

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne – 30 May 2003

Members

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Witnesses

Mr R. Hulls, Minister for Workcover;
Mr J. MacKenzie, Chair, Transport Accident Commission and Victorian Workcover Authority;
Mr G. Tweedly, Chief Executive, Victorian Workcover Authority;
Mr D. Kearsley, Acting Managing Director, Transport Accident Commission; and
Mr I. Little, Secretary; and
Ms H. Silver, Deputy Secretary, Economic and Finance Policy, Department of Treasury and Finance.

The CHAIR — I thank witnesses of the previous session and I welcome our new witnesses, Mr Greg Tweedly, chief executive, Victorian Workcover Authority; Mr Doug Kearsley, acting chief executive officer, Transport Accident Commission; Ms Helen Silver, deputy secretary, economic and finance policy, Department of Treasury and Finance; Mr James MacKenzie, chairman, Transport Accident Commission and Victorian Workcover Authority; and Mr Ian Little, Secretary of the Department of Treasury and Finance. Minister, do you wish to run through the slides? Then we have 45 minutes allocated for questions.

Mr HULLS — Thanks very much. This is another one of my new portfolio areas which is a very exciting part of government. There are real synergies between the portfolios of Workcover, Attorney-General and industrial relations, so I am very pleased to have the Workcover portfolio. The first slide is about core responsibilities. Minister Bob Cameron probably presented this last year. The first is budget output — statutory insurance advice. The Victorian Workcover Authority obviously manages the workers compensation scheme. Worksafe Victoria is all about accident prevention and managing occupational health and safety issues in Victoria. We have the accident compensation conciliation services, which came into effect on 1 July 2002 and continued the operation of the former Workcover conciliation service and also the medical panels which give an opinion on any medical question relating to Workcover. The Transport Accident Commission obviously manages the compulsory third-party transport accident insurance scheme in Victoria.

The next slide is about the financial position of Workcover. Basically it makes clear that volatile movements in investment performance and key economic factors had a negative impact on the net financial results, sound underlying insurance performance and, excluding external factors, the scheme operated at a profit on internal factors, which is known as the PFIO — that is, the profit from insurance operations. These results were released fairly recently. The next slide is also on the Workcover financial position. It talks about the December 2002 result and it is the fourth successive half year that the VWA has reported a profit from its insurance operation. As you would know, the PFIO excludes the impacts of external factors.

The first line on that graph shows positive results on internal factors. The second line includes external factors to give an accounting profit and loss. Obviously that has been pulled into the red because of poor investment returns. The third line reflects the impact of the second on the level of assets relative to claims liabilities.

The next slide talks about the premium review and claims management initiatives. The premium review is all about generating incentives for improvements in workplace outcomes, strengthening financial incentives to drive and reward occupational health and safety improvement, simplifying the premium system and clarifying price signals and also providing employers with a greater choice of premium options. Phase one of that review is to be implemented in the 2003–04 premium. The rest of that slide is fairly straightforward. I am happy to answer any questions you may have about it.

The next slide is about Worksafe key initiatives, and the Worksafe statistics show that there are still a high number of farm-related fatalities, far too high. That remains a major issue. There is a current campaign under way targeting older farmers who are, I have to say, overly represented in the fatalities and serious injuries statistics, and the use of all terrain vehicles. Worksafe is also funding the Farm Safety Training Centre at Ballarat. There have been increased investigations and prosecutions as well.

The slide on budget output is fairly straightforward. The budget output relates to the provision of strategic advice to the government on the state's insurance schemes with a particular emphasis on securing the long-term viability of Workcover and the Transport Accident Commission, provision of policy advice and management support for government support to current general insurance issues impacting on Victorians and also ensuring financial responsibility by developing appropriate monitoring and prudential reporting frameworks. The total output cost of \$8.3 million includes provisions for funding of public health and safety activities provided by Workcover.

Funding for public health and safety is the next slide. In line with past practice the government will continue to fund from the budget public health and safety related activities performed by Workcover. These activities include things like promotion and education activities relating to farm safety, explosive pick-ups, asbestos and other hazardous material surveillance; and service is expected to be maintained at the current level. As I said, the slide is fairly straightforward. The total funding is \$8.728 million.

