

Contents

[**Introduction** 11](#_Toc430091107)

[About this report 11](#_Toc430091108)

[Welcome to our 2014/15 Annual Report 11](#_Toc430091109)

[Statement of compliance 12](#_Toc430091110)

[About us 13](#_Toc430091111)

[Our profile 13](#_Toc430091112)

[Our vision 13](#_Toc430091113)

[Our purpose 13](#_Toc430091114)

[Our strategic direction 14](#_Toc430091115)

[Our values 15](#_Toc430091116)

[Our stakeholders 16](#_Toc430091117)

[Year in review 17](#_Toc430091118)

[Year in numbers 17](#_Toc430091119)

[Year in brief 18](#_Toc430091120)

[Year in dollars 19](#_Toc430091121)

[Year scorecard 21](#_Toc430091122)

[**Section 1: Agency in focus** 24](#_Toc430091123)

[Chairman and CEO report 24](#_Toc430091124)

[A scheme that works for all 24](#_Toc430091125)

[Agency brief 25](#_Toc430091126)

[Worker’s compensation and injury management: The Western Australian context 25](#_Toc430091127)

[Leadership 26](#_Toc430091128)

[Agency overview 26](#_Toc430091129)

[Organisational structure 27](#_Toc430091130)

[Divisions and direction 28](#_Toc430091131)

[WorkCover WA Board 29](#_Toc430091132)

[Chairman 29](#_Toc430091133)

[Members 30](#_Toc430091134)

[Senior Officers 32](#_Toc430091135)

[People 34](#_Toc430091136)

[Workforce profile 34](#_Toc430091137)

[Workforce policies 35](#_Toc430091138)

[Staff perceptions 36](#_Toc430091139)

[Enabling legislation 36](#_Toc430091140)

[Legislation administered 36](#_Toc430091141)

[Governance 39](#_Toc430091142)

[Delegation of authority 39](#_Toc430091143)

[Audit Committee 39](#_Toc430091144)

[Costs Committee 39](#_Toc430091145)

[Medical Committee 40](#_Toc430091146)

[Workplace consultation 40](#_Toc430091147)

[Equity and Diversity Committee 40](#_Toc430091148)

[Emergency Planning Committee 41](#_Toc430091149)

[Innovation Support Committee 41](#_Toc430091150)

[Joint Consultative Committee 42](#_Toc430091151)

[Occupational Safety and Health Committee 43](#_Toc430091152)

[KPI Performance Reporting Committee 43](#_Toc430091153)

[Risk Management Review Group 44](#_Toc430091154)

[Complaints Handling 45](#_Toc430091155)

[Customer First Feedback Policy and Procedures 45](#_Toc430091156)

[Complaints against scheme participants 46](#_Toc430091157)

[Communications policies 46](#_Toc430091158)

[Customer Service Charter 46](#_Toc430091159)

[Communications Protocol 46](#_Toc430091160)

[Ministerial Correspondence 47](#_Toc430091161)

[Governance Policy: Official Communication 47](#_Toc430091162)

[External Data Release Policy 47](#_Toc430091163)

[Restriction of Communications when dealing with Unreasonable Customer Behaviour Policy 47](#_Toc430091164)

[Disclosure of Personal Information Policy 48](#_Toc430091165)

[Public Interest Disclosure 48](#_Toc430091166)

[Freedom of Information 48](#_Toc430091167)

[Risk Management policies 48](#_Toc430091168)

[Risk Management Framework 48](#_Toc430091169)

[Performance Management Framework 51](#_Toc430091170)

[Outcome Based Management structure 51](#_Toc430091171)

[Other government goals 53](#_Toc430091172)

[Shared responsibilities with other agencies 53](#_Toc430091173)

[How we measure our performance 53](#_Toc430091174)

[Key Performance Indicators (KPIs) 54](#_Toc430091175)

[Changes to Key Performance Indicators (KPIs) in 2014/15 55](#_Toc430091176)

[Strategic Plan 2012 – 2015 56](#_Toc430091177)

[Outlook for the future 57](#_Toc430091178)

[**Section 2: Scheme Performance** 59](#_Toc430091179)

[Open and transparent reporting 59](#_Toc430091180)

[Comparative overview 60](#_Toc430091181)

[2014/15 scheme performance report 60](#_Toc430091182)

[Claim numbers 60](#_Toc430091183)

[Claim trends 61](#_Toc430091184)

[Frequency rates 63](#_Toc430091185)

[Frequency of lost time claims by industry 63](#_Toc430091186)

[Scheme payments 2014/15 65](#_Toc430091187)

[Average recommended premium rates 65](#_Toc430091188)

[Scheme payments and premium income 66](#_Toc430091189)

[Settlements 67](#_Toc430091190)

[**Section 3: Report on Operations** 68](#_Toc430091191)

[Service 1: Scheme Regulation 68](#_Toc430091192)

[Regulating employers 68](#_Toc430091193)

[Review of employer-focused compliance activities 69](#_Toc430091194)

[Targeting injury management & return to work obligations 70](#_Toc430091195)

[Regional compliance visits 70](#_Toc430091196)

[Albany and Denmark 70](#_Toc430091197)

[Kalgoorlie-Boulder 71](#_Toc430091198)

[Case Study 1 – Regional compliance activities (Kalgoorlie) 72](#_Toc430091199)

[Acting on noise-induced hearing loss 73](#_Toc430091200)

[Regulating service providers 74](#_Toc430091201)

[Complaints about service providers 76](#_Toc430091202)

[Insurers and self-insurers 77](#_Toc430091203)

[Insurer monitoring 77](#_Toc430091204)

[Insurer complaints 77](#_Toc430091205)

[Registered agents 78](#_Toc430091206)

[Registered agent complaints 78](#_Toc430091207)

[Workplace rehabilitation providers 78](#_Toc430091208)

[Audit framework 78](#_Toc430091209)

[Workplace rehabilitation provider complaints 78](#_Toc430091210)

[Approved audiometric officers 79](#_Toc430091211)

[Approved Medical Specialists 79](#_Toc430091212)

[Complaints against Approved Medical Specialists 79](#_Toc430091213)

[Improving scheme performance 80](#_Toc430091214)

[National Insurer Data Specification 80](#_Toc430091215)

[New industry classes for recommended premium rates 80](#_Toc430091216)

[Progressing legislative reform 81](#_Toc430091217)

[Recognition of acupuncture as an ‘approved treatment’ 81](#_Toc430091218)

[Costs determination review 81](#_Toc430091219)

[Service 2: Scheme Services 82](#_Toc430091220)

[Resolving disputes 82](#_Toc430091221)

[Dispute resolution performance 83](#_Toc430091222)

[Review of the Rules 84](#_Toc430091223)

[Analysis of disputes consuming above average CAS resources 84](#_Toc430091224)

[Trial of Standard Order template 85](#_Toc430091225)

[Advocacy training program 85](#_Toc430091226)

[Education and information 86](#_Toc430091227)

[Publications 86](#_Toc430091228)

[Website 88](#_Toc430091229)

[Replacement of external website 88](#_Toc430091230)

[Downloads 88](#_Toc430091231)

[Site visits – previous Website 1 July 2014 to 7 October 2014 89](#_Toc430091232)

[Traffic sources - previous Website 1 July 2014 to 7 October 2014 89](#_Toc430091233)

[Site visits – New Website 8 October 2014 to 30 June 2015 90](#_Toc430091234)

[Traffic sources - New Website 8 October 2014 to 30 June 2015 90](#_Toc430091235)

[Views by WorkCover WA website channels 90](#_Toc430091236)

[Injury Management Conference website 91](#_Toc430091237)

[Site visits 92](#_Toc430091238)

[Traffic sources 92](#_Toc430091239)

[Twitter 92](#_Toc430091240)

[Advice and Assistance Unit 92](#_Toc430091241)

[Training and seminars 93](#_Toc430091242)

[Welcome to WorkCover WA seminars 93](#_Toc430091243)

[Approved Medical Specialist training 93](#_Toc430091244)

[Approved Medical Specialist Peer Review 94](#_Toc430091245)

[Franchise Council of Australia WA Breakfast 94](#_Toc430091246)

[Presentations on request 94](#_Toc430091247)

[Consultation and engagement with stakeholders 95](#_Toc430091248)

[CASE STUDY 2: Development of a Biennial Conference 95](#_Toc430091249)

[Delegate feedback 96](#_Toc430091250)

[2014 Stakeholder Event 97](#_Toc430091251)

[Collaboration 97](#_Toc430091252)

[International collaboration 97](#_Toc430091253)

[Singapore’s Ministry of Manpower 97](#_Toc430091254)

[National collaboration 97](#_Toc430091255)

[Strategic Issues Group – Workers’ Compensation 97](#_Toc430091256)

[Australian Business Register 98](#_Toc430091257)

[Personal Injury Education Foundation 98](#_Toc430091258)

[State collaboration 98](#_Toc430091259)

