

## **ACT WORKCOVER**

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### **Objectives**

The Occupational Health and Safety Commissioner and ACT WorkCover administer, implement and enforce legislation covering occupational health and safety, workers compensation, dangerous substances and labour regulation. ACT WorkCover aims to achieve an ACT community where compliance with workplace legislation is embraced as an integral part of all work activity. ACT WorkCover seeks to achieve this objective through:

- promoting the understanding, acceptance of, and compliance with the *Occupational Health and Safety Act 1989*, *Dangerous Substances Act 2004*, *Workers Compensation Act 1951* and other legislation;
- developing educational and other initiatives for the purpose of promoting occupational health and safety and compliance with workplace laws; and
- providing advice to the Minister on matters relevant to the operation of the legislation.

### **2005-06 Highlights**

Strategic and operational issues to be pursued in 2005-06 include:

- continuing the implementation, delivery and refinement of ongoing initiatives and programs including Occupational Health and Safety (OH&S), dangerous substances and workers compensation compliance audits, licence and permit issuing, implementation of amendments to legislation and new regulations;
- undertaking programmed and targeted OH&S, dangerous substances and workers compensation compliance activity and inspections in specific industries with high injury and non-compliance rates in the ACT;
- delivering ‘Health and Safety Month’, a continuing initiative that aims to raise community awareness of workplace health and safety by encouraging people to organise an activity with a safety focus in their own workplace or to participate in events or activities conducted by others;
- participating in national multi-jurisdictional intervention programs in OH&S;
- contributing to the development of national consistency in safety and workers compensation regulation; and
- implementing standard operational procedures across ACT WorkCover, a learning and development strategy to assist in the recognition, development and enhancement of skills and knowledge of staff and an upgrade and integration of ACT WorkCover’s IT infrastructure.

## Output Classes

	Total Cost		Government payment for outputs	
	2004-05	2005-06	2004-05	2005-06
	Est. outcome \$'000	Budget \$'000	Est. outcome \$'000	Budget \$'000
<b>Output Class 1</b>				
<b>Workplace Regulation</b>	7 561	8 160	6 619	7 218
<b>Output 1.1 Workplace Regulation</b>	7 561	8 160	6 619	7 218

### Output Description

The delivery of services for injury prevention, workplace management, dangerous substances management and regulation of all these areas.

Workplace Regulation will provide for:

- the development and delivery of regulatory services to secure compliance by duty holders with legislative obligations in relation to workplace health and safety, workers compensation and the management of dangerous substances;
- 60,000 contacts with clients;
- 4,000 inspections; and
- 1,500 workers compensation compliance monitoring instances.

## Accountability Indicators

	2004-05 Targets	2004-05 Est. Outcome	2005-06 Target
<b>1.1 Workplace Regulation</b>			
a. Compliance with workplace legislation <sup>1</sup>	-	-	80%
b. An increase in workers compensation compliance	The % increase in the wages pool is greater than the % growth in wages	The % increase in the wages pool is greater than the % growth in wages	The % increase in the wages pool is greater than the % growth in wages
c. Percentage of external reviews of decisions that support the original decision	80%	80%	80%
d. Average cost per 1,000 employees <sup>2</sup>	\$67 416	\$63 860	\$62 529

### Notes

1. This new measure is intended to more accurately reflect the measure of effectiveness of intervention, prevention and enforcement by ACT WorkCover.
2. The ACT workforce excluding Commonwealth employees was 118,400 in 2004-05. The 2005-06 target is based on 130,500 employees, the increase in the estimate from 2004-05 is mainly due to the inclusion of non-ACT residents employed in the ACT. Estimate derived from ABS catalogue numbers 6202.0 (ACT residents employment estimate), 6248.0.55.001 (Public Sector wage and salary earners in ACT) and 2001 Census (adjustment for non-ACT residents employed in the ACT) and assuming employment growth of 1.5% in 2004-05.

