



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2011-12 FINANCIAL AND PERFORMANCE OUTCOMES GENERAL QUESTIONNAIRE

VICTORIAN WORKCOVER AUTHORITY

SECTION A: Output variations**Question 1**

Please provide copies of all of your department's/agency's annual plans, business plans, strategic plans, corporate plans or similar relating to 2011-12 (these are requested in accordance with Section 28(1) of the *Parliamentary Committees Act 2003*) unless they are online. If they are online, please specify the document name and web address:

Document	Web address:
2011-14 Corporate Plan	N/A

SECTION C: Revenue and revenue foregone

Question 14

Please explain and detail the impact of any variances greater than ± 10 per cent between the prior year's actual result and the actual result for 2011-12 for:

- each revenue/income category detailed in your operating statement; and
- the total revenue/income in your operating statement.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2010-11 actual	2011-12 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
	(\$ million)	(\$ million)		
Premium revenue	1,802	1,878	N/A – Variance less than $\pm 10\%$.	N/A
Investment income	1,076	452	The reduction in investment income (before fees) of \$624M or 58% was due mainly to the lower investment return of 4.10% compared to 11.79% in the prior year, as a result of the unfavourable conditions experienced in the share markets.	The unfavourable outcome impacted on VWA's operating result and asset base for 11-12. As a result of the unfavourable impact of lower investment income and higher claims expense (see Question 5 below), VWA's funding ratio was determined to be 96% at 30.6.12, compared with 108% at 30/6/11. The preferred target range for VWA's funding ratios was 85% – 115%.
Recoveries revenue	152	134	The variance was due mainly to the lower claims recoveries experience in the 12 months to 30/6/12. This trend was consistent with the June 2011 external actuaries' projections.	No significant impact.
Other income	25	23	N/A – Variance less than $\pm 10\%$.	N/A

Question 15

Please explain and detail the impact of any variances greater than ± 10 per cent between the initial budget (**not** the revised estimate) and the actual result for 2011-12 for:

- (a) each revenue/income category detailed in your operating statement; and
- (b) the total revenue/income in your operating statement.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2011-12 Budget	2011-12 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
	(\$ million)	(\$ million)		
Premium revenue	1,816	1,878	N/A – Variance less than $\pm 10\%$.	N/A
Investment income	770	452	The variance against budget was due primarily to actual return for 11-12 (4.10%) being lower than budget (7.75%) as a result of unfavourable conditions experienced in the share markets. The investment credit is budgeted on a rate consistent with the long-term return objective, i.e. 4% above average weekly earnings (AWE).	As a result of the lower than budget investment income and the higher than budget claims expense (see Question 6 below), the VWA's actual funding ratio of 96% at 30/6/12 was lower, as compared to the budgeted funding ratio of 111%. The preferred target range for the VWA's funding ratios was 85% – 115%.
Recoveries revenue	108	134	The variance was due mainly to the higher than expected claims recoveries received/receivable in the 12 months to 30.6.12. The budget was based on the external actuary's valuation projection at 30/6/11.	No significant impact.
Other income	26	23	The variance was due mainly to the lower than budget self-insurer receipts in the 12 months to 30/6/12.	No significant impact.

Question 16

Please provide an itemised schedule of any concessions and subsidies (revenue foregone) (see the Explanatory Memorandum for a definition of concessions and subsidies) provided by your organisation in 2011-12. For each item, please:

- (a) describe the purpose of the concession/subsidy;
- (b) explain any variations greater than ± 10 per cent between the actual expenditure and the initial budget for the year;
- (c) indicate the number of concessions/subsidies granted in each category; and
- (d) explain whether the outcomes in the community¹ expected to be achieved by granting these concessions or providing these subsidies have been achieved.