The next slide shows TAC's financial position. As you would know, TAC is obliged by legislation to publish annual financial results to 30 June, and the last results were to 30 June 2002. Those figures speak for themselves. The same as Workcover, the result on internal factors — the PFIO — was positive. However, the net financial results were impacted upon by external factors, and that is reflected in the funding ratio. The underlying insurance

performance of TAC remains strong. The PFIO is in fact above the internal budget by \$81 million because of improved claims performance. I am sure the former minister has said this time and again, but the nature of TAC's liabilities does require management to take a long-term view in managing claims liabilities such as lifetime care and support for injured kids.

The next slide talks about TAC's accident prevention road safety initiatives, the Wipe Off 5 campaign. Just on that, speeding was involved in 36 per cent of fatal crashes and 33 per cent of serious-injury crashes in Victoria. That is a huge economic loss to Victoria, estimated at more than \$1 billion. The Wipe Off 5 campaign started in August 2001 and the message is pretty clear; if drivers slowed down by 5 kilometres per hour, 90 lives would be saved and 1000 serious injuries would be avoided each year.

We had also the Drive Right program, which started in October 2002. This was an Australian-first safety initiative that rewards motorists for safe and courteous driving. Road fatalities during the first three months of that program fell by 26 per cent compared with the same period in the previous year.

The next slide is about TAC premiums, and that is fairly straightforward. I am happy to answer any questions on that. That in effect concludes the presentation.

The CHAIR — I take you to budget paper 3, page 358, where the output table for statutory insurance advice is listed. It refers to Department of Treasury and Finance funding for the Victorian Workcover Authority's public safety inspection and prevention activities. Does that include the VWA's response to the incident at Arthurs Seat with the chairlift? How is the VWA's response to chairlift safety progressing, if that is the case, and has the VWA made any decision with regard to prosecution of the operator?

Mr HULLS — The response to Arthurs Seat is part of the public safety inspections and prevention activities undertaken by VWA. VWA's efforts have been about safety of the public obviously, as well as workers. We all know that 18 people were injured and around 50 people were trapped in chairs for several hours as a result of the Arthurs Seat incident which occurred on 3 January.

The Worksafe investigation focused on the support structure of the collapsed pylon, pylon oscillation, pylon bracing, the maintenance of the chairlift and systems of work. Maintenance of chairlifts is the job of operators, and Worksafe can prosecute where that has not occurred. The investigation included input from experts such as mechanical engineers, metallurgists, geotechnicians and an engineer with experience in inspecting chairlifts. The Worksafe report into Arthurs Seat concluded that the pylon collapse was caused by corrosion and fatigue in bolts anchoring a particular pylon into the ground and as a consequence of installation and design faults. The chairlift was designed in 1959, before many of us were born, and Worksafe has informed me that there are no other chairlifts currently in operation with the same design. In essence, I guess their report showed that 1959 design and technology just has not stood the test of time. Their investigation included a thorough examination of the neighbouring pylon, and that pylon did not show the same corrosion visible on the anchor bolts of the collapsed pylon. In relation to concerns people might have about other chairlifts around the place, as part of the investigation Worksafe inspectors have visited chairlift operators in Victoria to ascertain their maintenance regimes to ensure they are in place and to clarify design issues. By the time of the forthcoming ski season all chairlifts will have been checked for their structural integrity and as soon as the operation of the lifts commences at the beginning of the ski season Worksafe will be going back to check the chairlifts in operation. They are fairly comprehensive checks.

You asked at the end of your question what the situation is — in effect where to from now — as a result of the Arthurs Seat collapse. Worksafe, as a result of what has been learnt at Arthurs Seat, has met with chairlift operators to discuss a new standards regime. That meeting took place as recently as last week and I am informed that good progress was made at the meeting. New standards with chairlift operators were discussed and actions agreed to include Worksafe issuing a new and more stringent inspection checklist by July. This will cover a checking and maintenance regime for base plates and anchor bolts. Secondly, Worksafe, at my request, will write to the standards committee that developed the Canadian aerial ropeway standard, which is actually applied in Australia and other countries, to propose enhancements to the standards that include maintenance procedures for tower, base plates and anchor bolts, and operators have agreed to lobby the committee to the same end.

In relation to prosecution, I am advised that Robert Richter, QC, was asked to give advice as to whether or not any prosecutions should proceed. He has provided written advice to the VWA in relation to the Arthurs Seat investigation, and based on that advice I am advised that the VWA does not believe it will be successful if a prosecution were initiated. I am advised that Mr Richter has informed the VWA that on the basis of the available evidence it could not be proved that the chairlift company had failed to take all practical measures in the inspection

and maintenance of the pylon foundations and his advice, I am advised, is that the prospect for the success of the prosecution would be very limited.