## Budgeted Financial Results

Section 31 of the *Financial Management Act 1996* (FMA) advises that Chief Executives are responsible for achievement of financial results. For the purpose of Section 31 of the FMA, key budgeted results are specified in the Budget Papers to improve accountability. An outcome of the increased accountability will be the requirement for Chief Executives to explain material variances from specified budgeted results.

In accordance with Section 31 of the FMA, the following are the key budgeted results for ACT WorkCover in 2005-06:

- **Operating Result (\$0.649m deficit)** – this measure focuses on the financial performance of the Department, and will measure the Department’s success in managing expenditure levels within Government funding and own source revenue limitations. The Department’s result is influenced significantly by depreciation expenses for which funding is not provided.
- **Current Ratio<sup>1</sup> (0.33 to 1)** – the current ratio is an indication of the Department’s ability to fund short term liabilities from short term assets. While a generally accepted minimum of 1:1 is desired, the Department’s current liabilities of \$0.890m include approximately \$0.615m (69%) for annual leave. It is extremely unlikely the liability for annual leave would be fully realised in one financial year.
- **Total Assets (\$1.466m)** – this measure focuses on the Department’s ability to manage its assets base.
- **Total Liabilities (\$1.506m)** – this measure focuses on maintaining prudent levels of liabilities as required by Section 11 of the FMA. The majority of the Department’s liabilities (86%) relate to employee entitlements. These are funded on an emerging needs basis through the Department’s operations.

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<sup>1</sup> Total current assets / Total current liabilities

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2004-05	2005-06	2006-07	2007-08	2008-09
Government Payment for Outputs	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2004-05 Budget</b>	<b>6 874</b>	<b>7 041</b>	<b>7 193</b>	<b>7 297</b>	<b>7 297</b>
<b>2nd Appropriation</b>					
Wage Negotiations	95	104	126	128	131
<b>2005-06 Budget Policy Adjustments</b>					
General Savings	0	-344	-344	-344	-344
<b>2005-06 Budget Technical Adjustments</b>					
Revised Indexation Parameters	0	0	0	0	127
Insurers' Registration Fees	0	86	0	0	86
Communication Contract Savings	0	-19	-28	-28	-28
<b>2005-06 Budget</b>	<b>6 969</b>	<b>6 868</b>	<b>6 947</b>	<b>7 053</b>	<b>7 269</b>

### Changes to Appropriation - Departmental

	2004-05	2005-06	2006-07	2007-08	2008-09
Capital Injections	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2004-05 Budget</b>	<b>258</b>	<b>358</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2005-06 Budget Policy Adjustments</b>					
Rollover - Capital Injection - Occupational, Health and Safety Integrated Database	-178	178	0	0	0
<b>2005-06 Budget</b>	<b>80</b>	<b>536</b>	<b>0</b>	<b>0</b>	<b>0</b>

## ACT Workcover Operating Statement

2004-05 Budget \$'000		2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
6 874	Government Payment for Outputs	6 619	7 218	9	6 947	7 053	7 269
200	User Charges - Non ACT Government	186	153	-18	188	153	188
60	User Charges - ACT Government	20	20	-	20	20	20
120	Resources Received free of charge	120	120	-	120	120	120
<b>7 254</b>	<b>Total Revenue</b>	<b>6 945</b>	<b>7 511</b>	<b>8</b>	<b>7 275</b>	<b>7 346</b>	<b>7 597</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>7 254</b>	<b>Total Income</b>	<b>6 945</b>	<b>7 511</b>	<b>8</b>	<b>7 275</b>	<b>7 346</b>	<b>7 597</b>
<b>Expenses</b>							
4 028	Employee Expenses	3 886	4 303	11	4 249	4 272	4 359
604	Superannuation Expenses	618	611	-1	633	633	640
2 789	Supplies and Services	2 599	2 785	7	2 542	2 590	2 743
455	Depreciation and Amortisation	458	461	1	562	337	271
<b>7 876</b>	<b>Total Ordinary Expenses</b>	<b>7 561</b>	<b>8 160</b>	<b>8</b>	<b>7 986</b>	<b>7 832</b>	<b>8 013</b>
<b>-622</b>	<b>Operating Result</b>	<b>-616</b>	<b>-649</b>	<b>-5</b>	<b>-711</b>	<b>-486</b>	<b>-416</b>

