



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2009-10 AND 2010-11 FINANCIAL AND PERFORMANCE  
OUTCOMES QUESTIONNAIRE — PART ONE**

**VICTORIAN WORKCOVER AUTHORITY**

## Revenue and revenue foregone

### Question 21

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than  $\pm 10$  per cent in any revenue/income category detailed in your agency's operating statement in its annual report **and** the total revenue/income for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

The budget is set prior to the beginning of the succeeding financial year. A number of factors influence the actual results, such as timing of payments, timing of interest income, machinery of government changes, and decisions of the Commonwealth government, etc.

### Question 22

For each of the income from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. output appropriations, grants, sales of goods and services), please break the income for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than  $\pm 10$  per cent between the two six-month amounts:

Income from transactions	Income 1/7/2010-31/12/2010	Income 1/1/2011-30/6/2011	Explanation for any variations greater than $\pm 10$ per cent*
	(\$ million)	(\$ million)	
Premium revenue	883	919	Any variation between the two six month periods reflects when funding flows. As departments and agencies budget for the full financial year, no meaningful comparison can be made between the first half of the financial year and the second half.
Investment income	662	414	
Recoveries revenue	56	96	
Other income	14	11	

### Question 23

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 2009-10 and 2010-11. For each item, please:

- (a) describe the purpose of the concession/subsidy;
- (b) explain any variations greater than  $\pm 10$  per cent between the actual expenditure and the initial budget for the year;
- (c) explain any variations greater than  $\pm 10$  per cent between the actual expenditure and the actual for the prior year;
- (d) indicate the number of concessions/subsidies granted in each category; and
- (e) explain whether the outcomes expected to be achieved by granting these concessions or providing these subsidies have been achieved.
- (f) Please also detail all new concessions/subsidies provided in 2010-11 by your agency that were announced after the change of government in 2010, their impact on your agency and the social outcomes achieved to date:

Not applicable.

### Expenditure

### Question 25

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than  $\pm 10$  per cent in any expense category detailed in the agency's operating statement in its annual report **and** the total expenditure for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

#### Expenditure in 2009-10:

Expenditure category	2008-09 actual (\$ million)	2009-10 Budget (\$ million)	2009-10 actual (\$ million)	Explanations for variances greater than $\pm 10$ per cent	Impact of variances*
Claims expense	1,772	1,350	2,140	The higher claims cost in 2009-10 was due to the impact of the changes in economic assumptions (discount and inflation rates) and legislation arising from the Hanks Review. This increase was partially	

				offset by the favourable experience as a result of the larger reduction in the costs of previously reported claims in 2009-10.	
Authorised agent fees	194	219	213	N/A – Variance less than $\pm 10\%$ .	
Investment expenses	25	24	28	The variances against budget and prior year were due mainly to the higher investment portfolio balances in 2009-10.	
Other operating costs	243	275	260	N/A – Variance less than $\pm 10\%$ .	
Tax (income) expense	(554)	147	70	The variances against budget was a result of lower operating result due mainly to higher claims cost in 2009-10 (see above), partially off-set by higher investment income (see Question 22 above).  The variances against prior year was a result of higher operating result due mainly to higher investment income (see Question 22 above), partially off-set by higher claims cost in 2009-10 (see above).	

\* Variations occur for a number of reasons, including machinery of government changes, changes in asset values due to decisions made by the Valuer-General and other external factors.

#### Expenditure in 2010-11:

Expenditure category	2009-10 actual (\$ million)	2010-11 Budget (\$ million)	2010-11 actual (\$ million)	Explanations for variances greater than $\pm 10$ per cent	Impact of variances*
Claims expense	2,140	1,709	1,824	The lower claims cost in 2010-11 compared to prior year was due to the unfavourable impact of prior year's changes in economic assumptions (discount and inflation rates) and legislation arising from the Hanks Review (see above). The reduction was partially offset by the unfavourable experience in 2010-11 as a result of the increase in the cost of claims in the 12 months to 30.6.11 arising from: <ul style="list-style-type: none"> <li>increase in claim numbers and durations on weekly benefits</li> <li>smaller reduction in the costs of previously reported claims.</li> </ul>	
Authorised agent fees	213	221	206	N/A – Variance less than $\pm 10\%$ .	
Investment expenses	28	27	32	The variances against budget and prior year were due mainly to the higher investment portfolio balances in 2010-11.	