Mr FORWOOD — So that is the end of the matter?

Mr HULLS — No. If you had listened to the answer, as I am sure you did, that is not the end of the matter. As a result of what occurred at Arthurs Seat we have to learn lessons and there is a whole range of other matters to put in place, but I have been advised that Mr Richter has now had a look at all the relevant material and his advice to VWA — and of course this is an internal matter for VWA, though I will obviously oversee it — is that there would be little likelihood of a successful prosecution.

Mr FORWOOD — As a supplementary, can you advise the committee of the most recent date before the accident when the VWA visited and inspected the chairlift?

Mr HULLS — At Arthurs Seat?

Mr FORWOOD — Yes.

Mr HULLS — I can certainly advise the committee of that. I will take that on notice and get back to you.

Mr FORWOOD — Thank you.

The CHAIR — Are there any more questions?

Mr FORWOOD — Yes, I would like to go first of all. I refer to the annual report of the VWA, page 47 which shows under 'Other operating costs' a total of \$71 million, a marketing and communications component of \$13.85 million, and I refer also to yesterday's announcement that Worksafe is going to stick a quarter of a million dollars into the Western Bulldogs football team this year and next year, and the year after. It says \$750 000 and I wonder what are the criteria which you use to decide that sponsorship of a football club to this extent — particularly in an environment where we suspect that Workcover is going to make a half-billion-dollar plus loss this year — is an appropriate spending of your funds?

Mr HULLS — Obviously the internal decisions that are made in relation to sponsorship are indeed operational matters for Workcover, so I am more than happy for James to answer the aspect in relation to criteria —

Mr FORWOOD — It is a hospital claim?

Mr HULLS — No, not at all, in relation to criteria, but in relation to sponsorship generally and particularly the Western Bulldogs sponsorship I think it is a very important sponsorship, I have to say. I am a Geelong supporter, as are you —

Mr FORWOOD — No, I am a Collingwood supporter.

Mr HULLS — Sorry, a Collingwood supporter. Well, you should be a Geelong supporter. I am a Geelong supporter, but as the former Minister for Manufacturing and as the Minister for Industrial Relations I am well aware that the western suburbs are the manufacturing heartland of this state, and I am also well aware that something like 40 per cent of all Workcover claims emanate from the western suburbs. A lot of it has to do with the hazardous nature of many of the businesses. I think we have a large proportion of hazardous material out there so a lot of the work is substantially high risk, if you like. But we have got to look at innovative, new ways to get the message across about workplace health and safety. As with the advertisements of the Transport Accident Commission, which is continually looking at innovative ways to get the message out there about speeding, Workcover is continually looking at innovative ways to get the message out there about occupational health and safety. And what better way is there in the western suburbs than to pick heroes of the west to promote the message.

Now, okay, the Dogs are not going too well at the moment and some people say there are synergies between Worksafe sponsoring the Western Bulldogs because they have so many injuries, but the reality is that they are heroes out there in the western suburbs and this sponsorship will ensure that Peter Rohde, who is the coach, and injured Chris Grant, and other superstars of the Western Bulldogs will actually sell to businesses out there, to employers and employees, the Worksafe message and how important it is.

There is a whole range of other sponsorships, of course, in relation to VWA. They also include the Victorian Country Football League, for instance. The VWA has naming rights sponsorship for the VCFL and that actually gives them access to a 340 000-strong supporter base and over 2 million match attendees per year. The league has already done an initial valuation of that sponsorship and I am advised that it showed 86 per cent of employees and 73 per cent of employers in regional Victoria. I believe it is appropriate for Worksafe to sponsor the VCFL because of the important message for the regional community.

The VWA also sponsors Care for Kids with an education naming rights sponsorship and it has done that since February 2000. That is all about working with Victorian students and teachers to eliminate preventable injury in Victorian primary schools and to provide kids with experience and skills that will enable them to react positively in situations to eliminate risk. There is also a long-term grief support services grant, so there is a whole range of sponsorships, but I believe the one with the Western Bulldogs is appropriate. It sends a very strong message via the heroes of the west about occupational health and safety, and VWA will get access, as I said, to the stars of the Western Bulldogs and their coach.