Concession/ subsidy	Purpose	2011-12 Budget	2011-12 actual	Explanations for variances greater than ± 10 per cent	Number of concessions/subsidies granted in 2011-12	Outcomes achieved
Nil	N/A	N/A	N/A	N/A	N/A	N/A

¹ 'outcomes' are the impact of service delivery on the community rather than a description of the services delivered

SECTION D: Expenditure

Question 18

Please explain and detail the impact of any variances greater than ± 10 per cent between the prior year's actual result and the actual result for 2011-12 for:

- (a) each expenditure category detailed in your operating statement; and
- (b) the total expenditure in your operating statement.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenditure category	2010-11 actual	2011-12 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
	(\$ million)	(\$ million)		
Claims expense	1,824	2,955	The variance was due mainly to the impact of external factors (\$1,090m) resulting from reductions in assumed discount rates across all projection years, and higher than expected inflation in the 12 months to 30/6/12.	Together with the lower investment return in 11-12 (see Question 14 above), the higher claims cost adversely impacted the operating result and asset base for 11-12. VWA's funding ratio of 96% at 30/6/12 remained within the preferred target range of 85% – 115%.
Authorised agent fees	206	207	N/A – Variance less than $\pm 10\%$.	N/A
Investment expenses	32	30	N/A – Variance less than $\pm 10\%$.	N/A
Other operating costs	266	275	N/A – Variance less than $\pm 10\%$.	N/A
Tax (income) expense	206	(304)	The variance was due to unfavourable result in 11-12.	Together with the higher unrealised investment losses and provision for claims handling expenses, the increase in unutilised tax losses resulted in a higher deferred tax assets balance at 30/6/12.

Question 19

Please explain and detail the impact of any variances greater than ± 10 per cent between the initial budget (not the revised budget) and the actual result for 2011-12 for:

- (a) each expenditure category detail in your operating statement; and
- (b) the total expenditure in your operating statement.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenditure category	2011-12 Budget	2011-12 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
	(\$ million)	(\$ million)		
Claims expense*	1,925	2,955	The budget was based on the external actuary's valuation projection at 30/6/11. The variance against budget was due mainly to the impact of external factors (\$1,091M) due to impact of the changes in economic assumptions (discount and inflation rates).	As a result of the higher than budget claims expense and the lower than budget investment income (see Question 15 above), the VWA's actual funding ratio of 96% at 30/6/12 was lower, as compared to the budgeted funding ratio of 111%. The preferred target range for the VWA's funding ratios was 85% – 115%.
Authorised agent fees	212	207	N/A – Variance less than $\pm 10\%$.	N/A
Investment expenses	30	30	N/A – Variance less than $\pm 10\%$.	N/A
Other operating costs	296	275	N/A – Variance less than $\pm 10\%$.	N/A
Tax (income) expense	67	(304)	The variance was due to unfavourable result in 11-12.	Together with the higher unrealised investment losses and provision for claims handling expenses, the increase in unutilised tax losses resulted in a higher than budget deferred tax assets balance at 30/6/12.

*Claims expense relates to outstanding claims liabilities for workplace injury claims

Question 21

Please provide details of any evaluations of grants programs that were conducted by your department/agency in 2011-12, including any findings about:

- (a) the outcomes in the community² achieved by the programs; or
- (b) the effectiveness of grants at achieving planned outcomes compared to other modes of service delivery.

Grant program	Evaluation conducted	Outcomes achieved	Effectiveness as a mode of service delivery
<p>Health and Safety Representative Support Officer (HSRSO) Program</p> <p>The VWA began funding the HSRSO program in 2004 by providing funds to unions to employ HSRSO's so they can promote HSR provisions outlined in the <i>Occupational Health and Safety Act 2004</i>.</p>	<p>An external, independent evaluation was conducted in May 2012 with the objective to provide feedback and recommendations to the VWA on how to better support Victoria's HSRs, and specifically a review of the HSRSO program.</p>	<p>Findings from the independent evaluation included:</p> <ul style="list-style-type: none"> ▪ There are limited numbers of HSR's utilising the HSRSO program; ▪ Some HSRs prefer to discuss OHS matters with independent third parties; ▪ There is a gap in the VWA's support to the majority of HSRs; ▪ The provision of support indirectly through other parties results in lost opportunities for direct engagement with the VWA; ▪ HSRs found the VWA website difficult to navigate and the content needed enhancing to provide better resources to HSR's; ▪ The current HSR training is too focussed on learning the legislation and greater emphasis on learning the non-technical skills required of HSRs i.e. negotiation and influencing. <p>The external evaluation has been reviewed by the VWA and the recommendations considered.</p>	<p>The VWA has enacted most of the recommendations made in the independent evaluation, including ceasing of the HSRSO program, and redirecting the funds to make significant improvements to the VWA website and improving the training available for Victoria's HSR's.</p>

² 'outcomes' are the impact of service delivery on the community rather than a description of the services delivered

Question 24

Please detail all measures introduced to increase efficiency in 2011-12, including the cost of introducing each measure and the estimated savings as a result of the measure in 2011-12.