Other operating costs	260	299	266	The variance against budget was due mainly to the lower actual costs incurred in 2010-11 relating to VWA's special initiatives i.e. WorkHealth and the Institute for Safety, Compensation & Recovery Research.	
Tax expense	70	58	206	The variance against budget was a result of higher operating result due mainly to the higher investment income (see Question 21 above), partially off-set by higher claims cost in 2010-11 (see above).  The variance against prior year was a result of higher operating result due mainly to the lower claims cost in 2010-11 (see above).	

\* Variations occur for a number of reasons, including machinery of government changes, changes in asset values due to decisions made by the Valuer-General and other external factors.

## Question 26

For each of the expenses from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. employee expenses, grants, depreciation and amortisation), please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than  $\pm 10$  per cent between the two six-month amounts:

Expenses from transactions	Expenses 1/7/2010-31/12/2010	Expenses 1/1/2011-30/6/2011	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Claims expense	800	1,024	Expenditure can occur unevenly during the year owing to a range of factors including payment timing and year-end adjustments such as the actuarial valuation of defined benefit fund assets.
Authorised agent fees	107	99	
Investment expenses	16	16	
Other operating costs	130	136	
Tax expense	165	41	

## Question 27

Please provide details of any evaluations of grants programs that were conducted by your agency in 2009-10 or 2010-11, including any findings about:

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

The evaluation of grants programs by successive governments is used to inform future government policy and decision-making.

## Public sector workforce

### Question 31

Please detail the total full-time equivalent number of staff as at 30 June 2009, 30 June 2010, 31 December 2010 and 30 June 2011, and explain any significant variations (greater than  $\pm 10$  per cent) from one date to the next in the following tables:

Staffing numbers are reported in annual reports and annually by the State Services Authority.

#### Numbers in 2009 and 2010:

Total FTE (30 June 2009)	Total FTE (30 June 2010)	Explanation for any variations greater than $\pm 10$ per cent
1121	1105	N/A

#### Numbers in 2010:

Total FTE (30 June 2010)	Total FTE (31 December 2010)	Explanation for any variations greater than $\pm 10$ per cent
1105	1112	N/A

#### Numbers in 2010 and 2011:

Total FTE (31 December 2010)	Total FTE (30 June 2011)	Explanation for any variations greater than $\pm 10$ per cent
1112	1097	N/A

### Question 32

In the tables below, please detail the salary costs for 2008-09, 2009-10 and 2010-11, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

#### Costs in 2009-10:

Employment category	Gross salary 2008-09	Gross salary 2009-10	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Ongoing	\$113.7	\$122.7	N/A
Fixed-term	\$4.0	\$3.2	Reduced use of fixed term employees
Casual	\$0.0	\$0.0	N/A
<b>Total</b>	<b>\$117.7</b>	<b>\$125.9</b>	N/A

#### Costs in 2010-11:

Employment category	Gross salary 2009-10	Gross salary 2010-11	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Ongoing	\$122.7	\$124.2	N/A

Fixed-term	\$3.2	\$3.1	N/A
Casual	\$0.0	\$0.0	N/A
<b>Total</b>	<b>\$125.9</b>	<b>\$127.3</b>	N/A

For each of the employment categories, please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than  $\pm 10$  per cent between the two six-month amounts:

Employment category	Gross salary 1/7/2010-31/12/2010	Gross salary 1/1/2011-30/6/2011	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Ongoing	\$60.7	\$63.5	
Fixed-term	\$1.5	\$1.6	
Casual	\$0.0	\$0.0	
<b>Total</b>	<b>\$62.2</b>	<b>\$65.1</b>	

### Question 33

- (a) For what roles within your organisation were contractors or contract staff used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of contractors)?