## ACT Workcover Balance Sheet

Budget as at 30/6/05 \$'000		Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
<b>Current Assets</b>							
57	Cash	576	229	-60	232	235	238
89	Receivables	66	67	2	68	69	70
<b>146</b>	<b>Total Current Assets</b>	<b>642</b>	<b>296</b>	<b>-54</b>	<b>300</b>	<b>304</b>	<b>308</b>
<b>Non Current Assets</b>							
1 341	Property, Plant and Equipment	1 095	1 170	7	608	271	0
<b>1 341</b>	<b>Total Non Current Assets</b>	<b>1 095</b>	<b>1 170</b>	<b>7</b>	<b>608</b>	<b>271</b>	<b>0</b>
<b>1 487</b>	<b>TOTAL ASSETS</b>	<b>1 737</b>	<b>1 466</b>	<b>-16</b>	<b>908</b>	<b>575</b>	<b>308</b>
<b>Current Liabilities</b>							
206	Payables	216	216	-	216	216	216
649	Employee Benefits	608	674	11	729	784	838
0	Other	350	0	-100	0	0	0
<b>855</b>	<b>Total Current Liabilities</b>	<b>1 174</b>	<b>890</b>	<b>-24</b>	<b>945</b>	<b>1 000</b>	<b>1 054</b>
<b>Non Current Liabilities</b>							
715	Employee Benefits	490	616	26	714	812	907
<b>715</b>	<b>Total Non Current Liabilities</b>	<b>490</b>	<b>616</b>	<b>26</b>	<b>714</b>	<b>812</b>	<b>907</b>
<b>1 570</b>	<b>TOTAL LIABILITIES</b>	<b>1 664</b>	<b>1 506</b>	<b>-9</b>	<b>1 659</b>	<b>1 812</b>	<b>1 961</b>
<b>-83</b>	<b>NET ASSETS</b>	<b>73</b>	<b>-40</b>	<b>-155</b>	<b>-751</b>	<b>-1 237</b>	<b>-1 653</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
-83	Accumulated Funds	73	-40	-155	-751	-1 237	-1 653
<b>-83</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>73</b>	<b>-40</b>	<b>-155</b>	<b>-751</b>	<b>-1 237</b>	<b>-1 653</b>

## ACT Workcover Cash Flow Statement

2004-05 Budget \$'000		2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
6 874	Cash from Government for Outputs	6 969	6 868	-1	6 947	7 053	7 269
260	User Charges	206	173	-16	208	173	208
303	Other Revenue	430	301	-30	304	310	313
<b>7 437</b>	<b>Operating Receipts</b>	<b>7 605</b>	<b>7 342</b>	<b>-3</b>	<b>7 459</b>	<b>7 536</b>	<b>7 790</b>
	<b>Payments</b>						
4 461	Related to Employees	4 422	4 722	7	4 729	4 752	4 850
2 669	Related to Supplies and Services	2 517	2 665	6	2 422	2 470	2 623
304	Other	315	302	-4	305	311	314
<b>7 434</b>	<b>Operating Payments</b>	<b>7 254</b>	<b>7 689</b>	<b>6</b>	<b>7 456</b>	<b>7 533</b>	<b>7 787</b>
<b>3</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>351</b>	<b>-347</b>	<b>-199</b>	<b>3</b>	<b>3</b>	<b>3</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Payments</b>						
258	Purchase of Property, Plant and Equipment	15	536	#	0	0	0
<b>258</b>	<b>Investing Payments</b>	<b>15</b>	<b>536</b>	<b>#</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-258</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-15</b>	<b>-536</b>	<b>#</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Receipts</b>						
258	Capital Injection from Government	80	536	570	0	0	0
<b>258</b>	<b>Financing Receipts</b>	<b>80</b>	<b>536</b>	<b>570</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Payments</b>						
0	Distributions to Government	95	0	-100	0	0	0
<b>0</b>	<b>Financing Payments</b>	<b>95</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>258</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>-15</b>	<b>536</b>	<b>#</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>321</b>	<b>-347</b>	<b>-208</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>54</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>255</b>	<b>576</b>	<b>126</b>	<b>229</b>	<b>232</b>	<b>235</b>
<b>57</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>576</b>	<b>229</b>	<b>-60</b>	<b>232</b>	<b>235</b>	<b>238</b>