[Public Sector Safety and Injury Management Steering Committee 98](#_Toc430091260)

[Industrial Foundation for Accident Prevention 99](#_Toc430091261)

[Commission for Occupational Safety and Health 99](#_Toc430091262)

[Report against 2014/15 Strategic Initiatives 99](#_Toc430091263)

[Initiative 1: Legislative Review Phase 2 100](#_Toc430091264)

[Initiative 2: Injury Management Guidance Material for Medical Practitioners 101](#_Toc430091265)

[Initiative 3: Electronic Document and Records Management System (EDRMS) 102](#_Toc430091266)

[**Section 4: Opportunities and Challenges** 103](#_Toc430091267)

[Opportunity and accessibility 103](#_Toc430091268)

[Workforce Development 103](#_Toc430091269)

[Employee Capability 103](#_Toc430091270)

[Manager Competency Program 104](#_Toc430091271)

[Employee development 104](#_Toc430091272)

[Attraction and retention 105](#_Toc430091273)

[Workplace consultation 106](#_Toc430091274)

[Innovation framework development 106](#_Toc430091275)

[Equality and inclusion 107](#_Toc430091276)

[Disability Access and Inclusion Plan 107](#_Toc430091277)

[Traineeship program 107](#_Toc430091278)

[Reconciliation Action Plan 108](#_Toc430091279)

[Safety, health and wellbeing 109](#_Toc430091280)

[Occupational Safety and Health Management Plan 109](#_Toc430091281)

[Occupational Safety and Health Audit Action Plan 110](#_Toc430091282)

[Occupational safety and health representatives 110](#_Toc430091283)

[Health and wellness survey 111](#_Toc430091284)

[Agency challenges 111](#_Toc430091285)

[Electronic Document & Records Management System 111](#_Toc430091286)

[Review of Risk Management Framework 111](#_Toc430091287)

[Review of Freedom of Information policy 112](#_Toc430091288)

[Review of corporate policies and procedures 112](#_Toc430091289)

[IT initiatives 113](#_Toc430091290)

[IT Strategic Plan 113](#_Toc430091291)

[**Section 5: Disclosures and Legal Compliance** 114](#_Toc430091292)

[Report on funds management 114](#_Toc430091293)

[Workers’ Compensation & Injury Management Trust Account 114](#_Toc430091294)

[Uninsured claims management 114](#_Toc430091295)

[Employer’s indemnity supplementation fund 115](#_Toc430091296)

[Debts and investments 116](#_Toc430091297)

[Other financial disclosures 118](#_Toc430091298)

[Employment and industrial relations 118](#_Toc430091299)

[Internal workers’ compensation 118](#_Toc430091300)

[Board remuneration 119](#_Toc430091301)

[Directors’ and officers’ liability insurance 120](#_Toc430091302)

[Committee remuneration 120](#_Toc430091303)

[Costs Committee 120](#_Toc430091304)

[Medical Committee 121](#_Toc430091305)

[Capital works projects 122](#_Toc430091306)

[Advertising 123](#_Toc430091307)

[Ministerial directives 123](#_Toc430091308)

[Governance disclosures 124](#_Toc430091309)

[Board responsibilities 124](#_Toc430091310)

[Board Policies 124](#_Toc430091311)

[Conflicts of interest 124](#_Toc430091312)

[CEO Performance Agreement 125](#_Toc430091313)

[Review against the PSC Good Governance Guide 125](#_Toc430091314)

[Committees 126](#_Toc430091315)

[Audit Committee 126](#_Toc430091316)

[Costs Committee 126](#_Toc430091317)

[Medical Committee 127](#_Toc430091318)

[Industrial Diseases Medical Panel 128](#_Toc430091319)

[Legal compliance 131](#_Toc430091320)

[Public Sector standards and ethical codes 131](#_Toc430091321)

[Public Sector Code of Ethics 131](#_Toc430091322)

[WorkCover WA Code of Conduct 131](#_Toc430091323)

[Public Sector Commissioner’s Instruction Employment Standard 131](#_Toc430091324)

[Grievance Resolution Standard 131](#_Toc430091325)

[Disability Access and Inclusion Plan 131](#_Toc430091326)

[Recordkeeping Plan 132](#_Toc430091327)

[Report against WorkCover WA Recordkeeping Plan 133](#_Toc430091328)

[Government policy requirements 134](#_Toc430091329)

[Substantive equality 134](#_Toc430091330)

[Occupational safety, health and injury management 134](#_Toc430091331)

[OSH and injury management performance 134](#_Toc430091332)

[**Section 6 Key Performance Indicators** 137](#_Toc430091333)

[Additional Key Performance Indicator information 137](#_Toc430091334)

[Certification of KPIs 137](#_Toc430091335)

[Detailed information in support of Key Performance Indicators 138](#_Toc430091336)

[Changes to the Outcomes Based Management Structure (OBM) in 2014/15 140](#_Toc430091337)

[More relevance to Stakeholders 141](#_Toc430091338)

[Issues with the previous KPI 1.3 141](#_Toc430091339)

[Key Performance Indicators 143](#_Toc430091340)

[Summary of Key Performance Indicators 144](#_Toc430091341)

[Key Performance Indicators of Effectiveness 145](#_Toc430091342)

[Key Indicators of Efficiency 152](#_Toc430091343)

[Allocation of agency costs 152](#_Toc430091344)

[**Section 7: Financial Statements and Notes** 165](#_Toc430091345)

[Financial Statements 165](#_Toc430091346)

[Certification of Financial Statements 165](#_Toc430091347)

[Independent Audit Opinion 166](#_Toc430091348)

[Statement of Comprehensive Income 170](#_Toc430091349)

[For the year ended 30 June 2015 170](#_Toc430091350)

[Statement of Financial Position 171](#_Toc430091351)

[For the year ended 30 June 2015 171](#_Toc430091352)

[Statement of Changes in Equity 173](#_Toc430091353)

[For the year ended 30 June 2015 173](#_Toc430091354)

[Statement of Cash Flows 174](#_Toc430091355)

[For the year ended 30 June 2015 174](#_Toc430091356)

[Notes to the Financial Statements 175](#_Toc430091357)

[1. Australian Accounting Standards 175](#_Toc430091358)

[2. Summary of significant accounting policies 175](#_Toc430091359)

[3. Segment information 187](#_Toc430091360)

[4. Judgements made by management in applying accounting policies 187](#_Toc430091361)

[5. Key sources of estimation uncertainty 188](#_Toc430091362)

[6. Disclosure of changes in accounting policy and estimates 189](#_Toc430091363)

[7. Interest revenue 198](#_Toc430091364)

[8. Other revenue 198](#_Toc430091365)

[9. Employers’ Indemnity Supplementation Fund 198](#_Toc430091366)

[10. Claims Expenses 199](#_Toc430091367)

[11. Net gain/(loss) on disposal of non-current assets 199](#_Toc430091368)

[12. Employee benefits experience 200](#_Toc430091369)

[13. Supplies and services 201](#_Toc430091370)

[14. Depreciation and amortisation expense 201](#_Toc430091371)

[15. Accommodation expenses 202](#_Toc430091372)

[16. Other expenses 202](#_Toc430091373)

[17. Services received free of charge 203](#_Toc430091374)

[18. Cash and cash equivalents 203](#_Toc430091375)

[19. Restricted cash and cash equivalents 203](#_Toc430091376)

[20. Receivables 205](#_Toc430091377)

[21. Other financial assets 206](#_Toc430091378)

[22. Property, plant, equipment and vehicles 207](#_Toc430091379)

[23. Fair value measurements 209](#_Toc430091380)

[24. Intangible assets 210](#_Toc430091381)

[25. Impairment of assets 211](#_Toc430091382)

[26. Payables 211](#_Toc430091383)

[27. Provisions 212](#_Toc430091384)

[28. Equity 225](#_Toc430091385)

[29. Notes to the Statement of Cash Flows 226](#_Toc430091386)

[30. Employers’ Indemnity Supplementation Fund (EISF) 227](#_Toc430091387)

[31. Commitments 232](#_Toc430091388)

[32. Contingent liabilities and contingent assets 233](#_Toc430091389)

[33. Events occurring after the end of the reporting period 233](#_Toc430091390)

[34. Explanatory statement 234](#_Toc430091391)

[35. Financial instruments 237](#_Toc430091392)

[(a) Financial risk management objectives and policies 237](#_Toc430091393)

[(b) Categories of financial instruments 238](#_Toc430091394)

[(c) Financial instrument disclosures 239](#_Toc430091395)

[36. Remuneration of members of the accountable authority and senior officers 246](#_Toc430091396)

[37. Remuneration of auditor 248](#_Toc430091397)

[38. Workers’ Compensation & Injury Management Trust Account 248](#_Toc430091398)

[39. Supplementary financial information 249](#_Toc430091399)

[40. Related bodies 251](#_Toc430091400)

[41. Affiliated bodies 251](#_Toc430091401)

[42. Indian Ocean Territories 251](#_Toc430091402)

[43. Schedule of income and expenses by service 252](#_Toc430091403)

Introduction

About this report

Welcome to our 2014/15 Annual Report

This report delivers a comprehensive analysis of our oversight and regulation of Western Australia’s workers’ compensation and injury management scheme over the past year. An introduction to WorkCover WA (the Agency) and our year in review begins on page 11. For a more comprehensive analysis of aspects of the year refer to section(s):

1. Agency in focus » p. 24
2. Scheme performance » p. 59
3. Report on operations » p. 68
4. Opportunities and challenges » p. 103
5. Disclosures and legal compliance » p.114
6. Key Performance Indicators » p. 137
7. Financial statements and notes » p. 166

This report was developed in line with the Public Sector Commission’s Western Australian Public Sector Annual Reporting Framework for the 2014/15 Reporting Year and the Department of Treasury’s Model Annual Report for Net Cost of Service Statutory Authorities. In compliance with these guidelines costs were minimised for production and printing. As printed copies of each annual report are limited, this report is published on the Agency’s website **www.workcover.wa.gov.au** in the ‘Resources’ section. It adheres to State Government requirements for accessibility and readability, and can be viewed in PDF format as a whole or in sections. Alternative formats are available on request.