I do not know whether you were up late enough last night, Bill, to see the *Footy Show*? They had Peter Rohde on the football show. I do not know how many people watch the *Footy Show* these days, but I am sure it is a substantial number of Victorians, hundreds of thousands of Victorians, and there is Peter Rohde with the Worksafe message, talking about Worksafe and, you know, I think it is a very important message.

The CHAIR — I am not sure if Mr MacKenzie wants to add anything to that. Would you like me to give you the call, Mr MacKenzie?

Mr MacKENZIE — Yes, thank you, Chair.

Mr FORWOOD — I am keen to know the criteria by which you decide where to put your dollars. You and I know there is a significant black hole in Workcover due to the decline in off-shore equity markets — it will be over \$500 million net this year — yet you have this money available.

The CHAIR — There are two issues here. Let us stick with the sponsorship question raised by Mr Forwood.

Mr MacKENZIE — There are two issues. The first relates to the profitability of a long-term insurance scheme over time. As we all know, the Victorian Workcover Authority and the Transport Accident Commission in their investment strategies budget to make a loss once every four to five years, so the link is a little hard to establish.

Insofar as the sponsorship is concerned, I do not think there is very much I can add to the comprehensive answer that the minister gave. Having said that I can confirm that this was a result of an approach that the Bulldogs made to the Victorian Workcover Authority. The board looked at the first proposal the Bulldogs made and was not prepared to proceed and endorse the proposal. The chief executive officer and I met with the Bulldogs chairman and chief executive and discussed our criteria, which I am happy to go through with you, but I can assure you that in terms of football sponsorships that I have been associated with, both in terms of the TAC and other places, the criteria and the way in which they have been complied with — without being too tough on the Bulldogs — has been rigorous and is an extraordinary positive process.

Mr FORWOOD — What you did for Collingwood wearing your other hat and what you have done for the Bulldogs wearing your VWA hat are comparable?

Mr MacKENZIE — Because I am speaking to a Collingwood supporter I have to be very careful with my answer. I would say the Bulldogs sponsorship in value for dollars would be the best that I have been associated with.

Ms ROMANES — Budget paper 3, pages 352 to 353, outlines resources for the Department of Treasury and Finance policy advice. Budget paper 3, pages 357 to 358, outlines resources for statutory insurance advice. Do these resources assist the minister in responding to major policy issues such as the issue highlighted by the case of Ms Alana Smith; and what action has been taken to respond to issues raised by this case where, according to media reports — many people would have seen *Stateline* — the TAC used a victim impact statement relating to childhood sexual assault in a court proceeding?

Mr HULLS — As the minister responsible for the TAC and as the Attorney-General this has been a very concerning issue. I have received correspondence in relation to Alana Smith concerning her common-law claim relating to a 1994 motor vehicle accident. This issue did receive a fair amount of publicity. The correspondence raised the use by the TAC of a victim impact statement in County Court proceedings in March 2001. This is an issue that I am obviously very concerned about and have taken up directly with the TAC. It appears that the County Court allowed the TAC to use the victim impact statement in the proceedings and I understand there was no objection by Ms Smith's lawyers of its use. The Victorian Ombudsman has investigated this matter and similarly did not identify any wrongdoing. The Victorian Bar Council dismissed the complaints about the use of the material by the barrister for the TAC.

I understand the statement was released to the TAC by the Supreme Court of Western Australia and was accepted into evidence in the Victorian County Court. The Chief Justice of Western Australia has since acknowledged that the court could have sought the views of Alana Smith before releasing the statement. I have to say that I share the concern of the chief justice, that the views of Alana Smith were not sought prior to the release of the victim impact statement. I am concerned more generally about the use of victim impact statements. Even though the release of the statement was permitted by the Western Australian court and accepted into evidence by the Victorian County Court, I do not support the use of victim impact statements in this circumstances by the TAC. I have asked the TAC, through its chief executive officer, Stephen Grant, and it has agreed, to end the use of victim impact statements in managing transport accident claims except at the express wish of the claimant.

I have also asked the TAC to ensure that a sensitive, clear and proper approach is used in future in relation to the use of any sensitive personal information. The TAC has agreed to carefully consider the use of personal information and a protocol will be developed for the use of such information in consultation with the Law Institute of Victoria and other stakeholders, including the centre against sexual assault. The TAC will also meet with the relevant government agencies in Western Australia to reflect on Alana Smith's case and learn from the issues that case has raised. I believe these measures will better protect the right to privacy of sexual assault victims and reinforce the commitment to address privacy concerns.