Contractors and contract staff are engaged for short term roles to backfill for fixed term or ongoing roles during recruitment to hire a fixed term or ongoing replacement; providers of generalist services to the department or agency; and specialist professional services or roles, e.g. general consultancy, engineers, legal, audit or organisational development provision.

- (b) Please itemise the services delivered by contractors or contract staff in 2009-10 and 2010-11:

#### Contractors/contract staff in 2009-10:

Service category	Number of contractors/contract staff	Value of services (\$)
Temporary Support	38.1	\$3,570,274
Additional resourcing	10.1	\$1,753,169
Specialist Projects - IT	47.2	\$9,003,035

#### Contractors/contract staff in 2010-11:

Service category	Number of contractors/contract staff	Value of services (\$)
Temporary Support	40.3	\$3,470,923
Additional resourcing	13.4	\$2,126,226
Specialist Projects - IT	65.5	\$12,401,623

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:



In accordance with the requirements government, summary details of all contracts with a commitment value greater than \$100,000 are disclosed on the Victorian Government Purchasing Board (VGPB) website at [www.contracts.vic.gov.au](http://www.contracts.vic.gov.au)

### Question 34

- (a) For what roles within your organisation were consultants used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of consultants)?

Consultants were engaged to support with specialist research, analysis and/or advice that supported strategy decisions and for which skills were not available in the organisation.

- (b) Please itemise the services delivered by consultants in 2009-10 and 2010-11:

In accordance with Financial Reporting Directions, consultancies over \$100,000 are disclosed in the relevant annual reports.

- (c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

In accordance with Financial Reporting Directions, consultancies over \$100,000 are disclosed in the relevant annual reports.

### Question 35

- (a) Please break down the staff turnover ratio (total left employment during the year expressed as a percentage of total headcount) for your organisation during 2008-09, 2009-10 and 2010-11 according to the following age brackets:

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Less than 30 years old	1%	1%	2%
30-54 years old	8%	11%	8%
55 years or older	3%	5%	3%
<b>Total</b>	<b>12%</b>	<b>17%</b>	<b>13%</b>

- (b) Please describe the factors contributing to any variations greater than  $\pm 10$  per cent from one year to the next.

The turnover in 2009-10 was higher than the preceding and subsequent years. During the 2009-10 year a number of changes occurred within VWA resulting in some areas reshaping their structures. Also, like organisations opened recruitment for the first time in 3 years which attracted a number of VWA employees seeking alternative opportunities. These factors contributed to the higher staff turnover in 2009-10.

- (c) Please describe any strategies that are planned to be introduced to retain staff, reduce the level of voluntary staff turnover and reduce the likelihood that critical roles will become vacant in future?

The State Services Authority and agencies within the VPS are constantly dealing with the challenges of demographic change in the public sector in this State, and nationally, and with retaining specific skill sets.

### Question 36

The State Services Authority (*The State of the Public Sector in Victoria 2008-09*, Chapter 4) has identified collaboration, agility and innovation as important to the future of the Victorian public sector. Please detail any initiatives undertaken by your organisation in 2009-10 or in 2010-11 prior to the change of government that have been designed to enhance these three qualities and what outcomes have been achieved by these initiatives:

	Initiative	Outcomes
Collaboration	Treatment payment and connectivity (TPC)	Collaborating with the TAC to achieve improved management of health provider invoices.
Agility	Ongoing management of the VWA's liabilities portfolio	Improved scheme viability, demonstrated by strong results in key financial measures – Performance From Insurance Operations and Break Even Premium.
Innovation	Enhanced agency model (EAM)  TPC	Introduced with the new Agent contract, the EAM aims to improve role specialisation, technical training and structures at agents, and enable a much greater return to work capability  (see above)

Please also supply details of initiatives designed to enhance these three qualities undertaken since the change of government in November 2010:

	Initiative	Outcomes
Collaboration		
Agility		
Innovation	Updating the Workcover Industry Classification system.	Updated premium classification system that is more accurate and reflective of workplaces in today's economy.