This publication may be copied in whole or part, with acknowledgement of WorkCover WA.

Statement of compliance

To The Hon Michael Mischin MLC, Minister for Commerce

In accordance with section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament the report of the WorkCover Western Australia Authority for the financial year ended 30 June 2015.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006 and, where applicable, a statement acknowledging the incorporation within the Report of any special reporting requirements imposed upon WorkCover Western Australia Authority by any other written law.



Greg Joyce  
Chairman  
WorkCover WA  
28 August 2015

Michelle Reynolds, CEO WorkCover WA Signature 


Michelle Reynolds  
Chief Executive Officer  
WorkCover WA  
28 August 2015



About us

Our profile

WorkCover WA is the government agency responsible for overseeing the workers' compensation and injury management scheme in Western Australia.

Our role includes:

* regulating scheme participants and monitoring compliance with the Workers' Compensation and Injury Management Act 1981 (the Act);
* educating workers, employers and other scheme participants about workers' compensation and injury management; and
* providing an independent dispute resolution service.

Our vision

**“A workers’ compensation and injury management scheme that works for all.”**

Our purpose

WorkCover WA’s purpose is to lead a contemporary, healthy and integrated workers’ compensation scheme that is fair, accessible and cost-effective for all participants through:

* providing advice and guidance on workers’ compensation and injury management
* active, responsive and transparent management of the scheme
* focused information, education and compliance activities
* fair and timely dispute resolution
* a strong customer service focus.

Our strategic direction

The Agency’s *Strategic Plan 2012 – 2015* (see page 56) identifies four strategic goals that direct and focus WorkCover WA’s activities:

* **Goal 1: Strategic scheme management**Maintain the integrity and stability of the scheme
* **Goal 2: Stakeholder confidence and engagement**Promote stakeholder engagement and confidence in the sustainability of the scheme
* **Goal 3: Regulatory compliance**Ensure compliance with the regulatory requirements of the scheme
* **Goal 4: Organisational excellence**Ensure WorkCover WA has the right people, culture, systems and processes to deliver high quality outcomes



Our values

#### Customer Service

* We are clear about what we will deliver
* We consider our customers and their needs
* We commit, act and deliver

#### Innovation

* We are proactive, positive, flexible and act strategically
* We recognise that change is constant and that it can bring opportunity
* We build on opportunities

#### Respect

* We embrace diversity and individual differences
* We seek to understand and recognise peoples’ interests and rights
* We are fair and prompt in our actions and dealings with others

#### Integrity

* We are trustworthy and accountable
* We act in a consistent and impartial manner
* We are transparent in our decision making

#### Collaboration

* We work as a team
* We value the contribution of others
* We embrace a culture of open communication

Our stakeholders

Every worker and employer is a stakeholder in the workers' compensation and injury management scheme. By operating in workers’ compensation and injury management contexts, health providers (general practitioners, allied health, Approved Medical Specialists, workplace rehabilitation providers, audiometric officers) and service providers (insurers, legal practitioners) are important scheme participants who contribute to the effective management of the scheme.

“The workers’ compensation scheme in Western Australia delivers for workers and employers because of strong relationships between all, exemplified this year at our highly successful Injury Management Conference. WorkCover WA proudly brought the workers’ compensation community together, providing an opportunity to share best practice and collectively consider improvements to the scheme. Collaboration and consultation underpins the way we do our business and ensures scheme sustainability.”

Michelle Reynolds, Chief Executive Officer WorkCover WA



Year in review

Year in numbers

|  |  |  |
| --- | --- | --- |
| **Enquiries** | into expired policies, cancellations, new businesses and new owner checks | 10,621 |
| **Investigations** | into potential breaches of the Act | 684 |
| **Prosecutions** | completed against non-compliant employers | 79 |
| **Registrations** | of Memorandum of Agreement for the finalisation of workers’ compensation claims via settlement | 4,113 |
| **Conciliations** | completed | 2,242 |
| **Arbitrations** | completed | 482 |
| **Publications** | mailed to workers, employers, health providers and service providers | 13,310 |
| **Visits** | to the WorkCover WA website | 262,045 |
| **Calls** | for advice and assistance handled by the Advice and Assistance Unit | 22,836 |
| **Hours** | of staff training completed | 2,401 |

Year in brief

WorkCover WA has a significant role in ensuring the Western Australian workers’ compensation and injury management scheme operates fairly and efficiently for all stakeholders (workers and employers) and scheme participants (insurers, health professionals and legal representatives).

As detailed in *Section 1: Agency in focus*, WorkCover WA’s contribution to Government **Goal 3, ‘Results-Based Service Delivery’** is achieved through the delivery of two services: regulation of scheme participants for compliance with legislative requirements; and the provision of effective and equitable dispute resolution and other services to scheme participants. The Agency’s delivery of these services is analysed in *Section 3: Report on operations*. WorkCover WA’s success in delivering these services is measured against Key Performance Indicators (KPIs) outlined in *Section 6: Key Performance Indicators.*

The overall workers’ compensation environment in the State remained healthy in 2014/15. Section 2: Scheme Performance presents an analysis of the WA workers’ compensation and injury management scheme.

This year’s report concludes the period covered by WorkCover *WA’s Strategic Plan 2012–2015*. The four key goals of the Strategic Plan (page 56) focused on the Agency’s approach to strategic scheme management, stakeholder engagement, regulatory compliance and organisational excellence. In 2014/15, three final initiatives were delivered against this plan. The Agency’s successful delivery of these strategic initiatives is described in detail in *Section 3: Report on operations*. The *Strategic Plan 2015 - 2018* commenced on 1 July 2015.

With focus on stakeholder engagement, injury management professionals and other service providers had an opportunity to connect at the inaugural WorkCover WA Injury Management Conference which took place in May 2015. A case study on the development of the biennial conference is detailed in *Section 3: Report on operations* on page 95.

Internally, the Agency remained committed to the health and wellbeing of its staff through a variety of development and occupational safety and health related initiatives, as outlined in *Section 4: Opportunities and challenges*. The Agency’s compliance with State Government policies and its financial performance in 2014/15 is disclosed in *Section 5: Disclosures and legal compliance* and *Section 7: Financial statements and notes* respectively.

Year in dollars

The majority of funding (62%) for WorkCover WA’s activities is derived from insurer contributions in the form of an annual levy on workers’ compensation premiums paid by employers and by a direct levy on employers who are approved by WorkCover WA to self-insure.

The snapshot below represents a consolidation of both the General and Supplementation Funds. Please refer to *Section 7: Financial statements and notes* on page 109 for more detailed analysis and disclosure.

| **Table 1: WorkCover WA totals for 2014/15** | |
| --- | --- |
| **Revenue** | $ 34.854 million |
| **Expenditure** | $ 21.566 million |

Staff costs account for 65 per cent of agency expenditure. The remaining funds were expended on claims, supplies and services, accommodation and other expenses.

Refer to table 3 below for a breakdown of expenditure.

**Full financial analysis and disclosures available at:**

Report on funds management » p. 114

Financial statements and notes » p. 165

| **Table 2: WorkCover WA income** | |
| --- | --- |
| **Interest revenue** | $2.763 million |
| **Insurer contribution** | $21.491 million |
| **Employer’s Indemnity Supplementation Fund** | $9.496 million |
| **Other Revenue** | $1.104 million |

| **Table 3: WorkCover WA expenditure** | |
| --- | --- |
| **Accommodation expenses** | $0.674 million |
| **Depreciation expense** | $1.058 million |
| **Employee benefits expense** | $13.959 million |
| **Claims expense** | $1.263 million |
| **Supplies and services** | $3.315 million |
| **Other expenses** | $1.285 million |

Year scorecard

#### 2014/15 performance snapshot

The outcomes of WorkCover WA’s activities and services are measured by Key Performance Indicators (KPIs) comprised of effectiveness and efficiency indicators. The 2014/15 scorecard provides a snapshot view of our performance for the year.

