

Outcome 4: Safer, fairer and more productive workplaces for employers and employees by promoting and supporting the adoption of fair and flexible workplace arrangements and safer working arrangements

Outcome 4 strategy

One of the Australian Government's core economic policy objectives is improving Australia's productive capacity.

Maintaining the successful operation of the national workplace relations system contributes to improving Australia's productivity. The national system's focus is on collective bargaining at the enterprise level, underpinned by a safety net of minimum employment standards and a suite of simplified modern awards that give employers and employees the capacity to create more flexible and innovative ways of working together.

To that end, the department's focus is on ensuring the system's effective operation, primarily through the provision of policy advice to government on the operation of the system and assisting employers and employees to understand their rights and obligations under that system. A key focus in that regard will be the provision of policy advice to Government concerning its response to any recommendations which might be made by the panel undertaking the post-implementation review of the *Fair Work Act 2009*. Similarly, the review of modern awards by Fair Work Australia will also be an area of continuing focus. The department will continue to work cooperatively with state and territory governments to ensure the ongoing effectiveness of the national system.

The department also has a strong focus on other measures that are potentially significant in improving productivity, such as the development and support of high performing workplaces.

The Government's skills agenda also contributes to improving Australia's productive capacity. In this regard, the department will focus on ensuring that the workplace relations system supports the development of a training system that is responsive to the needs of industry and better encourages the take-up and completion of apprenticeships and traineeships. The implementation of national approaches to Occupational Health and Safety (OHS) will assist to increase productivity. Harmonising OHS laws will cut red tape, boost business efficiency and provide greater certainty and protection for all workplace parties. The Australian Government will continue to work closely with state and territory governments yet to harmonise OHS legislation.

The department supports the Minister for Employment and Workplace Relations in progressing OHS reform with policy advice on the development of model OHS legislation and regulations and represents the Commonwealth's interests in the development of the model laws by Safe Work Australia.

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Strategies to achieve the intended result of Outcome 4 focus on the provision of policy advice to the Minister, program management, policy implementation activities and involvement in relevant court and tribunal proceedings. The department will work closely with existing workplace relations agencies including Fair Work Australia, the Fair Work Ombudsman, the Australian Building and Construction Commission (and its replacement the Fair Work Building Industry Inspectorate when it is established) and Safe Work Australia.

Other work includes: the establishment of the Road Safety Remuneration Tribunal for the road transport industry; responding to the recommendations of the Asbestos Management Review; international labour developments; maintaining the Workplace Agreements Database and analysing data about coverage, wage increases and employment conditions in federal enterprise agreements; and legislating the Fair Entitlements Guarantee to replace the General Employee Entitlements and Redundancy Scheme (GEERS).

Table 2.4A Budgeted expenses and resources for Outcome 4

	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Outcome 4: Safer, fairer and more productive workplaces for employers and employees by promoting and supporting the adoption of fair and flexible workplace arrangements and safer working arrangements.		
Program 4.1: Employee Assistance		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	199,386	202,975
Special appropriations	152,423	152,423
Total for Program 4.1	351,809	355,398
Program 4.2: Workplace Assistance		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	11,153	10,662
Total for Program 4.2	11,153	10,662
Program 4.3: Workers Compensation Payments		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	14,403	6,300
Special appropriations	58,060	67,551
Total for Program 4.3	72,463	73,851
Outcome 4 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	224,942	219,937
Special appropriations	210,483	219,974
Departmental expenses		
Departmental appropriation ¹	49,242	50,228
Expenses not requiring appropriation in the Budget year ²	8,041	7,739
Total expenses for Outcome 4	492,708	497,878
	2011-12	2012-13
Average Staffing Level (number)	378	360

¹ Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s31)".

² Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, Makegood Expense, Audit Fees.