There are other particularities in relation to Alana Smith's case that it is not appropriate for me to comment on, but I think the actions that I have outlined will ensure that the circumstances that arose relating to the victim impact statement of that case will not arise again.

Mr FORWOOD — I thank you for outlining that particular activity. Is the TAC considering whether or not to reinstate the benefits it withdrew from Alana Smith?

Mr HULLS — There are currently proceedings, as I understand it, on foot before the Victorian Civil and Administrative Tribunal in relation to Alana Smith, and on that basis it would not be appropriate for me to comment further.

Mr CLARK — I raise the issue of what I call new common-law claims under Workcover — that is, claims under the new form of common-law action that has been reintroduced in 2000. Can you tell the committee what level of actions under the new common-law system have been commenced to date, roughly what percentage of the mature level of claims per annum has the system reached at the moment and what has been the experience of the Workcover system in relation to those claims that have been made to date?

Mr HULLS — In relation to the new common-law management arrangements, the common law was reintroduced for seriously injured workers who were injured on or after 20 October 1999. The VWA is demonstrating that common law can be managed. Early identification of those claims with common-law potential is built into the new claims management model which was introduced on 1 July 2002. Claims identified as having common-law potential are reviewed by a member of the VWA legal panel and a case management plan is completed for the relevant Workcover agent. A number of claims have currently been identified as having common-law potential and are being reviewed to effectively mitigate the risk.

This approach includes a number of things. It includes a rigorous management of the impairment process to ensure the AMA impairment assessments are conducted properly so as to ensure only seriously injured workers access the common-law gateway; secondly, peer review by senior legal counsel of the VWA of all new common-law applications within 21 days is taking place to ensure compliance with ministerial directions and consistency in serious injury decisions under the narrative definition; thirdly, peer review by senior legal counsel of the VWA of all new common-law applications prior to any serious injury certificate being issued; and finally, attendance at conference with the barrister prior to all serious injury trials and at trials by senior legal counsel. So there is a very

substantial new common-law management process that has been put in place by the Victorian Workcover Authority and I think those changes, those processes at least, have demonstrated quite clearly that the common law can be managed.

Mr BAXTER — I appreciate the general description. Perhaps you could come back to the committee in relation to the particular numbers.

Mr HULLS — In relation to actual raw numbers I am happy to come back.

Mr DONNELLAN — Budget paper 3, on pages 357 and 358, outlines some Department of Treasury and Finance outputs and deliverables. We know the farming industry is a high-risk area. I was wondering if you could outline specific initiatives to improve the health and safety of workers on farms?

Mr HULLS — It is one of the things that astounded me a bit when I took over the portfolio — the number of injuries that occur on farms, and indeed the number of fatalities that occur on farms. In fact, farming is probably Victoria's most dangerous industry. For the period between 1 January 2001 and 30 April 2003 there were 28 farm fatalities — 37 per cent of all fatalities reported to Worksafe Victoria. There have been six fatalities on Victorian farms so far this year, four of people aged over 50 years of age — so older farmers in particular are suffering much higher injury rates. In response to this — as we all agree — very worrying level of fatalities on farms we are implementing a number of significant new initiatives to prevent farm deaths and injuries on both a statewide and a local level in partnership with organisations such as the Victorian Farmers Federation.

In April this year I launched a new targeted media campaign to get the safety message to farmers. To accompany this campaign, occupational health and safety guidance material in hard copy and in electronic form has been made available on the web and a farm safety video has been made available to all Victorian farms free of charge through rural post offices, branches of the VFF and Worksafe offices. For those of you have not seen the video, may I say it really is worth while seeing. It features a farmer by the name of —

Mr BAXTER — Neil Simpson.

Mr HULLS — You are right. He is related, is he? I described him as a good bloke but also as one who has the potential to be nominated for next year's academy awards. He did a fantastic job and got the message across pretty clearly to, in particular, older farmers.

You can do things differently. Just because you have been doing something the same way for 20 years on the farm does not necessarily mean it is the safest way to do it. This video sends a pretty fair message that there are better ways of doing things and that you need to re-evaluate the way you are operating when you are on farm. The video has been launched and is free to farmers from post offices.

