationalise service delivery, add value to government and provide improved customer service and better outcomes for clients. A number of initiatives have already taken place or are underway, including a restructure of the businesses forming the Office of Government Procurement and the business relationship with NSW Treasury.

## **2004-05 BUDGET**

### **Total Expenses**

Total expenses for 2004-05 are budgeted to be \$186 million, an increase of 34 percent over 2003-04 projected expenditure. The large increase is due to the new arrangements applying to the NSW Government motor vehicle fleet, which were introduced in 2003-04. The increase is due to the inclusion of lease costs for the new tranche four of the Government leased motor vehicle facility for the full year, whereas 2003-04 was a partial year.

### **Asset Acquisitions**

Total expenditure for 2004-05 is budgeted at \$224.1 million, compared to \$210.3 million during 2003-04. The program includes the purchase of motor vehicles (\$219.4 million) under the new Government Motor Vehicle Leasing Arrangement. Under the new arrangement, the motor vehicles are owned by StateFleet and finance is provided by NSW Treasury Corporation.

## **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 Superannuation 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. There are currently 360 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 returns from past expenditure on systems development and to spread the costs of general overheads.

## **STRATEGIC DIRECTIONS**

### **2004-05 BUDGET**

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

The 2004-05 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 2004-05 are forecast at \$47.5 million, a slight decrease from 2003-04.

## **Asset Acquisitions**

Asset acquisitions are forecast at \$3 million for system enhancements to meet statutory and market needs.

## **MOTOR ACCIDENTS AUTHORITY**

The Motor Accidents Authority of NSW (MAA) is a statutory corporation established under the *Motor Accidents Compensation Act 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 the 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 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
- ◆ supporting injury prevention and improved management of claimants' injuries.

The MAA has been administering the HIH Nominal Defendant claim payments and related matters on behalf of the NSW Treasury.

## **2004-05 BUDGET**

### **Total Expenses**

The MAA's total expenses in 2004-2005 are estimated to be \$33.5 million. The MAA's operational expenses are estimated at \$23.1 million and Injury Management/Road Safety projects funding at \$11.2 million. Most of MAA's income is derived from a levy (2.5 percent in 2004-05) on gross CTP insurance premiums collected by licensed insurers.

### **Asset Acquisitions**

MAA's acquisition program relates solely to office related equipment such as computers and office machines and is budgeted at \$85,000 for the financial year.

## **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 \$585 million of rental bond deposits on behalf of landlords in 2004-05. These administered funds do not form part of the assets reported within the balance sheet of the Board.

### 2004-05 BUDGET

#### Total Expenses

Total expenses are estimated at \$30.3 million in 2004-05 (\$30.6 million in 2003-04). The Board estimates that it will earn \$32.8 million in revenue to support its activities. The Board's expenses include provision for:

- ◆ \$12.3 million to administer the rental bond scheme;
- ◆ \$7.1 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;
- ◆ \$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*;
- ◆ \$5.6 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
- ◆ \$1.2 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 ongoing activities in the review and reform of workers' compensation and occupational health and safety legislation.

The revised 2003-04 Budget and 2004-05 Budget data mainly reflects continued funding of reform measures in occupational health and safety requirements and the 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 showed the accumulated deficit at \$2.93 billion at 31 December 2003. The actuaries also estimated that the deficit would have been \$1.8 billion higher without the reforms to date.

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. The initiative will also be taken to achieve closer engagement with the community by bringing together all stakeholders to improve awareness among employers and workers of their workplace safety responsibilities.

## **2004-05 BUDGET**

### **Total Expenses**

Total expenses for 2004-05 are estimated at \$238.2 million, including:

- ◆ \$60.8 million for the safety inspectorate and the prevention of injuries and diseases at workplaces;
- ◆ \$28.7 million for the resolution of workers' compensation disputes including funding of the Workers' Compensation Commission;
- ◆ \$29.6 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
- ◆ \$32.9 million for regulation of the Workers' Compensation Scheme including the support of employers and employees with injury management.

### **Asset Acquisitions**

The capital program of \$16 million in 2004-05 provides for:

- ◆ \$6.3 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;
- ◆ \$3.9 million for the implementation and enhancement of infrastructure solutions to provide the technology platform on which the core business activities of WorkCover are based;
- ◆ \$4.9 million for the ongoing program to upgrade office accommodation at a number of regional and district offices including Coffs Harbour, Tamworth, Wollongong and Newcastle; 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 \$516 million of cash and other financial assets as at June 2005 to offset, together with future levy income, total liabilities of \$1.3 billion. This is an improvement on the projected June 2004 position (\$480 million of cash and other financial assets to meet total liabilities of \$1.3 billion).

### **STRATEGIC DIRECTIONS**

The Board's policy is to maintain the Dust Diseases levy rate for 2004-05 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 \$32 million in 2004-05 (\$26.3 million in 2003-04) reflecting improved market returns.

## **2004-05 BUDGET**

### **Total Expenses**

Total expenses in 2004-05 are estimated at \$76.9 million including payments of claims liabilities of \$59.9 million and other operating expenditure of \$17 million. Other operating expenditure includes administrative costs of \$7 million, a grant to meet the operating costs of the Dust Disease Tribunal of \$4.2 million and research grants of \$1.3 million.

### **Asset Acquisitions**

The Board is budgeting to acquire \$0.4 million of assets in 2004-05, 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 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 can vary significantly from year to year.

Over recent years the Corporation's levy and investment income has been volatile. Investment income in 2003-04 is projected to be \$42.4 million due to improved investment market conditions.

Budget figures for scheme liabilities, long service payments, investment and levy income are based on the actuarial advices 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.

## **2004-05 BUDGET**

### **Total Expenses**

Total expenses in 2004-05 are estimated to be \$73.4 million, of which \$63.6 million relates to long service leave payment obligations. These comprise long service payments 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 revenue in 2004-05 is estimated at \$58.4 million. This comprises income of \$33.5 million from the long service levy and \$24.9 million from investment earnings from funds invested (principally through New South Wales Treasury Corporation).

An operating deficit of \$15 million is budgeted for in 2004-05. The Corporation is monitoring the financial situation closely. A further actuarial investigation may be undertaken to confirm the long service benefit scheme liabilities, clarify any impact of current developments and assess the adequacy of the current long service levy rate.

### **Asset Acquisitions**

An amount of \$1.2 million has been budgeted for the redesign and enhancement of the Corporation's Worker system and approximately \$0.5 million for minor works.