Outcome 4 objective

To provide high-quality advice and services relating to the Government's workplace relations policies and programs to:

- maintain a workplace relations system that is fair, modern and flexible
- promote productivity through good faith collective bargaining at the enterprise level
- maintain a clear and enforceable safety net comprised of modern awards and the legislated National Employment Standards
- encourage fair National Minimum Wage outcomes through the Fair Work Australia Annual Wage Review
- build awareness of workplace rights and obligations
- support ongoing harmonisation of the OHS legislation.

The effectiveness of Outcome 4 activities in achieving the Government's policy and program commitments can be measured using a number of indicators:

- Labour productivity trends as measured by the most common measure of productivity, which is Gross Domestic Product (GDP) per hour, worked in the market sector (annual trend terms).
- Wages growth, which is assessed in terms of the ABS Wage Price Index.
- Low incidence of industrial action. Working days lost per thousand employees (WDL/000E) for Australia as a whole and the number of working days lost in federal bargaining disputes, in recognition of variations in the number of agreements being renegotiated.
- Collective bargaining is widely used by employers and employees to negotiate pay and conditions.
- Harmonised OHS legislation supports improvements in workplace safety (the effectiveness indicators for this are located in the Safe Work Australia section of this document).

Most data for these indicators are available from official statistical agencies and are affected by a range of factors. Data is collected some time after an intervention has occurred. Current data together with relevant comparison to determine effectiveness is provided in Table 2.4B.

Program 4.1 Employee Assistance

Program objective

This program is directed at either providing safety net support for employees in certain circumstances or, alternatively, supporting long standing industry arrangements which deliver employee benefits.

Administered items

- *Coal Mining Industry (Long Service Leave) Administration Act 1992* financing arrangements – under this Act the cost of portable long service leave entitlements is managed through a central fund administered by the Coal Mining Industry (Long Service Leave Funding) Corporation. Monthly levy collection transfers are made from the consolidated revenue fund to the central fund.
- General Employee Entitlements and Redundancy Scheme (GEERS) – a safety net payment scheme established to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements.

Table 2.4.1 Administered expenses for Program 4.1

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
General Employee Entitlements and Redundancy Scheme	199,386	202,975	206,628	210,142	214,135
Special Appropriations:					
<i>Coal Mining Industry (LSL) Funding Act 1992</i>					
Coal Mining Industry Commission	152,423	152,423	152,423	152,423	152,423
Total program expenses	351,809	355,398	359,051	362,565	366,558

Program 4.2 Workplace Assistance

Program objective

To ensure the successful operation of the workplace relations system, in particular through initiatives designed to demonstrate the benefit of cooperative workplace relations and/or to assist employers and employees understand their rights and obligations under the system.

Administered items

- International Labour Organization (ILO) membership subscription – covers the Government's membership of the ILO. This enables the Government to participate fully in the development of international labour standards, progress ratification of standards at the national level, report to the ILO on Conventions and workplace relations reforms and participate as a member of the ILO Governing Body.

- Protected Action Ballots Scheme—pays the costs incurred by the Australian Electoral Commission in relation to protected action ballots.

Table 2.4.2 Administered expenses for Program 4.2

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Protected Action Ballots Scheme	1,600	1,600	1,600	1,600	1,600
Home Workers Code of Practice Program	250	-	-	-	-
International Labour Organisation Subscription	8,903	8,262	8,262	8,336	8,410
Social and Community Workers Education and Information Program	400	800	-	-	-
Total program expenses	11,153	10,662	9,862	9,936	10,010

Program 4.3 Workers Compensation Payments

Program objective

The *Safety Rehabilitation and Compensation Act 1988 – s90D* is appropriated for the purposes of Comcare’s Outcome 2. ‘An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employers to create best practice in rehabilitation and quick and accurate management of workers’ compensation claims’.

The *Asbestos related claims Act 2005 – s8(2)* is appropriated for the purposes of Comcare’s Outcome 3. ‘Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims’.

Agency Resources and Planned Performance information can be found in the Comcare section of this document.