Also Worksafe is currently funding the Victorian Farm Safety Training Centre at Ballarat over five years. That is all about developing industry-specific OHS guidance material for the horticulture, dairy and beef cattle sectors and also developing and delivering OHS training to farmers and undertaking farms safety promotional activities. Worksafe is also conducting occupational health and safety education and training for farmers and students of rural primary schools. Worksafe inspectors are also conducting both targeted and response visits to farms to promote and enforce compliance with occupational health and safety legislation. Worksafe inspectors are currently visiting farms to promote and enforce compliance with the occupational health and safety hazardous substances regulations. In fact, a total of 1100 farm visits will be conducted doing 2002–03, so there is a very substantial focus on farms.

I also say in concluding that many of these recent fatalities involved all-terrain vehicles and Worksafe Victoria is working in conjunction with the coroner's office, ATV manufacturers and farmers groups on education to improve safety awareness. I do not know you have ever seen one of these ATVs, but the way they are designed and used on farms make them pretty dangerous. They can be good fun too, but particularly if you have a large property you can be out at one end of your property and the thing can roll over. You can be seriously injured and left there for days. When we launched the video I had the pleasure of meeting the widow of a farmer who, from memory, was killed as a result of an ATV accident. It was just a tragedy. There is an enormous amount of work being done in relation to farmers.

Mr BAXTER — I have a comment and a supplementary before I get onto my main question.

The video — which I agree is very good — seems to be only available from official post offices, whereas many of our post offices in quite regional-sized country towns seem to run on a franchise arrangement. You might have a

look at that, because it is not perhaps being distributed or as easily accessible as we might like. That has come to my notice in the last week. Secondly, my supplementary is that in the terms of farm fatalities, without derogating at all the seriousness of them do you have any statistics at all on how many of those killed were Workcover claimants in that they were employees as against self-employed farmers?

Mr HULLS— Firstly, just in relation to the video, I will certainly have a look at the issue you raise; but it is available not only at post offices, it is also available at branches of the VFF and Worksafe offices as well. But I will have a look at the issue you raised. In relation to the breakdown of the figures, I am advised that we do not have a split on numbers at this stage. We will take it on notice and get back to you on it.

Mr BAXTER— I want to quote from a letter from a constituent of mine at the Western Hospital dated 1 August of last year which says:

Dear Employer,

We apologise for the late sending of this invoice. Due to a directive from the Department of Human Services to withhold Victorian Workcover Authority invoices, we have been unable to send VWA invoices for hospital services since July 2001 until now.

My question is, would the VWA have given such a directive, and if so, why?

Mr TWEEDLY— The short answer to that question is no, we would not give such a directive. There are some issues in the funding arrangements with the Department of Human Services and I think — if I can recall the statement he quoted — it was a directive from DHS.

Mr BAXTER— Yes, it was.

Mr TWEEDLY— I am not in a position to answer on behalf of DHS, but certainly we would not give such a directive about withholding any invoices from anyone.

Mr BAXTER— Right, so it did not come from you to DHS — it was them? Thank you.

Mr MERLINO— Minister, I refer you to page 353 of budget paper 3 and the resources for DTF strategic policy advice. No doubt these resources oversight expenditure and the effectiveness of TAC activities aimed at long-term attitude change and to promote road safety. What are the latest TAC campaigns to promote road safety through attitude change?

Mr HULLS— I have personally been involved in two of the latest ones. One received some criticism, as I recall, from the former Leader of the Opposition, Denis Napthine. That was the Wipe Off 5 ad, the latest ad produced in partnership with the Collingwood Football Club for those interested in the Collingwood Football Club, but they particularly worried the former Leader of the Opposition, who is a Geelong Football Club supporter. It is all about promoting the Wipe Off 5 message.

If you have seen the ads, they are pretty good. One of them has Michael Malthouse on the football ground giving a coat hanger to Nathan Buckley as he runs past. As a Geelong supporter I think Geelong supporters have been wanting to do this — in their dreams, of course, because we do not promote violence on the football field — for a long time, but the reality is the message is being sent to the Victorian public in an innovative and pretty stark way, where it simply says, ‘If you speed, unexpected things can happen, and any excuse for speeding sounds stupid’, basically.