Full explanations on all measures, analysed against previous years and set targets, are located on the page(s) referenced beside each indicator in table 4 and 5.

Table 6 summarises the delivery of our 2014/15 Strategic Initiatives.

| **Table 4: Indicators of effectiveness snapshot** | | | | |
| --- | --- | --- | --- | --- |
| **#** | **Description** | **2014/15 Target** | **2014/15 Result** | **Reference** |
| 1.1 | Number of non-compliance events identified as a result of a claim on the General Account | 8 | 3 | p. 145 |
| 1.2 | Proportion of conciliations completed within eight weeks | 97.0% | 96.3% | p. 148 |
| 1.3 | Proportion of disputes resolved within six months | 90.0% | 88.8% | p. 150 |

| **Table 5: Indicators of efficiency snapshot** | | | | |
| --- | --- | --- | --- | --- |
| **#** | **Description** | **2014/15 Target** | **2014/15 Result** | **Reference** |
| 1.1 | Average cost per employer compliance activity | $257 | $255 | p. 153 |
| 1.2 | Average cost per approved and monitored service provider | $3,309 | $3,250 | p. 155 |
| 1.3 | Average cost per client contact to provide information and advice | $113 | $120 | p. 157 |
| 2.1 | Average cost to complete a conciliation | $2,023 | $1,966 | p. 160 |
| 2.2 | Average cost to complete an arbitration | $8,611 | $10,042 | p. 161 |
| 2.3 | Average cost to process a Memorandum of Agreement | $401 | $342 | p. 163 |

| **Table 6: Delivery of 2014/15 Strategic Initiatives** | | |
| --- | --- | --- |
| **Initiative** | **Commitment** | **Outcome** |
| **1** | Legislative review: Phase two | **Delivered **  This project involved policy development and consultation aimed at enabling a complete redraft of the Act*.* Cabinet approved the drafting of the new Bill in 2014. In 2015/16 a new project: *New Act* *Implementation* will focus on the drafting, consultation and implementation of the new Act. |
| **2** | Injury management guidance material for medical practitioners | **Delivered **  The *Injury Management Guidance Material for Medical Practitioners* project has been completed and outcomes will be reflected in the 2015/18 Injury Management Strategy. |
| **3** | Electronic Document and Records Management System | **Delivered **  The EDRMS Whole of Agency Implementation project was completed with all deliverables achieved. The project included an updated Records Management Policy and a new Recordkeeping Plan which have been submitted to the State Records Office. |

Section 1: Agency in focus

Chairman and CEO report

****A scheme that works for all****

This Annual Report marks the successful conclusion of our *Strategic Plan 2012 – 2015*. This plan has taken the organisation to a high point in our role as a regulator, educator and financial scheme manager.

With the lowest standardised average premium rate in Australia and a strong funding ratio, workers and employers can be assured Western Australia (WA) has a scheme that ‘works for them’. With three quarters of scheme costs supporting injured workers, the State has again achieved a return to work rate above the national average for workers returned to work within seven to nine months of injury.

WorkCover WA continues to set a benchmark for the resolution of disputes with almost 90 per cent of disputes resolved within six months, well above the national average of 63.9 per cent. The WA scheme also has the second lowest disputation rate of all Australian jurisdictions.

The legislative review process to repeal and replace the *Workers’ Compensation and Injury Management Act 1981* (the Act) continues to epitomise our commitment to consult with our stakeholders to ensure our legislative framework keeps pace with the commercial and cost realities facing scheme participants.

Our key successes for 2014/15 include:

* Government approval for drafting a bill to repeal and replace the Act
* the organisation and delivery of the Injury Management Conference during May 2015
* the Office of Auditor General Award for Transparency and Accountability, the CPA Award for Performance Reporting and the W.S. Lonnie Memorial Trophy for our 2013/14 Annual Report.

Congratulations are extended to the WorkCover WA Board and staff – you are WorkCover WA and our achievements are the result of your commitment to our goals and values.

As WorkCover WA embarks on its new *Strategic Plan 2015 – 2018* we know we have the right people, systems and processes in place to continue to deliver the best possible workers’ compensation and injury management outcomes for the WA community.

Agency brief

Worker’s compensation and injury management: The Western Australian context

The WA workers’ compensation and injury management scheme is designed to ensure workers suffering a work-related injury or illness are compensated for lost wages, medical expenses and associated costs while they are unable to work. Under the scheme, work-related injuries are actively managed to enable an injured worker’s safe and sustained return to work.

The WA scheme is based on a ‘no-fault’ principle. This means an injured worker does not need to establish their employer was at fault or negligent to make a claim.

The scheme in WA is privately underwritten, with insurance coverage provided by approved insurance companies. Employers are obliged by the Act to maintain current workers’ compensation insurance coverage for all their workers. WorkCover WA provides advice and assistance to employers to help them understand and comply with their legislative obligations.

A range of related issues are also covered under the WA workers’ compensation and injury management scheme. These include compensation related to noise-induced hearing loss, assessment of permanent impairment, and claims finalised through settlement.

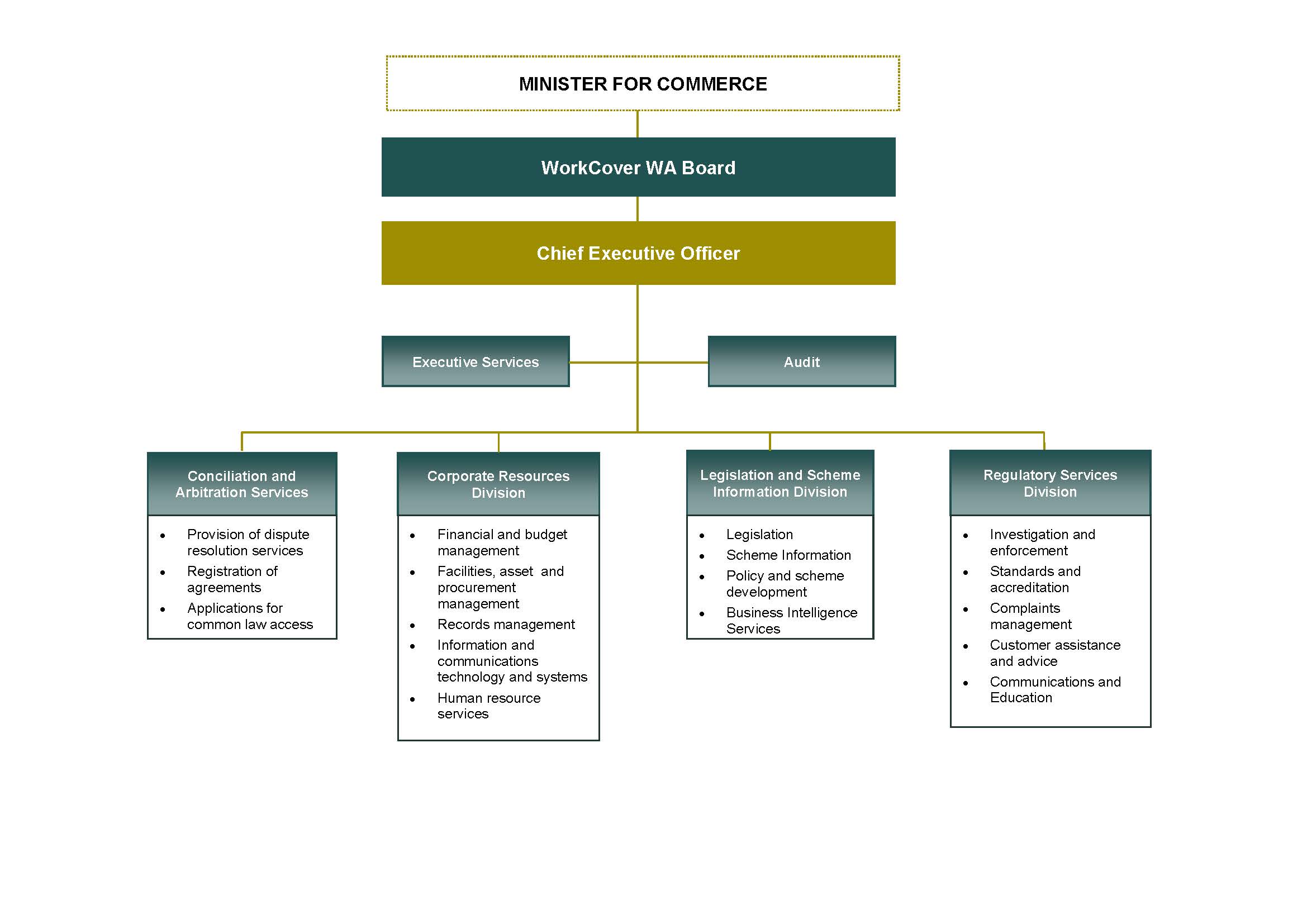
Refer to the Scheme performance section from page 59 for an analysis of the workers’ compensation environment in the Western Australian context using the most recent data available.