Efficiency measure	Cost of introduction	Estimated savings as a result
Nil	N/A	N/A

Question 25

Please detail any changes to your department's/agency's service delivery as a result of savings initiatives released since the change of government, e.g. changes to the timing and scope of specific programs or discontinued programs.

Nil

SECTION E: Public sector workforce

Question 26

Please detail the total full-time equivalent number of staff in your department/agency as at 30 June 2011 and 30 June 2012 in each of the following bands of levels, and explain the changes from one year to the next:

Level*	Total FTE (30 June 2011)	Total FTE (30 June 2012)	Explanation for changes
Band 1	6	6	WorkSafe undertook a considerable number of changes and restructures to individual divisions in 2012, which resulted in fewer people employed in some divisions, and others performing tasks at a more specialised level. This is also consistent with the overall headcount at WorkSafe reducing over the period.
Band 2	77	61	
Band 3	141	127	
Band 4	350	335	
Band 5	341	365	
Band 6	81	86	
Executives	101	106	
Total of all staff (including non-VPS grades)	1097	1086	No significant changes to total FTE

*VPS classification framework is not applicable; the VWA has its own classification framework which has been reflected in the above table.

Question 27

In the tables below, please detail the salary costs for 2011-12, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

Employment category	Gross salary 2010-11	Gross salary 2011-12	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	122.7	124.7	N/A
Fixed-term	3.2	4.3	While use of fixed-term contracts increased, use of such contracts remains less than 3.5% of gross salary paid
Casual	0	0	N/A
Total	125.9	129.0	

Gross salary includes bonus, superannuation and allowances used for rateable remuneration, and an allowance for payroll tax and WorkCover. It excludes payments made on staff departures (Lump sum payments).

Question 28

Please detail the impact on your department's/agency's expenditure of any EBAs agreed in 2011-12 and how any additional costs were funded.

EBA	Impact in 2011-12 (\$ million)	How the impact was funded
No EBA revision or agreement in the period	N/A	N/A

Question 29

Please provide the following details about staff number changes in 2011-12. Under 'Pre-SGI', please show staff changes that would have been made during the year via the various methods prior to the release of the Sustainable Government Initiative (SGI) in December 2011. Under 'Post-SGI', please show how the SGI altered the targets under 'Pre-SGI'. That is, the addition of the two cells will show the total target for the year.

(Please include VPS and fixed-term staff, and provide all data as FTE):

	Target for 2011-12		Actual for 2011-12	Reason for any variation between target and actual	Impact of reduction or increase in staff numbers on services delivery
	Pre-SGI	Post-SGI			
Total change in staff numbers (please indicate + for increase and – for decrease)	Not applicable*	Not applicable	N/A	N/A	N/A
Change in the number of head office staff* (please indicate + for increase and – for decrease)	Not applicable*	Not applicable	N/A	N/A	N/A
Change in the number of front-line staff* (please indicate + for increase and – for decrease)	Not applicable*	Not applicable	N/A	N/A	N/A
Number of staff reduced through resignation and retirement	Not applicable*	Not applicable	N/A	N/A	N/A
Number of staff reduced through non-renewal of contracts	Not applicable*	Not applicable	N/A	N/A	N/A
Number of staff reduced through VDPs	Not applicable*	Not applicable	N/A	N/A	N/A
Number of staff reduced through TSPs	Not applicable*	Not applicable	N/A	N/A	N/A

Number of staff reduced through other means	Not applicable*	Not applicable	N/A	N/A	N/A
Costs associated with staff reductions (e.g. VDP and redundancies pay-outs)	Not applicable*	Not applicable	N/A	N/A	N/A

*SGI not applicable to the VWA during 2011-12

* Please indicate how you have defined 'head office staff' and 'front-line staff'.

N/A

Question 30

- (a) For what roles within your organisation were contractors or contract staff used in 2011-12 (refer to Explanatory Memorandum for definition of contractors)?

Contractors or contract staff have been used for:
<ul style="list-style-type: none"> • Temporary support when employees are seconded, on leave or where a vacancy exists and temporary assistance is required and additional temporary resourcing to support short term business activities. • Provide specialist expertise to a project activity, in particular IT projects.