## ACT Workcover Statement of Changes in Equity

Budget as at 30/6/05 \$'000		Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
-1 160	<b>Opening Balance</b>	-737	73	110	-40	-751	-1 237
	<b>Accumulated Funds</b>						
-622	Operating Result for the Period	-616	-649	-5	-711	-486	-416
	<b>Reserves</b>						
-622	<b>Total Income And Expense For The Period</b>	-616	-649	-5	-711	-486	-416
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
258	Capital Injections	80	536	570	0	0	0
0	Capital (Distributions)	-95	0	100	0	0	0
1 441	Inc/Dec in Net Assets due to Admin Restructure	1 441	0	-100	0	0	0
-83	<b>Closing Balance</b>	73	-40	-155	-751	-1 237	-1 653

### Notes to the Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- government payment for outputs:
  - the decrease of \$0.255m in the 2004-05 estimated outcome from the original budget is a net effect of additional funding of \$0.095m for wage increases, offset by the rollover of funds for the following projects from 2004-05 to 2005-06:
    - regulatory activities under the *Dangerous Substances Act 2004* relating to the destruction of illegal fireworks that have been confiscated (\$0.095m);
    - delays associated with the upgrade of the accident and information management database (\$0.1m); and
    - finalisation of a review of the delivery of corporate services (\$0.155m).
  - The increase of \$0.599m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly due to:
    - certified agreement wage increases (\$0.120m);
    - the impact of rollover of funds from 2004-05 (\$0.7m);
    - the renewal of insurers and self insurers for the purposes of workers compensation (\$0.086m); and
    - indexation (\$0.058m);

offset by:

- general savings (\$0.344m); and
- reduction in InTACT costs (\$0.019m).
- user charges – Non ACT Government: the decrease of \$0.033m in the 2005-06 Budget from the 2004-05 estimated outcome mainly relates to changes to the collection of fees under the *Dangerous Substances Act 2004* from an annual to a biennial basis.
- employee expenses:
  - the decrease of \$0.142m in the 2004-05 estimated outcome from the original budget mainly relates to the rollover of the above-mentioned projects; and
  - the increase of \$0.417m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly due to the effect of the rollover of projects from 2004-05 and the impact of wage increases and indexation, offset by general savings (\$0.122m).
- supplies and services:
  - the decrease of \$0.190m in the 2004-05 estimated outcome from the original budget is the result of the rollover of projects to 2005-06; and
  - the increase of \$0.186m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly a result of rollover of projects from 2004-05 offset by general savings.

#### *Balance Sheet*

- current assets:
  - the increase of \$0.496m in the 2004-05 estimated outcome from the original budget largely reflects the higher than budgeted cash balances carried over from 2003-04 (\$0.2m) and unspent 2004-05 appropriation rolled over to 2005-06 (\$0.350m); and
  - the decrease of \$0.346m in the 2005-06 Budget from the 2004-05 estimated outcome results from the use of the rollover funds during 2005-06.
- non current assets:
  - the decrease of \$0.246m in the 2004-05 estimated outcome from the original budget relates to delays in the development of the OH&S integrated database; and
  - the increase of \$0.075m in the 2005-06 Budget from the 2004-05 estimated outcome reflects the capitalisation of the OH&S integrated database offset by depreciation.
- total liabilities: the decrease of \$0.158m in the 2005-06 Budget from the 2004-05 estimated outcome reflects the elimination of revenue recognised in advance associated with rollover funds, offset by increased employee entitlements arising in part from the recent wage increases.