Leadership

Agency overview

|  |  |
| --- | --- |
| ****Responsible Minister**** | The Hon Michael Mischin MLC, Minister for Commerce.  The Minister is responsible for the Agency through the WorkCover WA Board and in accordance with the Act*.* |
| **Agency funding** | Funding for WorkCover WA’s activities is provided through an annual levy on workers’ compensation insurers and by a direct levy on employers who are approved by WorkCover WA to self-insure. |
| **Administration** | The day-to-day administration of WorkCover WA is delegated by the WorkCover WA Board to the Chief Executive Officer who directs the Agency’s operations.  Board Responsibilities are outlined in *Section 5: Disclosures and legal compliance* on page 114. |
| **Organisational structure** | WorkCover WA is comprised of four Divisions as outlined in the following organisational structure diagram and divisional descriptions. |

Organisational structure



Divisions and direction

#### Corporate Executive

WorkCover WA is led by a Corporate Executive team comprised of the Chief Executive Officer, divisional heads, Registrar Arbitration and Chief Finance Officer. The Corporate Executive is responsible for developing, monitoring and reporting the Agency’s overall corporate direction, budgeting, planning and monitoring of operational performance.

#### Conciliation and Arbitration Services

The Conciliation and Arbitration Services Division is responsible for the resolution of disputes in the WA workers’ compensation and injury management scheme. The Division comprises the Conciliation Service (where the objective is agreement between parties to disputes) and the Arbitration Service (where disputes unresolved by conciliation are determined according to their substantial merits with as little formality and technicality as possible).

#### Corporate Resources

The Corporate Resources Division ensures human, financial, technical, information and physical resources are available to support WorkCover WA’s operations.

#### Legislation and Scheme Information

The Legislation and Scheme Information Division maintains scheme viability and effectiveness through:

* policy and legislation development
* collection, quality assurance and analysis of data provided by insurers and self-insurers to assist compliance activities and set premium rates.

The Division has a strategic focus on activities to assist the Board and Government to effectively manage the workers’ compensation system.

#### Regulatory Services

The Regulatory Services Division ensures parties operating within the workers’ compensation and injury management scheme comply with their statutory and administrative obligations by:

* establishing and monitoring performance standards for scheme participants
* conducting compliance investigations where breaches of statutory obligations are suspected
* investigating complaints against scheme participants and taking regulatory actions such as prosecution or issuing infringement notices
* educating and assisting scheme stakeholders.

WorkCover WA Board

The WorkCover Western Australia Authority (the Board) is responsible for governance of the Agency; the provision of independent advice to the Minister; and the approval of certain service providers. Constituted under section 94(1) of the Act, the Board is authorised to use and operate under the trading name ‘WorkCover WA’.

The Chief Executive Officer, who is a member of the Board, directs the operations and day-to-day administration of WorkCover WA through the implementation of the Board’s strategic direction. The Chief Executive Officer and all other staff of WorkCover WA are employed under the provisions of the *Public Sector Management Act 1994*.

To provide diversity and ensure all parties to workers’ compensation activities are fairly represented membership of the Board is defined under section 95 of the Act.

Chairman

Chairman – appointed by the Governor on the recommendation of the Minister

**Mr Greg Joyce** has been a member and Chair of WorkCover WA’s Board since 1 May 2005. Mr Joyce was reappointed for a further three year term from 4 January 2014. Mr Joyce was the Director General of the Department of Housing and Works from July 2001 until his retirement in January 2005. Mr Joyce has a law degree from the University of Western Australia and is qualified to practise as a barrister and solicitor in Western Australia.

Members

Member – Chief Executive Officer of WorkCover WA\*

**Michelle Reynolds** has served as Chief Executive Officer of WorkCover WA since 25 December 2008. Since commencing in the role, Ms Reynolds has been successful in delivering a legislative reform agenda which has resulted in the abolition of age restrictions in the Act along with other progressive changes. Ms Reynolds has 30 years’ experience in the Western Australian public sector, the past 14 years in senior executive roles and has played a key role in shaping public sector management policy. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration (University of Western Australia).

\*From 1 July 2014 to 11 October 2014 **Chris White**, WorkCover WA's General Manager of Legislation and Scheme Information, was the Acting Chief Executive Officer of WorkCover WA whilst Ms Reynolds was seconded to the Department of the Premier and Cabinet. Mr White’s profile is available in the Senior Officers section on page 32.

Member – Chief Executive Officer of the Department of the Public Service of the State principally assisting the Minister charged with the administration of the Occupational Safety and Health Act 1984

**Brian Bradley** PSM is the Director General of the Department of Commerce. He served as Chairman of the former Workers' Compensation and Rehabilitation Commission from 2000 to 2005, and was the Western Australian member of the Australian Safety and Compensation Council from 2005 to April 2009. Mr Bradley is currently the Deputy Chair of the Western Australian Commission for Occupational Safety and Health, Western Australian member of Safe Work Australia and a member of the Legal Aid Commission.

Member – Experienced in employers' interests

**Karin Lee** was appointed a member of the WorkCover WA Board on 22 February 2011, and was reappointed for a further three years from 4 January 2014. Ms Lee is the Manager Safety and Risk Services at the WA Chamber of Commerce and Industry. Ms Lee has over 15 years of experience in the area of workers’ compensation and has previously worked at Allianz Insurance and WorkCover QLD, and in personal injury litigation matters. Ms Lee holds a Bachelor of Laws and a Graduate Certificate in Case Management (Rehabilitation) and is a graduate of the Australian Institute of Company Directors. Ms Lee is a member of the WA Commission for Occupational Safety and Health.

Member – Experienced in insurance matters

**Steven Burns** was appointed a member of the WorkCover WA Board on 1 October 2013, for a three year term. Mr Burns is a member of QBE Australia’s national workers’ compensation leadership team. Mr Burns joined the insurance industry in 1993 and has held general management and product management responsibility in Tasmania, Northern Territory, Western Australia, ACT and New Zealand.

Member – Experienced in workers' interests

**Owen Whittle** was appointed to the WorkCover WA Board on 4 January 2014, and was reappointed for three years on 30 December 2014. Mr Whittle is currently the Assistant Secretary of UnionsWA, with responsibility for workers’ compensation and occupational health and safety matters. Mr Whittle was previously employed by the Australian Manufacturing Workers’ Union and is a member of the ACTU’s Occupational Health and Safety Committee.

Member – Experienced in accounting and financial management

**Victoria Wilmot** was appointed to WorkCover WA’s Board on 4 January 2005, and was reappointed for a further three year term from 4 January 2014. She is Deputy Director Financial Services at the University of Western Australia. Ms Wilmot is a member of the Institute of Chartered Accountants (CA) in Australia, a Fellow of the Financial Services Institute of Australasia and a member of the Board of the University Credit Society Ltd.



| **Table 7: Board meeting attendance** | | |
| --- | --- | --- |
| **Member** | **Number of meetings eligible to attend** | **Number of meetings attended** |
| Greg Joyce (Chairman) | 10 | 10 |
| Brian Bradley | 10 | 7 |
| Karin Lee | 10 | 10 |
| Victoria Wilmot | 10 | 10 |
| Owen Whittle | 10 | 10 |
| Steven Burns | 10 | 7 |
| Chris White  Michelle Reynolds | 2  8 | 2  8 |

Senior Officers

The Corporate Executive is WorkCover WA’s senior management team. The Corporate Executive team met monthly during 2014/15.

Chief Executive Officer \*

**Michelle Reynolds** has been successful in delivering a legislative reform agenda which has resulted in the abolition of age restrictions in the Act along with other progressive changes. Ms Reynolds has 30 years’ experience in the Western Australian public sector, the past 14 years in senior executive roles. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration from University of Western Australia.

\*Mr Chris White was the Acting Chief Executive Officer from 1 July 2014 to 11 October 2014.

General Manager, Legislation and Scheme Information

**Chris White** is General Manager Legislation and Scheme Information and has more than 30 years’ experience in WA’s workers’ compensation and occupational safety and health policy. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe. Mr White holds a Master of Arts (Public Policy) from Murdoch University.

General Manager, Conciliation and Arbitration Services; Director, Conciliation\*

**Harley White** is General Manager, Conciliation and Arbitration Services. He has been employed in workers’ compensation and related fields since 1994, and has held positions in a number of areas within WorkCover WA including dispute resolution, policy and legislation, and regulation. He is a career public sector employee, having joined the sector in 1978 and holds a Diploma in Legal Studies.

\*During the reporting period **Ross Paparone**, **Wendy Attenborough** and **Christine Kain** also undertook the role of the General Manager Conciliation and Arbitration Services; Director, Conciliation.

