

VOTE Accident Rehabilitation and Compensation Insurance

Terms and Definitions Used

ACC	<i>Accident Rehabilitation and Compensation Insurance</i>
SOE	<i>State-owned enterprise</i>

Footnote

Note 1	<i>Appropriation numbers in Part B are inclusive of GST (where applicable).</i>
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VOTE Accident Rehabilitation and Compensation Insurance

VOTE MINISTER: MINISTER FOR ACCIDENT REHABILITATION AND COMPENSATION INSURANCE
ADMINISTERING DEPARTMENT: DEPARTMENT OF LABOUR

The Minister for Enterprise and Commerce is the Responsible Minister for the Department of Labour

Part B - Statement of Appropriations (see note 1)

Summary of 1998/99 Appropriations

Types of Appropriation	Appropriations to be Used				Total Appropriations \$000
	By the Department Administering the Vote		For Non-Departmental Transactions		
	Annual \$000	Other \$000	Annual \$000	Other \$000	
Operating Flows					
Classes of Outputs to be Supplied	24,085	-	202,010	-	226,095
Benefits and Other Unrequited Expenses	-	-	60,172	-	60,172
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	66,037	66,037
Capital Flows					
Capital Contributions	-	-	-	-	-
Purchase or Development of Capital Assets	-	-	7,700	-	7,700
Repayment of Debt	-	-	-	-	-
Total Appropriations for 1998/99	24,085	-	269,882	66,037	360,004
Total 1998/99 Main Estimates Appropriations	2,973	-	221,053	66,037	290,063

Part B1 - Details of 1998/99 Appropriations

Appropriations	1998/99						Purpose of and Reasons for Change in 1998/99 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Policy and Monitoring	2,973	-	1,352	-	4,325	-	The purchase of a comprehensive range of services, including policy advice, monitoring, analysis, evaluation and research on issues relating to the Accident Rehabilitation and Compensation Insurance (ACC). The change results from the implementation of competition for ACC services and transfer of part of the ministerial servicing funding to output class O3.
D2 ACC Competition Transition	-	-	19,760	-	19,760	-	The purchase of services for implementing competition to the Employers' Account, including the establishment of an SOE to compete with private insurers, communication with stakeholders and the establishment and operation of the market regulator.
Total Appropriations for Departmental Output Classes (Mode B Gross)	2,973	-	21,112	-	24,085	-	
Non-Departmental Output Classes							
O1 Case Management and Supporting Services	31,097	-	-	-	31,097	-	Insurance management services for the Non-Earners' Account.
O2 Claim Entitlements and Services	165,622	-	5,189	-	170,811	-	The purchase of medical services, social rehabilitation services and elective health care services. The change relates to revised forecasts by ACC and increased funding for elective health services.
O3 Policy Advice and Ministerial Servicing	327	-	(225)	-	102	-	Advice to the Minister on operational policy matters. The change results from the transfer of part of the ministerial servicing funding to output class D1.

Total Appropriations for Non-Departmental Output Classes	197,046	-	4,964	-	202,010	-	
Benefits and Other Unrequited Expenses							
Other Compensation	24,007	-	36,165	-	60,172	-	Entitlements under the Accident Rehabilitation and Compensation Insurance (ACC) legislation for: income maintenance, independence allowance, lump sum payments, death benefits, and vocational rehabilitation. The changes relate to the settlement of backdated attendant care claims, and forecasting changes.
Total Appropriations for Benefits and Other Unrequited Expenses	24,007	-	36,165	-	60,172	-	
Other Expenses to be Incurred by the Crown							
Motor Spirits Excise Duty for Public Health Costs	-	66,037	-	-	-	66,037	Section 109 of the ARCI Act 1992 provides for a Motor Spirits Excise Duty to be collected and paid to ACC for crediting to the Motor Vehicle Account.
Total Appropriations for Other Expenses to be Incurred by the Crown	-	66,037	-	-	-	66,037	
Purchase or Development of Capital Assets by the Crown							
SOE Assets	-	-	7,700	-	7,700	-	Capital required by the Workers' Compensation State-owned enterprise (SOE) Establishment Unit to purchase a business system.
Total Appropriations for Purchase or Development of Capital Assets by the Crown	-	-	7,700	-	7,700	-	
Total Appropriations	224,026	66,037	69,941	-	293,967	66,037	

Part C - Explanation of Appropriation for Output Classes

Part C1 - Departmental Output Classes

Output Class D2 - ACC Competition Transition

Description

This class includes funding for the Competition Implementation Office, establishment of an SOE to compete in the market for workers' compensation insurance, and the establishment of a Market Regulator for the accident insurance market. The output class is for the year 1998/99 only.

The Competition Implementation Office is responsible for advising the Minister on progress towards the successful introduction of competition. The Office is also responsible for the management of an extensive communications strategy with the public and key stakeholders affected by the decision to introduce competition to the ACC Employers' Account.

The expenditure this year by the SOE is to enable the set up of the business prior to 1 July 1999 and includes operating costs for 1998/99, development of business systems and quality assurance.

The Regulator is responsible for the monitoring of compliance and enforcement of the new accident insurance market. Expenditure for 1998/99 is for establishment and operating costs incurred during this year.

Quantity and quality

- Expenditure in this output class is subject to approval by joint ministers.
- Communication provides key stakeholders (including employers, insurance companies, and health providers) with the information they require to operate effectively in the new accident insurance market.
- Ministers are informed of any implementation risks as they arise, and steps are taken to address the risks.
- A market regulator and an SOE for workers' compensation are established.

Cost

The output class will be provided within the appropriated sum of \$19.760 million (GST inclusive).

Part E - Explanation of Appropriations for Capital Flows

Output Class - SOE Assets

Description

A new SOE has been set up to compete for business in the employer accident insurance market. This class is for 1998/99 only and is to provide a capital injection into the new SOE to enable it to purchase and develop an information system. The information system would enable the business to price and sell insurance policies, manage claims and set up a call centre. The price of the business system was refunded to the Crown upon incorporation of the new SOE.

Cost

The output class will be provided within the appropriated sum of \$7.7 million (GST inclusive).

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	1998/99			Explanation of 1998/99 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Current Revenue				
Non-Tax Revenue				
Repayment of Non-Earners' Account Surplus	-	16,585	16,585	Payment of 1997/98 surplus.
Total Non-Tax Revenue	-	16,585	16,585	
Total Current Revenue	-	16,585	16,585	
Total Crown Revenue and Receipts	-	16,585	16,585	