- (b) Please itemise the services delivered by contractors or contract staff in 2011-12:

Service category	Number of contractors/contract staff	Value of services (\$)
Support when employees are on leave or where a short term vacancy exists or where additional temporary resourcing to support short term business activities exists.	96	\$1,659,815.27
Provide specialist expertise to a project activity, in particular IT projects	129	\$12,163,728.64

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2011-12, please supply the following details:

Supplier	Purpose	Value of services (\$)	Number of contractors/contract staff (FTE) employed for longer than 12 months	Reasons why a VPS employee or equivalent could not undertake the work
Clicks IT	Provision of specialist expertise for the delivery of IT Projects.	2,467,650.40	10.5	IT Shared Solutions continue to have a strong project investment which requires specialist technical resourcing. Specialist expertise is required due to the nature and complexity of complexity of application related projects
Dixon Appointments		2,702,109.65	11.5	
Hays Recruitment		486,048.20	2	
IT Matters		1,521,846.98	6	
Talent International		2,125,874.52	9	

Question 31

- (a) For what roles within your organisation were consultants used in 2011-12 (refer to Explanatory Memorandum for definition of consultants)?

Consultants were engaged to provide one-off expert analysis and advice that facilitated the VWA's decision making.

(b) Please itemise the services delivered by consultants in 2011-12:

Service category	Number of consultants	Value of services (\$)
Internal Structural Review – Human Resources	1	\$51,000
Reducing Regulatory Burden Analysis	1	\$56,500
Economic Analysis for Regulatory Impact Statement on the Proposed Accident Compensation Regulations	1	\$60,600
Information Technology Expenditure Review	1	\$90,554
Governance Model Review - IT Shared Solutions	1	\$93,417
Regulatory Impact Statement for Dangerous Goods Storage and Handling Regulations	1	\$92,480
Health & Safety Strategic Operating Framework Development	1	\$103,058
Emergency Response Program Review	1	\$113,039
Information Technology 2017 Strategy Options	1	\$207,051
Impact Assessment on the proposed Model Work Health & Safety Act and Model Work Health & Safety Regulations	1	\$475,541
2017 Strategy Development	1	\$1,815,000

(c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2011-12, please supply the following details:

Supplier	Purpose	Value of services (\$)	Number of consultants (FTE) employed for longer than 12 months	Reasons why a VPS employee or equivalent could not undertake the work
Kokkin & Brown Pty Ltd	Health & Safety Strategic Operating Framework Development	\$103,058	0	One-off project requiring expertise not available within the organisation. Independent opinion was needed for structural review.
Noetic Solutions Pty Limited	Emergency Response Program Review	\$113,039	0	One-off project requiring expertise not available within the organisation. Market knowledge required.
KPMG	Information Technology 2017 Strategy Options	\$207,051	0	One-off project requiring expertise not available within the organisation. Market knowledge required.
PricewaterhouseCoopers	Impact Assessment	\$475,541	0	Independent assessment

	on the proposed Model Work Health & Safety Act and Model Work Health & Safety Regulations			required.
The Boston Consulting Group	2017 Strategy Development	\$1,815,000	0	One-off project requiring expertise not available within the organisation.

Question 32

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2011-12 performance periods:

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Secretary or CEO, EO1 – Deputy ^(a) EO5 and above	4	0	4	185,437
*EO4	6	0	6	160,248
*EO1–3 Other Executives	83	0	83	967,625

*Please note that the VWA's executive classification structure varies to that of the VPS, while aligning to GSERP requirements.

Question 33

In the following table, please show for your organisation the actual range of bonuses paid in 2011-12 (expressed as a percentage of total remuneration).

Rating	VWA Performance Ratings	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)		
		WS Certified Agreement Employees	WS Executive Employees	
Exceptional	Exceeding requirements (ES)	3.43% ITSS 3.5%	5% Corp	From 8% to 10%
Superior	Exceeding requirements in Some significant areas (ESS)	3.43% ITSS 3.5%	5% Corp	From 4% to 7%
Competent	Meeting Expectations ME or Meeting Most Expectations (MME)	3.43% ITSS 3.5%	5% Corp	
Improvement required	Needs to Improve (NI)	0% ITSS 0%	0%	

Please note, the VWA has provisions for bonus eligibility for Certified Agreement Employees as well as executives. IT Shared Solutions (ITSS) has its own independent measures and associated bonus structure, as indicated in the table above.