General Manager, Corporate Resources

**Ron de Blank** commenced at WorkCover WA as acting General Manager, Corporate Resources in May 2014. Mr de Blank is seconded from the Department of the Premier and Cabinet and brings significant senior experience working in the WA public sector and as a management consultant in areas including labour relations, human resource management and strategic policy. He holds a Bachelor of Economics with Honours from the University of Western Australia.

General Manager, Regulatory Services\*

**Wendy Attenborough** joined WorkCover WA in July 2008. She has since undertaken a number of Corporate Executive roles within WorkCover WA, including General Manager Scheme Development and General Manager Conciliation and Arbitration Services. Ms Attenborough assumed the responsibility of General Manager Regulatory Services in February 2015. Prior to joining WorkCover WA, Ms Attenborough was employed in a number of senior policy roles within the Western Australian Department of the Premier and Cabinet, including the Intergovernmental Relations Unit. Ms Attenborough holds a Bachelor of Arts from the University of Western Australia.

\*During the reporting period **Harley White** also undertook the role of the General Manager Regulatory Services.

Registrar, Arbitration

**Shane Melville** was appointed as Registrar, Arbitration, in December 2011 and previously held the position of Director, Dispute Resolution Directorate. Mr Melville commenced at WorkCover WA as an Arbitrator in the Dispute Resolution Directorate in November 2005. He holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, accreditation from the Institute of Arbitrators and Mediators Australia and has more than 25 years of experience as a legal practitioner in workers’ compensation litigation.

Mr Melville resigned from WorkCover WA on 4 December 2014 to take up the position of Principal Registrar at the District Court of Western Australia.

In June 2015 **Nilan Ekanayake** was appointed to the role of Registrar, Arbitration. Mr Ekanayake joined WorkCover WA from the independent Bar. He holds a Bachelor of Laws and a Bachelor of Arts from the Victoria University of Wellington.

Chief Finance Officer

**John Hull** commenced with WorkCover WA as Chief Finance Officer in July 2010. He has extensive public sector experience and has undertaken senior finance, compliance and corporate management roles across a range of agencies including the Department of Treasury and Finance and the Office of the Auditor General. Mr Hull is a CPA and has a Bachelor of Business in Finance and Accounting.

People

Workforce profile

The following figures summarise the Agency’s 2014/15 workforce profile. WorkCover WA’s complete FTE profile is disclosed on page 118 under ‘Employment and industrial relations’ in Section 5: Disclosures and legal compliance.

**Staff by FTE**

| **Table 8: Staff by FTE** | |
| --- | --- |
| **Employment type** | **2014/15** |
| Full-time permanent | 112 |
| Full-time contract | 10 |
| Part-time (FTE) | 10.0 |
| Part-time contract (FTE) | 3.4 |
| **Total (FTE)** | 135.4 |
| Staff on secondment | 2 |
| Staff on traineeship | 1 |
| Staff in graduate program | 2 |

Workforce policies

WorkCover WA’s workforce policies are outlined under ‘Opportunity and accessibility’ in Section 4: Opportunities and challenges, and the entries disclosed under ‘Legal compliance’ in Section 5: Disclosures and legal compliance.

Staff perceptions

WorkCover WA completed the Public Sector Commission’s (PSC) Public Sector Employee Perception Survey in April 2014. The survey responses were made available in September 2014, indicating:

* WorkCover WA achieved a significantly higher ‘strong satisfaction rating’ against the majority of questions than other public sector agencies.
* WorkCover WA staff have an excellent understanding and awareness of agency and public sector standards and policies.

Enabling legislation

The WorkCover Western Australia Authority is constituted under section 94 of the Act. WorkCover WA’s functions and powers are detailed in sections 100 and 101 of the Act. The objectives and constitution of the Conciliation and Arbitration Services are contained within sections 177, 181 and 182ZO of the Act.

Legislation administered

In the performance of its functions, WorkCover WA administers the following legislation:

* *Workers’ Compensation and Injury Management Act 1981*
* *Employers’ Indemnity Supplementation Fund Act 1980*
* *Workers’ Compensation and Injury Management (Acts of Terrorism) Act 2001*
* *Workers’ Compensation (Common Law Proceedings) Act 2004*
* *Waterfront Workers’ (Compensation for Asbestos Related Diseases) Act 1986*
* *Employers’ Indemnity Policies (Premium Rates) Act 1990*

#### Subsidiary legislation

* *Workers’ Compensation and Injury Management Regulations 1982*
* *Workers’ Compensation Code of Practice (Injury Management) 2005*
* *Workers’ Compensation and Injury Management (Scales of Fees) Regulations 1998*
* *Workers’ Compensation (Legal Practitioners and Registered Agents) Costs Determination 2015*
* *Workers’ Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Regulations 2002*
* *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment – Third Edition*
* *Workers’ Compensation and Injury Management Conciliation Rules 2011*
* *Workers’ Compensation and Injury Management Arbitration Rules 2011*

#### Key legislation impacting on WorkCover WA’s activities

* *A New Tax System (Fringe Benefits Reporting) Act 1999 (Commonwealth)*
* *A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)*
* *Auditor General Act 2006*
* *Corruption and Crime Commission Act 2003*
* *Disability Services Act 1993*
* *Electoral Act 1907*
* *Electronic Transactions Act 2011*
* *Equal Opportunity Act 1984*
* *Financial Management Act 2006*
* *Freedom of Information Act 1992*
* *Industrial Relations Act 1979*
* *Minimum Conditions of Employment Act 1993*
* *Occupational Safety and Health Act 1984*
* *Occupiers’ Liability Act 1985*
* *Public and Bank Holidays Act 1972*
* *Public Interest Disclosure Act 2003*
* *Public Sector Management Act 1994*
* *Public Sector Management (Redeployment and Redundancy) Regulations 1994*
* *Salaries and Allowances Act 1975*
* *Superannuation Guarantee (Administration) Act 1992 (Commonwealth)*
* *State Supply Commission Act 1991*
* *State Records Act 2000*

#### Other written laws impacting on WorkCover WA’s activities

* *Competition Policy Reform (WA) Act 1996*
* *Constitution Act 1889*
* *Constitution Acts Amendment Act 1899*
* *Coroners’ Act 1996*
* *Criminal Code Act Compilation Act 1913*
* *Defence Act 1903 (Commonwealth)*
* *Evidence Act 1906*
* *Interpretation Act 1984*
* *State Administrative Tribunal Act 2004*
* *Statutory Corporations (Liability of Directors) Act 1996*

Governance

Delegation of authority

To contribute to the effectiveness of the Board and to meet specific legislative obligations, an Audit Committee, Costs Committee and Medical Committee are established to provide objective administration and management of certain elements of the WA workers’ compensation and injury management scheme. Governance issues for the committees are included as a standing item at Board meetings.

As part of their governance practices these committees have:

* formal documented terms of reference/standing orders
* an appointed Chair who is also a Board member
* committee members with the expertise most relevant to their respective roles
* mechanisms for regular reporting to the Board
* appropriate administrative support.

Audit Committee

The Audit Committee provides assurance and assistance to the Board on WorkCover WA’s risk, control and compliance framework, and its external accountability responsibilities.

The Audit Committee is chaired by a member of the Board.

Refer to page 126 under ‘Committees’ in Section 5: Disclosures and legal compliance for full disclosures on this committee.

Costs Committee

The Costs Committee is an independent committee established under section 269 of the Act reporting directly to the Minister for Commerce. It is empowered to make, amend or revoke a determination fixing maximum costs for legal and registered agent services in relation to conciliation and arbitration.

The Costs Committee is chaired by the Agency CEO and meets every two years or as required.

Refer to page 126 under ‘Committees’ in Section 5: Disclosures and legal compliance for full disclosures on this committee.

Medical Committee

The Medical Committee is an advisory committee established under section 100A of the Act to primarily provide guidance on permanent impairment assessment but also other matters of a medical nature within the Western Australian workers’ compensation scheme.

The Medical Committee is chaired by the Agency CEO and meets as required.

Refer to page 127 under ‘Committees’ in *Section 5*: Disclosures and legal compliance for full disclosures on this committee.

Workplace consultation

WorkCover WA has a number of internal committees which are all chaired by an Agency General Manager on a rotational basis. This level of participation reinforces the Agency’s commitment to each committee from an executive level.

Equity and Diversity Committee

The WorkCover WA Equity and Diversity Committee supports the delivery of the Agency’s commitment to develop a workplace culture compliant with and committed to equal employment opportunity and diversity principles, in which all people are treated with fairness, dignity and respect.

The Equity and Diversity Committee is chaired by a member of the Corporate Executive and meets quarterly.

It monitors policies relating to equal employment opportunity, disability and indigenous matters, and associated action plans. This includes the development of initiatives to raise staff awareness and understanding of equity and diversity; matters affecting people with disabilities; and employment strategies supporting diversity at WorkCover WA.