Program expenses

- The Special Appropriation under s90D of the *Safety, Rehabilitation and Compensation Act 1988* (Grants received from Portfolio Departments) relates to workers’ compensation claims that were accepted prior to the establishment of the Comcare premium scheme on 1 July 1989. The costs of these claims are funded from the Consolidated Revenue Fund.
- *Asbestos related claims Act 2005 – s8(2)* special appropriation is used for claims administration and claims settlements costs which are expected to remain relatively stable in the budget and forward years. The movement (non-cash) in outstanding claims liabilities is expected to reduce over the forward estimates.

Table 2.4.3 Administered expenses for Program 4.3

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual administered expenses:					
Comcare	14,403	6,300	6,354	6,283	6,340
Special Appropriations:					
<i>Asbestos related claims Act 2005</i>					
Asbestos Compensation Payments	23,270	27,890	31,332	32,877	34,005
<i>Safety, Rehabilitation & Compensation Act 1998</i>					
Workers Compensation Payments	34,790	39,661	24,454	28,599	32,505
Total program expenses	72,463	73,851	62,140	67,759	72,850

Program components

- Comcare Outcome 2 Management of premium claims.
- Comcare Outcome 3 Management of common law asbestos claims.

Program deliverables

- Compensation decisions that are consistent, prompt and fair.
- Better support for Comcare decision makers through improved insight and business process reforms in response to trends identified through accurate and accessible data.
- Expectations of employers' roles and responsibilities as rehabilitation authorities are clear and are supported by targeted audits and regulatory activity.
- Manage asbestos-related claims liabilities consistently and in accordance with relevant legislation or Australian Government policies.
- Support Safe Work Australia to harmonise approaches to safety, statutory and common law compensation for workplace dust diseases.
- Maintain accurate data and other information about asbestos-related liabilities to ensure accurate valuation of future projected liabilities.
- Delivery of practical programs and research which raise awareness of asbestos, improve its management and removal and provide better treatment and support for asbestos-related disease sufferers and their families.

Program key performance indicators¹

Comcare Outcome 3 Management of premium claims

Key performance indicators are:

- employers' and injured workers' satisfaction with recovery and support services
- other key performance indicators described in the table below.

	2011–12 Revised budget	2012–13 Budget	2013–14	2014–15	2015–16
Durable return to work rate (ie the percentage of injured workers with two weeks lost time who were working in a paid job 7 to 9 months after lodging their claim)	79	89	90	90	90
Funding ratio (ie percentage of premium-related total assets to premium-related total liabilities)	71%	74%	78%	82%	86%
Percentage of licensees compliant with licensing obligations	100	100	100	100	100
Commonwealth average premium rate	1.41	1.80	1.80	1.80	1.80

¹ Note the inclusion of new performance indicators to reflect the two components of this program. In previous years only indicators for Comcare Outcome 3 (Management of common law asbestos claims) have been included.

Comcare Outcome 4 Management of common law asbestos claims

Key performance indicators are:

- the extent to which Comcare complies with the Commonwealth Legal Service Directions, the management objectives contained in the Asbestos Litigation Policy Statement and any court/tribunal rules/orders in respect of all asbestos-related disease claims
- the accuracy and completeness of data given to the external actuaries for the purpose of the annual actuarial valuation of asbestos-related liabilities
- other performance measures described in the table below.

	2011–12 Revised budget	2012–13 Budget	2013–14	2014–15	2015–16
The percentage of primary asbestos claims settled by Comcare within 180 calendar days	67	65	65	65	65
Percentage of the value of asbestos claims settlements recovered from third parties	8	5	5	5	5

Outcome 4 Deliverables and key performance indicators

Data is not provided for deliverables because the administered items address legal or administrative issues rather than advancing major government initiatives.