#### *Cash Flow Statement*

- other revenue:
  - the increase of \$0.127m in the 2004-05 estimated outcome from the original budget largely represents a greater than budgeted GST refund; and
  - the decrease of \$0.129m in the 2005-06 Budget from the 2004-05 estimated outcome reflects the one-off effect of the above GST refund.

- purchase of property, plant and equipment, and capital injection: the variances reflect the planned capital works program; and
- distributions to Government: the return of excess cash in the 2004-05 estimated outcome (\$0.095m) relates to the investigation into the Fairburn Hanger collapse and the resolution of a contractual dispute.

**ACT Workcover**  
**Statement of Income and Expenses on Behalf of the Territory**

<b>2004-05 Budget \$'000</b>		<b>2004-05 Est.Outcome \$'000</b>	<b>2005-06 Budget \$'000</b>	<b>Var %</b>	<b>2006-07 Estimate \$'000</b>	<b>2007-08 Estimate \$'000</b>	<b>2008-09 Estimate \$'000</b>
	<b>Income</b>						
	<b>Revenue</b>						
606	Taxes Fees and Fines	886	881	-1	728	745	935
<b>606</b>	<b>Total Revenue</b>	<b>886</b>	<b>881</b>	<b>-1</b>	<b>728</b>	<b>745</b>	<b>935</b>
	<b>Gains</b>						
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>606</b>	<b>Total Income</b>	<b>886</b>	<b>881</b>	<b>-1</b>	<b>728</b>	<b>745</b>	<b>935</b>
	<b>Expenses</b>						
606	Transfer Expenses	886	881	-1	728	745	935
<b>606</b>	<b>Total Ordinary Expenses</b>	<b>886</b>	<b>881</b>	<b>-1</b>	<b>728</b>	<b>745</b>	<b>935</b>
<b>0</b>	<b>Operating Result</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

**ACT Workcover**  
**Statement of Assets and Liabilities on Behalf of the Territory**

Budget as at 30/6/05 \$'000	Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
<b>Current Assets</b>						
0	Receivables	11	11	-	11	11
<b>0</b>	<b>Total Current Assets</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>0</b>	<b>TOTAL ASSETS</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>Current Liabilities</b>						
0	Payables	11	11	-	11	11
<b>0</b>	<b>Total Current Liabilities</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>0</b>	<b>TOTAL LIABILITIES</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>0</b>	<b>NET ASSETS</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>						
0	Accumulated Funds	0	0	-	0	0
<b>0</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>

**ACT Workcover  
Budgeted Statement of Cashflows on Behalf of the Territory**

2004-05 Budget \$'000	2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
606	Taxes, Fees and Fines	886	881	-1	728	745	935
<b>606</b>	<b>Operating Receipts</b>	<b>886</b>	<b>881</b>	<b>-1</b>	<b>728</b>	<b>745</b>	<b>935</b>
<b>Payments</b>							
606	Territory Receipts to Government	886	881	-1	728	745	935
<b>606</b>	<b>Operating Payments</b>	<b>886</b>	<b>881</b>	<b>-1</b>	<b>728</b>	<b>745</b>	<b>935</b>
<b>0</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Notes to the Budget Statements

Significant variations are as follows:

*Statement of Income and Expenses on Behalf of the Territory*

- Taxes, fees and fines:
  - the increase of \$0.280m in the 2004-05 estimated outcome from the original budget reflects increased revenue from notices of intention (\$0.246m) as well as the number of on-the-spot-fines issued under the *Workers Compensation Act 1951* (\$0.034m). These are not expected to continue at current levels into 2005-06. In 2005-06, this decrease is largely offset by increased fees associated with the renewal of insurers and self-insurers under the Act, which is scheduled to occur every three years. As a result, this increase in fees is also reflected in 2008-09.