In 2014/15, the Committee:

* developed the Agency’s Reconciliation Action Plan (RAP) for approval by Reconciliation Australia
* monitored the Agency’s progress against the Agency’s Disability Access and Inclusion Plan
* raised staff awareness of broad cultural sensitivities through the development of an information sheet made available to all new and existing staff
* reviewed our premises and internal and external infrastructure to ensure accessibility for people with a disability.
* ensured all new WorkCover WA forms comply with accessibility guidelines.

Emergency Planning Committee

The Emergency Planning Committee (EPC), in conjunction with the Emergency Control Organisation (ECO), is responsible for the development, implementation and maintenance of emergency plans, emergency response procedures and related training.

The Emergency Planning Committee is chaired by a member of the Corporate Executive and meets quarterly or as required.

During 2014/15 the EPC directed the ECO to conduct the required evacuation drill, specifically a scenario to address one of WorkCover WA’s most significant risks, a bush fire.

In response to a review of WorkCover WA’s security arrangements:

* procedures for admitting visitors to the WorkCover WA building were updated
* photo identification of all staff has been introduced, and
* procedures for dealing with difficult or threatening customers were updated.

An SMS identification test, structured walkthrough and simulation tests were conducted. In response to these exercises all the business continuity documents were reviewed and updated.

Innovation Support Committee

The Innovation Support Committee was established in January 2015 to promote and support innovation in the Agency.

The Innovation Support Committee is chaired by the CEO and members meet fortnightly. The functions of the Committee are to:

* oversee the operation of WorkCover WA’s Innovation Framework
* promote innovation in the Agency
* assist staff with the development of their ideas
* review submissions and recommend supported ideas to the relevant General Manager for implementation
* report on innovation and outcomes to the Corporate Executive.

Since the Committee commenced in January 2015 it has met 11 times.

During the year the Innovation Support Committee introduced Launchpad, an internal web based idea management tool as a dedicated forum to raise and share ideas aimed at improving the Agency’s overall performance.

Since the commencement of this Committee 30 ideas have been submitted and four ideas implemented. In addition, two forums have been conducted where staff were invited to respond to a posed issue or problem. WorkCover WA also developed an Innovation Maturity Model based on Landgate’s Innovation Maturity Model. The model was developed to analyse the maturity of WorkCover WA’s innovation program and identify the steps required to lift the maturity of the program to the next level.

Joint Consultative Committee

The Joint Consultative Committee (JCC) is chaired by a member of the Corporate Executive and comprises WorkCover WA’s elected union delegates, the CEO and senior management representatives. The Committee meets quarterly or as required to ensure consultation occurs between staff and management on major issues affecting the working conditions of employees.

In 2014/15 the JCC made recommendations regarding the:

* implementation of initiatives arising from the Public Sector Commission’s Employee Perception Survey
* election of Safety and Health representatives
* the ‘Christmas/New Year closedown’ period
* amendments to the Performance Development Agreement process.

The JCC also provided feedback on the review of a range of corporate policies and procedures.

Occupational Safety and Health Committee

The Occupational Safety and Health (OSH) Committee facilitates consultation and cooperation across WorkCover WA by examining issues affecting the health and wellbeing of staff, and developing and implementing measures to prevent workplace accidents and injuries. The Committee makes recommendations to both the Agency and its employees regarding the establishment, maintenance and monitoring of programs, measures and procedures in the workplace relating to the safety and health of all employees.

The OSH Committee is chaired by a member of the Corporate Executive and is comprised of a Human Resources Officer, the Administration Officer Business Services, and three elected employee representatives. The Committee meets on a quarterly basis to address OSH issues, and review hazards and incident reports.

In 2014/15, the OSH Committee was involved with the following initiatives:

* election of new Safety and Health Representatives
* ongoing implementation of the 2013–2015 OSH Management Plan
* continuing provision of ergonomic workstation setups/assessments for new employees
* improvements to the online Hazard Management Reporting System
* trial of an amended schedule for regular OSH workplace inspections.

During 2014/15 WorkCover WA maintained its gold status under the WorkSafe Plan issued by the Department of Commerce.

Occupational safety and health is a standing agenda item for all meetings of the Agency’s Corporate Executive.

KPI Performance Reporting Committee

The KPI Performance Reporting Committee reviews and manages the Agency’s Outcome Based Management (OBM) structure.

The KPI Performance Reporting Committee is chaired by the CEO and members consisting of the Corporate Executive and relevant staff meet quarterly or as required. The Committee must comply with relevant government directives, guidelines and legislation in developing, implementing and monitoring organisational performance outcomes.

The KPI Performance Reporting Committee has integrated the Agency’s KPIs with operational processes to ensure KPIs are regarded as integral to the Agency’s reporting framework.

The Committee met five times in 2014/15. During the year, WorkCover WA received a Best Practice award from the Auditor General for the management and reporting of its finances and KPIs in 2013/14. WorkCover WA also received the CPA Australia Specialist Award for Performance Reporting at the prestigious IPAA W.S. Lonnie Awards which recognise excellence in annual reporting.

Risk Management Review Group

The Risk Management Review Group (RMRG) oversees WorkCover WA’s risk management processes and is responsible for maintaining the Agency’s risk management framework. The RMRG is chaired by a Corporate Executive member and:

* monitors and tracks risks
* encourages and promotes greater awareness and understanding of risk throughout all levels of the Agency
* provides guidance on risk management.

During 2014/15 the RMRG participated in a comprehensive review of the Agency’s risk management framework. This involved:

* development of a revised Agency risk structure
* review of all Agency risks
* evaluation and implementation of new risk management software systems
* revised documentation of the risk management framework.

A revised risk register has been implemented based on a structure integrating strategic, operational and project risks. The new systems have enhanced risk reporting to the Audit Committee.

Complaints Handling

Customer First Feedback Policy and Procedures

Feedback from customers is the most immediate and effective way an agency can analyse public perception of its performance. A customer feedback system forms part of an agency’s commitment to continuously improve services to customers and the community.

WorkCover WA’s Customer First Feedback System complies with the Australian Standard on Complaints Handling (AS 10002-2006) and Public Sector Commission Circular 2009-27: Complaints Handling. The system provides customers with an avenue to deliver positive or negative feedback about the Agency’s services, decisions, procedures, policies and facilities.

This feedback mechanism increases WorkCover WA’s understanding of customer needs and expectations and identifies opportunities for organisational improvements. Customer feedback is reported regularly to the Agency’s Corporate Executive for discussion and trend identification.

Customer feedback is recorded either verbally (in person or by telephone) or in writing (by Customer First Feedback Form, email, website, letter, fax or ministerial). A response to verbal feedback must be provided within five working days, and written feedback must be responded to within 10 working days. More complex complaints are expected to be resolved within 30 working days.

**2014/15 outcomes are:**

|  |  |
| --- | --- |
| Compliments | 7 |
| Complaints | 16 |
| Suggestions | 7 |

All customer feedback was actioned within the agreed deadlines of five working days for verbal feedback and 10 working days for written feedback. Since 2013/14 the total number of complaints, compliments and suggestions increased by 33.3 per cent. This increase is seen as positive as it indicates that more people are using the Customer First Feedback System.

Complaints against scheme participants

Management of complaints about scheme participants is detailed in *Section 3: Report on operations* under ‘Regulating service providers’:

* Complaints against insurers – page 77
* Complaints against registered agents – page 78
* Complaints against approved workplace rehabilitation providers (WRPs) – page 78
* Complaints against approved medical specialists (AMS) – page 79

Communications policies

WorkCover WA has a number of policies which govern internal communications with staff and external communications with stakeholders. These policies are supported by WorkCover WA’s Freedom of Information Policy, Records Management Policy and Code of Conduct to ensure the Agency is complying with relevant legislation whilst maintaining transparent and responsive internal and external communications.

An approved schedule ensures each policy is reviewed by a WorkCover WA Board and/or Corporate Executive member for adequacy, currency and effectiveness.

Customer Service Charter

The WorkCover WA Customer Service Charter identifies the Agency’s commitment to our customers and outlines the service they can expect to receive in dealing with us. The Customer Service Charter is supported by the Agency’s Customer First Feedback Policy and Procedures and managed through the online Customer First Feedback System as detailed in *Section 1: Agency in focus* under ‘Complaints handling – policy and procedures’ on page 46.

Communications Protocol

In accordance with section 74 of the *Public Sector Management Act 1994*, WorkCover WA has a Communications Protocol which outlines the manner and circumstances in which the CEO and Agency employees interact with the Minister’s Office.

Ministerial Correspondence

To ensure precise and timely provision of information to the Minister and accurate recordkeeping, WorkCover WA actively manages all ministerial communications. Detailed procedures exist to assist all officers involved in ministerial communication.

Statistical information regarding Ministerial communication is regularly reviewed by the Corporate Executive and the Board.

Governance Policy: Official Communication

This policy governs the flow of information between members of the Board, Board Committees and stakeholders, as well as the dissemination of information from the CEO to Agency employees.

