WORKERS' COMPENSATION SUPPLEMENTATION FUND

Objectives

The ACT Workers' Compensation Supplementation Fund (the Fund) was 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 failed or was unable to meet its liabilities arising from workers' compensation insurance policies.

Prior to 2001, the most recent insurance company to collapse in Australia was NEM Insurance in 1990. The Fund is still making workers' compensation payments associated with this collapse.

From 15 March 2001, the Fund became responsible for workers' compensation claimants previously insured with HIH Insurance and its related entities following their placement into liquidation.

2002-03 Highlights

Strategic and operational issues to be pursued in 2002-03 include:

- minimising the cost to the Territory by quick resolution and effective management of all claims resulting from the collapse of HIH;
- achieving a reduction in the total number of open claims;
- monitoring the supervising insurer in the management of claims;
- reducing the administrative costs of the Fund;
- providing accurate information to the liquidator as part of the proof of debt process ensuring that the Fund can make its claim in the liquidation;
- reducing the total debt of the Fund through the implementation of best practice strategies in claims management;
- ensuring all claimants receive their entitlements; and
- producing reports and analysis of the data from the Accident Information Management System (the new workers' compensation database which is funded through the Fund).

Workers Compensation Supplementation Fund
Statement of Financial Performance

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
0	Interest	1 691	1 402	-17	822	365	32
0	Other Revenue	0	0	-	2 100	2 100	2 100
0	**Total Ordinary Revenue**	**1 691**	**1 402**	**-17**	**2 922**	**2 465**	**2 132**
	Expenses						
0	Administrative Expenses	745	1 074	44	959	965	972
0	Depreciation and Amortisation	104	306	194	306	306	306
0	**Total Ordinary Expenses**	**849**	**1 380**	**63**	**1 265**	**1 271**	**1 278**
0	**Operating Result**	**842**	**22**	**-97**	**1 657**	**1 194**	**854**
0	**Total Equity From Start of Period**	**-23 554**	**-22 712**	**4**	**-22 690**	**-21 033**	**-19 839**
0	**Total Equity At The End of Period**	**-22 712**	**-22 690**	**..**	**-21 033**	**-19 839**	**-18 985**

Workers Compensation Supplementation Fund
Statement of Financial Position

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
0	Cash	314	48	-85	58	-428	-5 263
0	Receivables	511	355	-31	208	94	39
0	Investments	29 000	14 000	-52	6 400	0	0
0	**Total Current Assets**	**29 825**	**14 403**	**-52**	**6 666**	**-334**	**-5 224**
	Non Current Assets						
0	Property, Plant and Equipment	1 427	1 121	-21	815	509	203
0	**Total Non Current Assets**	**1 427**	**1 121**	**-21**	**815**	**509**	**203**
0	**TOTAL ASSETS**	**31 252**	**15 524**	**-50**	**7 481**	**175**	**-5 021**
	Current Liabilities						
0	Payables	15 770	9 720	-38	8 520	6 070	3 020
0	**Total Current Liabilities**	**15 770**	**9 720**	**-38**	**8 520**	**6 070**	**3 020**
	Non Current Liabilities						
0	Payables	38 194	28 494	-25	19 994	13 944	10 944
0	**Total Non Current Liabilities**	**38 194**	**28 494**	**-25**	**19 994**	**13 944**	**10 944**
0	**TOTAL LIABILITIES**	**53 964**	**38 214**	**-29**	**28 514**	**20 014**	**13 964**
0	**NET ASSETS**	**-22 712**	**-22 690**	**..**	**-21 033**	**-19 839**	**-18 985**
	REPRESENTED BY FUNDS EMPLOYED						
0	Accumulated Funds	-22 712	-22 690	..	-21 033	-19 839	-18 985
0	**TOTAL FUNDS EMPLOYED**	**-22 712**	**-22 690**	**..**	**-21 033**	**-19 839**	**-18 985**

Workers Compensation Supplementation Fund
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
0	Interest Received	1 353	1 550	15	951	476	80
0	Other Revenue	226	278	23	2 313	2 286	2 265
0	**Operating Receipts**	**1 579**	**1 828**	**16**	**3 264**	**2 762**	**2 345**
	Payments						
0	Related to Administration	953	1 074	13	959	965	972
0	Other	13 266	16 020	21	9 895	8 683	6 208
0	**Operating Payments**	**14 219**	**17 094**	**20**	**10 854**	**9 648**	**7 180**
0	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**-12 640**	**-15 266**	**-21**	**-7 590**	**-6 886**	**-4 835**
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Payments						
0	Purchase of Property, Plant and Equipment	211	0	-100	0	0	0
0	**Investing Payments**	**211**	**0**	**-100**	**0**	**0**	**0**
0	**NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**	**-211**	**0**	**100**	**0**	**0**	**0**
0	**NET INCREASE/(DECREASE) IN CASH HELD**	**-12 851**	**-15 266**	**-19**	**-7 590**	**-6 886**	**-4 835**
0	**CASH AT BEGINNING OF REPORTING PERIOD**	**42 165**	**29 314**	**-30**	**14 048**	**6 458**	**-428**
0	**CASH AT THE END OF THE REPORTING PERIOD**	**29 314**	**14 048**	**-52**	**6 458**	**-428**	**-5 263**

Notes to the Budget Statements

Significant variations are as follows:

Statement of Financial Performance

- interest revenue: the decrease of $0.289m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the decreasing investment balance as HIH claims are being settled;
- administrative expenses: the increase of $0.329m in the 2002-03 Budget from the 2001-02 estimated outcome is due to costs associated with the statistical analysis of data being made available from the new AIMS Database together with ongoing database maintenance costs; and
- depreciation and amortisation: the increase of $0.202m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the full year depreciation of the new AIMS Database.

Statement of Financial Position

- cash and current investments: the decrease of $15.266m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the settlement of HIH claims. The cash deficits in the last two years will be reviewed in 2002-03 in line with claims experience and any policy on industry levies;
- current receivables: the decrease of $0.156m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the decreasing accrued interest from the investment balance;
- property, plant and equipment: the decrease of $0.306m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the depreciation of the new AIMS Database;
- current payables: the decrease of $6.050m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the settlement of HIH claims; and
- non-current payables: the decrease of $9.700m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the transfer to current payables for the settlement of HIH claims.