Table 2.4B Key performance indicators for Outcome 4

	December quarter 2010	December quarter 2011	Comments
The federal workplace relationship system supports improved productivity outcomes			
Productivity as measured by output per hour worked in the market sector (annual, trend terms)	-0.9%	2.2%	Short term changes in productivity growth should be interpreted with caution because quarterly and annual rates of labour productivity are prone to volatile and cyclical effects and data are often revised by the ABS with updated information.
ABS Wage Price Index (annual, seasonal adjusted terms)	3.9%	3.6%	The annual WPI reflects the solid economic growth in the Australian economy as the demand for skilled labour continues to grow. Wages growth, nevertheless, remains contained.
Low incidence of industrial action (allowing for variations in the bargaining cycle)			

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	December quarter 2010	December quarter 2011	Comments
Working days lost per thousand employees (annual WDL/000E)	12.8	23.9	Nil.
Working days lost in federal bargaining disputes (annual, WDL)	94 200	Not Available	The ABS did not publish data on working days lost in federal bargaining disputes for the September quarter 2011 and the March quarter 2011. As a result the annual December quarter 2011 figure is not available.
Collective bargaining is widely used by employers and employees to negotiate pay and conditions			
Number of agencies whose employees had their pay determined by an enterprise agreement made under the <i>Fair Work Act 2009</i> ²	8000 agency Fair Work Act agreements approved (as at 31 Dec 2010)	14 282 agency Fair Work Act agreements approved (as at 30 Sept 2011)	Nil.

Outcome 4 Departmental outputs

The bulk of the effort supporting Outcome 4 is funded through departmental appropriations. The department works to encourage employers and employees to adopt fair and flexible workplace arrangements. In 2012–13 the department will:

- promote work/life balance including options for flexible working arrangements
- work with Safe Work Australia and the Select Council on Workplace Relations to maintain model OHS laws and encourage those jurisdictions that are yet to do so to implement harmonised arrangements
- continue to work with the building and construction industry to improve workplace relations and OHS in the building and construction industry
- develop a website that links with the National Workers’ Memorial to honour and pay tribute to all working Australians who have died as a result of work-related accidents, incidents and disease

² This indicator previously measured the number of employees covered under enterprise agreements made under the *Fair Work Act 2009* (2.7 million as at May 2010). It has been amended to now measure the number of agencies represented.

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- administer a safety net scheme for the protection of employee entitlements in cases of business insolvency
- administer the HomeWorkers Code of Practice program that supports the development and promotion of the HomeWorkers Code of Practice and the 'Ethical Clothing Australia' label
- encourage the implementation of international labour standards at the national level through work towards ratification of priority ILO conventions
- support research to provide an evidence base for workplace relations policy leading to fairer and more productive workplaces
- pursue options for promoting the development of collaborative, flexible and sustainable workplaces
- develop Australian Government submissions to the Fair Work Australia Annual Wage Review 2012–13.

In 2012–13 the major priorities for the department will be the provision of policy advice on: the operation of the Fair Work Act, ensuring the workplace relations system supports the Government's skills reforms and assists in encouraging the take-up and completion of apprenticeships and traineeships; building and construction industry workplace relations matters; the new Road Safety Remuneration system: the Asbestos Management Review; legislating the Fair Entitlements Guarantee to replace the General Employee Entitlements and Redundancy Scheme (GEERS); and harmonisation of OHS laws.

Table 2.4C Performance information for Outcome 4 departmental outputs

Performance indicator	2012–13 estimate
<i>Program management</i>	
Timeliness of processing claims for the General Employee Entitlements and Redundancy Scheme	80% processed within 16 weeks of receipt 98% processed within 4 weeks of receipt of verified entitlement data
Accuracy of processing claims for the General Employee Entitlements and Redundancy Scheme	Over 98% of payments not varied after appeal
Satisfaction of stakeholders (insolvency practitioners) with the management of the General Employee Entitlements and Redundancy Scheme	Satisfied or above
Timeliness of departmental responses to client requests for assessment of industrial instruments against the code and guidelines	95% completed within 10 working days
Client satisfaction with Fresh Ideas for Work and Family	80% of clients surveyed satisfied

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Performance indicator	2012–13 estimate
Level of satisfaction of clients with the provision of advice, information, education and promotion of safer workplaces on Australian Government construction sites by the Office of the Federal Safety Commissioner	Effective or above

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