Chief Executive bonus provisions vary to those of other Executive employees.

Question 34

Please detail the number of executives who received increases in their remuneration in 2011-12, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount	Reasons for these increases
0-3 per cent	94	Annual Salary Review aligned to GSERP Review and SSA Guidance
3-5 per cent	2	Annual Salary Review determined substantial increase in scope of duties and impact on organisations key deliverables
5-10 per cent	3	Annual Salary Review determined substantial increase in scope of duties and impact on VWA's key deliverables
10-15 per cent	0	N/A
greater than 15 per cent	0	N/A

SECTION F: Program outcomes

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section all relate to the outcomes that your department/agency contributed to in 2011-12.

Question 36

- (a) Using the format of the table below, please outline the five most important outcomes in the community³ achieved by your organisation's programs/activities in 2011-12 (where your organisation has been the key player) including:
- (i) what was planned;
 - (ii) what was achieved;
 - (iii) quantitative or qualitative data to demonstrate this achievement;
 - (iv) any other Victorian public sector organisations or agencies from other jurisdictions that have worked across organisational boundaries to contribute to this outcome; and
 - (v) the relationship of these outcomes to any government strategies or goals.

Planned outcome to be achieved	Description of actual outcome achieved	Quantitative or qualitative data to demonstrate outcome	Other agencies involved	Relationship to major government strategy
1. Improve workplace safety	Workplaces in Victoria are now the safest they have ever been, and the safest of any state in Australia	Claims per 1000 workers: June 2012: 10.17 June 2011: 10.34	Victoria Police & Emergency Services Other state OHS regulators (through Heads of Workplace Safety Authorities)	10 year National OHS strategy 2002 - 2012 (Australian Safety and Compensation Council formally NOHSC) Victorian Government commitment to remain the safest jurisdiction
2. Strong result for performance from insurance operations	Maintained scheme viability	PFIO result at June 2012: \$385m	Victorian Funds Management	Prudential Supervision and Performance Measurement

³ 'outcomes' are the impact of service delivery on the community rather than a description of the services delivered

(PFIO)		PFIO target at June 2011: \$253m	Corporation (VFMC)	Framework
3. Lower breakeven premium (BEP)	BEP of 1.282%, a reduction in breakeven premium from 2011-12. This reflects greater efficiency and effectiveness in operating the scheme	BEP of 1.282% at June 2012. BEP of 1.316% at June 2011.	VFMC	Creating a favourable industry environment for a more competitive Victoria
4. Achieve positive actuarial release	Actuarial release achieved for 2011/12 – the 11 th consecutive positive actuarial release	Actuarial release of \$182m at June 2012.	VFMC	Prudential Supervision and Performance Measurement Framework
5. Improve results for employee opinion survey (EOS)	Overall increase in employee satisfaction, result above Australian National Norm (ANN)	EOS index score at June 2012-67 (June 2011 – 63). ANN at June 2012 - 66	N/A	N/A

(b) Please also identify any significant program outcomes that were planned but not achieved in 2011-12 and the underlying reasons.

Outcome not achieved	Explanation
Improved result for client service index	Our client satisfaction results declined in 2011-12, in contrast to earlier gains made over the course of Strategy 2012. Our results for employer satisfaction with agents and injured worker satisfaction with agents both fell in 2011-12. Changes to the agent panel resulted in the number of agents reducing to five (from six), which led to a significant amount of disruption for workers and employers who changed agents. The VWA has a number of initiatives in place to assist in improving these results, including the Enhanced Agency Model, and improving client satisfaction remains a key part of the new five-year strategy, WorkSafe 2017.
Improvement in the sustained return to work measure.	The rate of Victorian injured workers returning to work after at work 14 - 19 months after injury is a key performance measure for the WorkCover scheme. At 30 June 2012 the percentage of workers back at work 14 - 19 months after injury was 73.8% , down from 77.2% in June 2011(a reduction of 4.5%). This result was significantly impacted by difficult economic conditions.

The planned priorities and outcomes achieved are reported to Parliament each year in the Budget Papers and in the relevant annual reports.