Not only did they have the Nathan Buckley and Mick Malthouse ad but they also had the vice-captain of Collingwood, Sav’s brother Anthony Rocca, and they also had a number of other players being interviewed and trying to give some silly excuses for something they had done. It just sounds stupid. It taps into those who support Aussie Rules footy. It gets a message out there that if you speed and come up with some sort of excuse, that excuse sounds stupid, and if you speed unexpected things can happen as well.

The fact that the ad was criticised by the former Leader of the Opposition reinforces the fact that the ad is working because once you get a bit of media for the controversial nature of an ad I reckon it shows the ad is having its impact. On the public record I thank the former Leader of the Opposition — perhaps the future Leader of the Opposition, Denis Napthine — for his assistance in getting the message across in relation to that particular matter.

The other ads involve the Arrive Alive strategy, which was released in December 2001. That set a target of reducing deaths and serious injuries by 20 per cent on Victoria’s roads over the coming five years. It provides a

framework in which key programs target key safety issues and are developed and implemented to save lives. It involves changing road user attitudes and behaviours to improve safety outcomes for road users, and there have been a couple of media campaigns in relation to that.

The other one I was personally involved in the other day was the Thingle Toodle campaign, which I am sure you have heard about. It is a media campaign consisting of a new animated television character called Thingle Toodle. Thingle could not be with us today, but I met Thingle and I saw the ads. They are very clever. What they are about is trying to teach really young kids that they must hold someone's hand when crossing the road.

Those of us who are old enough will remember the song or theme, 'Look to the left, look to the right, then when the road is clear of traffic walk straight across the road, don't run, walk straight across the road, don't run' and it went on and on for ages. It was a very good ad. This is the latter-day version sung to rap, and it is all about —

Mr MERLINO — Could you show us a version?

Mr HULLS — I could give you a version, but I don't know what rap dancing would be like in *Hansard*. It is all about kids holding an adult's hand when they cross the road. A kid will copy what an adult does, and if you are an adult with kids make sure they hold your hand. It is a very important campaign, and these campaigns are working. The ads are fun, some of them are serious, but they are actually working.

Deaths on Victorian roads have dropped considerably since the announcement of a number of these strategies. In 2001, 444 people died on our roads versus the 12 months to April 2003, when 384 died — a reduction of 60 deaths. The TAC is to be congratulated for the innovative nature of these advertising campaigns.

The CHAIR — By way of supplementary question, Minister, and this might make me the former Chair of the PAEC, could you provide, on notice, what percentage of your funds go to women's sport, given that we have had a fascinating run down on AFL football? I would like to know what funding goes to women's sport to promote these important messages, how much, and how long term these contracts are with women's sport, be it netball, women's volleyball or women's basketball.

Mr HULLS — I agree, it is a very good issue that you raise. I will get details in relation to that, and those details will be supplied. But you have to remember that I do not see it as the minister's responsibility to be involved on a hands-on basis with sponsorship by the TAC or the VWA. However, I am quite sure both the TAC and VWA are well aware of this government's commitment to promote women's sport. I am sure they do take that and a whole range of other matters into account when deciding where sponsorship should go.

Mr FORWOOD — I want to deal with the issue of the funding ratio. We are 11 months into the year.

Mr HULLS — If I may interrupt to return to the previous question, I am advised that the country football sponsorship also includes country netball as well.

Mr FORWOOD — When results came out for the VWA at the beginning of the year it showed a \$591 million loss on external factors and a \$338 million profit on insurance. If you look at the TAC net operating loss it was \$160 million. We are 11 months into the year and economic conditions around the world have not improved greatly. A back-of-the-envelope calculation would say we are heading for a loss between the TAC and the VWA of, I guess, three quarters of a billion and a billion dollars. That is a question.

The first part of the question is: do we have a handle on how big the loss is going to be because the issue that flows from that is that the VWA is now only funded for 83 per cent. It is going to be less than that by the time the full year result comes out. The actuaries would say it would be fully funded by 2006, given no changes in their assumptions but that is a very bold call.

I guess the question is: when do we start to get concerned? It is all very well for us to sit around the table and say, 'Gee, we are doing well on the insurance side of the business'. If we are looking at massive total losses across the board we will need to act eventually. How big are the losses, what are we going to do about it?