### Question 37

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2009-10 and 2010-11 performance periods:

#### Bonuses in 2009-10:

Executive category	Number of staff (FTE) 97.8			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Secretary or CEO, EO1 – Deputy EO2, E03	9	-	9	\$347,164
Other Executives	101	3	98	\$1,713,054

#### Bonuses in 2010-11:

Executive category	Number of staff (FTE) 115.2			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Secretary or CEO, EO1	9	-	9	\$200,018

- Deputy EO2 and EO3				
Other Executives	101	8	93	\$739,705

### Question 38

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

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)	
	2009-10	2010-11
Exceptional	N/A	10.5 – 14.75%
Superior	10 – 18%	6.5 – 11.75%
Competent	4.25 – 10%	2.5 – 4.25%
Improvement required	0%	0%

The above format is based on the Executive Employment Handbook. If your organisation adopted another approach for awarding bonuses, please provide details.

Categories in 2009-10 were:

- Exceeding requirements – superior
- Doing a good job - competent
- Not meeting requirements – improvement required

VWA's categories were reviewed and changed for the 2010-11 performance year.

Categories in 2010-11 were:

- Exceeding expectations - exceptional
- Exceeding expectations in some significant areas - superior
- Meeting expectations - competent
- Meeting most expectations – competent (with some improvements required, e.g. could be new role, learning etc)
- Needs to improve to meet expectations – improvement required

## ***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 the Department contributed to in 2009-10 and 2010-11.

### **Question 40**

- (a) Using the format of the table below, please outline the five most important outcomes achieved by your organisation's programs/activities between 27 November 2010 and 30 June 2011 (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.
- (b) Please also identify any significant program outcomes that were planned but not achieved between 27 November 2010 and 30 June 2011 and the underlying reasons.

The planned priorities and outcomes achieved are reported to Parliament each year in the Budget Papers and in the relevant annual reports.
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## ***Adapting to the change of government***

### **Question 42**

- (a) Were any planned organisational priorities changed during 2010-11 as a result of the change of government in 2010? If so, please specify.

Organisation priorities changed during 2010-11 to reflect the incoming government's policies, priorities and relevant machinery of government changes.

- (b) Were any corporate plans or similar documents modified in 2010-11 as a result of the change of government in 2010? If so, please specify.

Business plans are routinely updated throughout the financial year, as circumstances dictate.

### **Question 43**

Please detail the impact on your agency of any machinery-of-government changes following the change of government in 2010, including:

- (a) how your agency adapted;
- (b) any disruptions to program or project delivery; and
- (c) any improvements to program or project delivery that have been enabled as a result of the change.

<b>Machinery-of-government change</b>	<b>Adaptations in response</b>	<b>Disruptions to program/project delivery</b>	<b>Improvements to program/project delivery</b>
N/A			

### **Question 44**

Please detail any new processes that were introduced into your agency following the change of government in 2010 for monitoring or managing expenditure on output or asset projects/programs:

N/A

### **Question 45**

For each program and project (delivering either outputs or assets) which was curtailed, deferred or discontinued in 2010-11 following the change of government in 2010, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was curtailed, deferred or discontinued.

Program/project	Output or asset delivery	Budgeted 2010-11 expenditure	Actual 2010-11 expenditure	Reasons why it was curtailed, deferred or discontinued
		(\$ million)	(\$ million)	
N/A				

### Question 46

For each program and project (delivering either outputs or assets) which was introduced in 2010-11 following the change of government in 2010 which had not been planned prior to the change of government, please provide the following details:

- the name of the program/project;
- whether it delivered outputs (i.e. goods and services) or assets;
- the budgeted and actual expenditure in 2010-11; and
- the reasons for which the program/project was introduced.

Program/project	Output or asset delivery	Budgeted 2010-11 expenditure	Actual 2010-11 expenditure	Reasons why it was introduced
		(\$ million)	(\$ million)	
N/A				