

## **WORKERS' COMPENSATION SUPPLEMENTATION FUND**

---

### **Objectives**

The ACT Workers' Compensation Supplementation Fund (the Fund) is established pursuant to the *Workers' Compensation Supplementation Fund Act 1980* (the Act).

The purpose of the Fund is to accept responsibility for the payment of workers' compensation claims and settlements in the event that an insurance company fails or is unable to meet its liabilities arising from workers' compensation insurance policies and to achieve the best possible return from the liquidation process.

### **2005-06 Highlights**

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

- managing the reduction in the number of claims on the Fund while ensuring that all claimants are treated fairly and receive appropriate entitlements;
- monitoring the management of claims to ensure the use of best practice claims management strategies;
- providing accurate information to the liquidator to ensure that the Fund can make its claim in the liquidation; and
- producing updated reports to the Government on projected liability and reserving strategy.

## Workers Compensation Supplementation Fund 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>							
962	Interest	962	627	-35	478	379	321
0	Other Revenue	3 734	0	-100	0	0	0
<b>962</b>	<b>Total Revenue</b>	<b>4 696</b>	<b>627</b>	<b>-87</b>	<b>478</b>	<b>379</b>	<b>321</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>962</b>	<b>Total Income</b>	<b>4 696</b>	<b>627</b>	<b>-87</b>	<b>478</b>	<b>379</b>	<b>321</b>
<b>Expenses</b>							
170	Supplies and Services	178	178	-	178	105	64
0	Other Expenses	1 440	0	100	0	0	0
<b>170</b>	<b>Total Ordinary Expenses</b>	<b>1 618</b>	<b>178</b>	<b>-89</b>	<b>178</b>	<b>105</b>	<b>64</b>
<b>792</b>	<b>Operating Result</b>	<b>3 078</b>	<b>449</b>	<b>-85</b>	<b>300</b>	<b>274</b>	<b>257</b>

## Workers Compensation Supplementation Fund 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>						
159	Cash	389	413	6	619	759	940
299	Receivables	307	228	-26	191	184	177
12 791	Investments	15 003	7 126	-53	5 172	4 090	3 432
14	Other	0	0	-	0	0	0
<b>13 263</b>	<b>Total Current Assets</b>	<b>15 699</b>	<b>7 767</b>	<b>-51</b>	<b>5 982</b>	<b>5 033</b>	<b>4 549</b>
<b>13 263</b>	<b>TOTAL ASSETS</b>	<b>15 699</b>	<b>7 767</b>	<b>-51</b>	<b>5 982</b>	<b>5 033</b>	<b>4 549</b>
	<b>Current Liabilities</b>						
4 465	Payables	3 440	2 144	-38	1 282	800	521
<b>4 465</b>	<b>Total Current Liabilities</b>	<b>3 440</b>	<b>2 144</b>	<b>-38</b>	<b>1 282</b>	<b>800</b>	<b>521</b>
	<b>Non Current Liabilities</b>						
11 450	Payables	5 383	3 298	-39	2 075	1 334	872
<b>11 450</b>	<b>Total Non Current Liabilities</b>	<b>5 383</b>	<b>3 298</b>	<b>-39</b>	<b>2 075</b>	<b>1 334</b>	<b>872</b>
<b>15 915</b>	<b>TOTAL LIABILITIES</b>	<b>8 823</b>	<b>5 442</b>	<b>-38</b>	<b>3 357</b>	<b>2 134</b>	<b>1 393</b>
<b>-2 652</b>	<b>NET ASSETS</b>	<b>6 876</b>	<b>2 325</b>	<b>-66</b>	<b>2 625</b>	<b>2 899</b>	<b>3 156</b>
	<b>REPRESENTED BY FUNDS EMPLOYED</b>						
-2 652	Accumulated Funds	6 876	2 325	-66	2 625	2 899	3 156
<b>-2 652</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>6 876</b>	<b>2 325</b>	<b>-66</b>	<b>2 625</b>	<b>2 899</b>	<b>3 156</b>

**Workers Compensation Supplementation Fund  
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>							
860	Interest Received	860	699	-19	508	379	321
70	Other Revenue	261	74	-72	74	77	77
<b>930</b>	<b>Operating Receipts</b>	<b>1 121</b>	<b>773</b>	<b>-31</b>	<b>582</b>	<b>456</b>	<b>398</b>
<b>Payments</b>							
170	Related to Supplies and Services	178	178	-	178	105	64
6 467	Other	4 298	3 448	-20	2 152	1 293	811
<b>6 637</b>	<b>Operating Payments</b>	<b>4 476</b>	<b>3 626</b>	<b>-19</b>	<b>2 330</b>	<b>1 398</b>	<b>875</b>
<b>-5 707</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>-3 355</b>	<b>-2 853</b>	<b>15</b>	<b>-1 748</b>	<b>-942</b>	<b>-477</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Payments</b>							
0	Distributions to Government	0	5 000	#	0	0	0
<b>0</b>	<b>Financing Payments</b>	<b>0</b>	<b>5 000</b>	<b>#</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>-5 000</b>	<b>#</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-5 707</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>-3 355</b>	<b>-7 853</b>	<b>134</b>	<b>-1 748</b>	<b>-942</b>	<b>-477</b>
<b>18 977</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>18 747</b>	<b>15 392</b>	<b>-18</b>	<b>7 539</b>	<b>5 791</b>	<b>4 849</b>
<b>13 270</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>15 392</b>	<b>7 539</b>	<b>-51</b>	<b>5 791</b>	<b>4 849</b>	<b>4 372</b>

## Workers Compensation Supplementation Fund 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
-2 003	<b>Opening Balance</b>	3 798	6 876	81	2 325	2 625	2 899
	<b>Accumulated Funds</b>						
792	Operating Result for the Period	3 078	449	-85	300	274	257
	<b>Reserves</b>						
792	<b>Total Income And Expense For The Period</b>	3 078	449	-85	300	274	257
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
0	Capital (Distributions)	0	-5 000	#	0	0	0
-1 441	Inc/Dec in Net Assets due to Admin Restructure	0	0	-	0	0	0
-2 652	<b>Closing Balance</b>	6 876	2 325	-66	2 625	2 899	3 156

### Notes to the Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- interest: the decrease of \$0.335m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly due to a lower level of investments as a consequence of paying outstanding claims;
- other revenue: the increase of \$3.734m in the 2004-05 estimated outcome from the original budget is mainly due to the revaluation of the HIH insurance liability; and
- other expenses: the increase of \$1.440m in the 2004-05 estimated outcome from the original budget mainly reflects the transfer of the Accident Information Management System (AIMS) to ACT Workcover.

#### *Balance Sheet*

- cash and current investments:
  - the increase of \$2.442m in the 2004-05 estimated outcome from the original budget reflects the timing and movement in cash and investments relating to the settlement of claims following the latest actuarial assessment of HIH and their effect on the insurance liability of the Fund; and
  - the decrease of \$7.853m in 2005-06 Budget from the 2004-05 estimated outcome is mainly due to the return of \$5m to the Territory.
- Current and non – current payables: the decrease of \$7.092m in the 2004-05 estimated outcome from the original budget and the decrease of \$3.381m in the 2005-06 Budget from the 2004-05 estimated outcome are due to the settlement of claims associated with HIH and the reduction of the estimated liabilities.