Mr HULLS — I will say a couple of things, and I am sure James MacKenzie wants to say something, but it is true that the VWA's, and the TAC's for that matter, profitability depends heavily on the performance of the financial markets given the size of its investment portfolio and its outstanding claims liability. You quite rightly identify that the impact of factors external to the VWA, and the TAC for that matter, obviously have driven financial outcomes, and whilst these external factors have contributed to bottom-line losses both the TAC's and the

VWA's insurance business continues to perform very well. The figures released in December 2002 show that the VWA recorded a loss of \$253 million due to the impact of external financial factors.

Mr FORWOOD — No, 591 — they made a profit of \$388 million. You have got to be consistent.

Mr HULLS — The insurance operations performed extremely well and the profit from insurance operations of \$338 million was substantially higher than the previous period.

Mr FORWOOD — And offset.

The CHAIR — Can the minister finish?

Mr HULLS — A fourth successive actuarial release of \$86 million was also achieved. Since the last reporting period — and this is probably the issue you are getting at — VWA's results has been volatile in line with investment markets and movements in bond yields. While current financial results are not yet available — the most updated financial results are not yet available — the underlying claims business, I say to this committee, has continued to perform well with a strong actuarial release and profit from insurance operations result expected for the full year. The bottom-line result is uncertain and dependent on the outcome, as you would know, of financial markets.

There is also, I might say, an investment strategy in place in relation to VWA. It follows a systematic investment process which is considered best-practice approach by investment and asset consultants. Under this model the VWA board financial investment strategies committee, with the assistance of relevant independent strategic advice from its asset consultant, determined within the constraints of the government's prudential guidelines, investment objectives, strategy, active risk tolerance and investment sector composition. In turn the VFMC provides the funds management process, managing the managers, in regard to stock selection.

The VWA has set an investment return objective of at least 4 per cent per annum in excess of wage inflation over five years, and to meet that objective with advice from its asset consultant the VWA selects suitable asset classes and the amount of the portfolio to be allocated to each asset class. So I think the VWA's investment strategy is best practice but, you are right, while the profit from insurance operations for both the Workcover authority and TAC are very good the overall operations of both TAC and Workcover are subject to the volatility of external markets.

Mr FORWOOD — But you cannot make a billion-dollar loss and not do anything. That is the issue. You cannot make a billion-dollar loss, which is what will happen this year, and you are not doing anything.

The CHAIR — That is your assertion.

Mr HULLS — The chairman would like to add to what I have said.

Mr MacKENZIE — Just to support what the minister says, both of these authorities have roughly \$5 billion in funds. Those funds are invested not to achieve short-term returns; those funds are invested to meet the liabilities of the authority and the commission which, in the case of the commission, is over the next 50 years, and in the case of the authority is over the next 30 years. The TAC's average claim duration is 10 years, the Workcover authority's average claim duration is 5 years. In setting those strategies, as the minister said, we are looking for real return over those periods, not year on year. The investment strategies for both the TAC and the Workcover authority are set on the basis that the funds will record a loss once every four to five years.

Mr FORWOOD — Last year.

Mr MacKENZIE — We have been through an extremely bullish period in world financial markets. Since the TAC was established in 1987 and since the Workcover authority was reconstituted in 1992 we have not had the fluctuation in world investment markets that we have had over the past 18 months. But I think that the most independent advice we can tender to support the position that we are taking is that on each actuarial valuation, whether it is for the TAC or the Victorian Workcover Authority, the independent actuaries advise the board on the premium. Ultimately, the question you are asking leads to: are things in a state where the premium needs to rise? The break even premium for the Workcover authority in Victoria is 1.9 per cent, which is less than the premium being charged because we are playing catch-up football. That is off the back of the most recent actuarial valuation at 31 December this year. The actuaries have advised the board that the current premium level is more than adequate.

I accept that on a headline basis there are issues, but if we look at the nature of these schemes the final point that needs to be looked at is that the TAC is arguably the most conservatively funded accident compensation scheme in the world, certainly among the most conservatively funded long-tail accident compensation schemes in the world; and the Victorian Workcover Authority albeit that it is not fully funded is conservatively funded. If you look at accident compensation schemes in North America, be they workcover schemes or transport accident schemes, they are not all fully funded. There is no actuarial mantra that says they should be fully funded, it is just that in Victoria in the past it has been assumed that for an accident compensation scheme to be operating well it has to be fully funded.

Mr FORWOOD — It is your head on the block, Mr MacKenzie.

Mr HULLS — That's good. I thought it was mine!

Witnesses withdrew.