This policy establishes:

* who should communicate with whom, and when (including authorisation to make public comment on behalf of WorkCover WA)
* the extent of what should be communicated
* confidentiality considerations.

External Data Release Policy

As WorkCover WA receives requests for aggregate and unit level data from external parties on a regular basis, the External Data Release Policy governs the supply of data to government agencies, researchers, stakeholders and the general public. The policy protects the Agency’s intellectual property and data confidentiality, and ensures the terms and conditions for the use of the supplied data are clearly outlined in written agreements.

Restriction of Communications when dealing with Unreasonable Customer Behaviour Policy

Open communication with stakeholders and the general public is part of WorkCover WA’s Values and Code of Conduct. However, customers may be restricted or excluded from contact with WorkCover WA staff where their behaviour is deemed unreasonable. This policy provides WorkCover WA staff with guidance on managing customers who have displayed unreasonable behaviour in the course of communications, whether it be in person, on the telephone or in writing (email, social media or letter).

Disclosure of Personal Information Policy

This policy ensures all personal information concerning WorkCover WA staff remains strictly confidential unless the staff member in question has given written consent for its disclosure.

Public Interest Disclosure

WorkCover WA is committed to the aims and objectives of the *Public Interest Disclosure Act 2003* which facilitates the disclosure of public interest information by providing protection for those who make disclosures and those who are the subject of disclosures.

Information on what can be considered as a matter of public interest for disclosure, information to be included, how to make the disclosure and who to make the disclosure to is provided on the Agency’s internal intranet and external Website.

Freedom of Information

The *Freedom of Information Act 1992* (the FOI Act) gives a general right of access to documents held by State and Local Government Agencies.

As required by section 94 of the FOI Act, WorkCover WA has published a Freedom of Information Statement. The Statement outlines the Agency’s processes and timelines for responding to FOI requests.

Risk Management policies

Risk Management Framework

Risk management is a key business process for effective planning and decision making. WorkCover WA has developed organisation wide capabilities in risk management to ensure consistent, efficient and effective assessment of risk in the achievement of strategic objectives.

Our approach to risk is based on the principle that every staff member has a role to play in risk management and mitigation. Policies informing staff of all risk and occupational safety and health responsibilities are embedded in business activities and consolidated through training initiatives. These procedures ensure the Agency manages risks in accordance with the Australian and New Zealand standard AS/NZS ISO 31000:2009.

WorkCover WA’s risk management framework includes:

* an Audit Committee (see ‘Governance disclosures’ in *Section 5: Disclosures and legal compliance on page 124)* charged with the responsibility of providing assurance to the Board on WorkCover WA’s risks and controls
* an Audit Services Manager with the responsibility of advising the Agency on risk management
* a Risk Management Policy and Risk Management Guidelines
* a Risk Management Review Group (see ‘Workplace consultation: Risk Management Review Group’ on page 44) which provides ongoing assurance to the Corporate Executive risks are being addressed in a timely and appropriate manner
* risk management software.

The Agency’s Risk Management Policy and Risk Management Guidelines were reviewed in 2014/15 as part of an internal project to consider the effectiveness of our approach to risk management.

A new Risk Management Framework Guide was developed and endorsed by the Corporate Executive and the Audit Committee to support an Agency wide approach and commitment to risk management.

WorkCover WA will conduct a full audit in 2015/16 to evaluate the effectiveness of the risk management processes in place, compliance with ISO 31000:2009 and the effectiveness of the risk management software.

#### Other policies and procedures

The Agency’s other policies and procedures involving risk management include:

* business continuity manuals and plans
* an Agency Governance Framework
* Occupational Safety and Health Procedures
* an Occupational Safety and Health Policy
* an Occupational Safety and Health Management Plan
* an Occupational Safety and Health Risk and Legal Register
* an IT Risk Management Policy
* an Information Security Policy
* a Fraud and Corruption Prevention Policy.



Performance Management Framework

Outcome Based Management structure

WorkCover WA delivers services to minimise the social and economic impact of work-related injury and illness on workers, employers and the Western Australian community.

In doing this, WorkCover WA contributes to a range of State Government objectives related to Government **Goal 3: ‘Results-Based Service Delivery’**, which demands a ‘greater focus on achieving results in key service delivery areas for the benefit of all Western Australians’.

The following table outlines the WorkCover WA Outcome Based Management structure, including the Agency Desired Outcome and Agency Services.

| **Table 10: WorkCover WA Outcome Based Management Structure** | |
| --- | --- |
| **Government Goal** | |
| **Results-Based Service Delivery**  Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians. | |
| **WorkCover WA’s Agency Desired Outcome** | |
| To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary and integrated, whilst providing services that are fair, accessible, timely and cost effective for all participants. | |
| **WorkCover WA’s Agency Services** | |
| **1. Scheme Regulation** (regulation of workers’ compensation scheme participants to promote compliance with legislative requirements). | **2. Scheme Services** (provision of effective and equitable dispute resolution and other services to scheme participants). |

Other government goals

WorkCover WA also contributes to the following State Government goals:

* **Goal 2 – Financial and economic responsibility**

Through its work in maintaining a cost/benefit balance as part of managing a viable workers’ compensation system.

* **Goal 4 – Stronger focus on the regions**

Through an ongoing program of providing information, education and services to employers and injured workers in regional areas.

* **Goal 5 – Social and environmental responsibility**

By ensuring the workers’ compensation system is managed in a socially responsible manner for the long-term benefit of the State.

Shared responsibilities with other agencies

WorkCover WA did not share any responsibilities under the Act with other agencies in 2014/15.

How we measure our performance

In order to evaluate its contribution to State Government **Goal 3 ‘Results-Based Service Delivery’**, WorkCover WA measures its performance in the delivery of two services:

**Service 1: Scheme Regulation**

Regulation of workers’ compensation scheme participants for compliance with legislative requirements.

**Service 2: Scheme Services**

Provision of effective and equitable dispute resolution and other services to scheme participants.

Key Performance Indicators (KPIs)

The Agency’s two services are linked to KPIs comprised of **effectiveness** and **efficiency** which indicate the extent to which WorkCover WA achieved its Agency Desired Outcome.

|  |  |  |
| --- | --- | --- |
| **Table 11: WorkCover WA’s KPIs** | | |
| **Key Effectiveness Indicators** | | |
| **1.1** | Number of non-compliance events identified as a result of a claim on the General Account | |
| **1.2** | Proportion of conciliations completed within eight weeks | |
| **1.3** | Proportion of disputes resolved within six months | |
| **Key Efficiency Indicators** | | |
| **1.1** | | Average cost per employer compliance activity |
| **1.2** | | Average cost per approved and monitored service provider |
| **1.3** | | Average cost per client contact to provide information and advice |
| **2.1** | | Average cost to complete a conciliation |
| **2.2** | | Average cost to complete an arbitration |
| **2.3** | | Average cost to process a Memorandum of Agreement |

Changes to Key Performance Indicators (KPIs) in 2014/15

WorkCover WA undertakes regular reviews of its OBM and KPI framework to ensure it provides the most suitable measures to indicate the Agency’s performance.

Changes to the OBM for the 2014/15 reporting year were endorsed by the Board on 20 November 2014, approved by the Under Treasurer on 16 December 2014, and noted by the Minister on 5 January 2015.

The two changes to the Agency’s KPIs were as follows:

#### Change 1: Key Effectiveness Indicator 1.2

This change involved shortening the title of Effectiveness KPI 1.*2* from

*‘The proportion of conciliations completed within eight weeks of the date the application for conciliation was accepted’* to ‘*The proportion of conciliations completed within eight weeks.’*

#### What this change means

Including the words *“of the date the application for conciliation was accepted*” in the title of the KPI is unnecessary and simply stated part of the methodology used to determine the indicator outcome. No change was made to the methodology of the KPI and the shortened name brings the title more in line with other agency KPIs.

#### Change 2: Key Effectiveness Indicator 1.3

This change involved replacing effectiveness KPI 1.3 *The average number of days to resolve a dispute* with a new KPI *The proportion of disputes resolved within six months* to better show the overall performance of WorkCover WA in resolving disputes.

#### What this change means

The new KPI shows the percentage of disputes resolved within six months from the initial date of acceptance for conciliation through to the day they are resolved through conciliation or arbitration.

The KPIis based on a long established metric calculated at a national level to compare the performance of workers’ compensation dispute resolution systems. This comparative information is provided in an annual performance monitoring report produced by Safe Work Australia which includes comparison of the performance of workers’ compensation dispute resolution agencies across Australia and New Zealand.

The new KPI covers all disputes resolved through conciliation or arbitration. The discontinued KPI, ‘*The average number of days to resolve a dispute’*, only measured disputes finalised through arbitration.

The discontinued KPI suggested case duration was typically lengthy, however these results were misleading as only 22 per cent of all disputed matters proceeded to arbitration in 2013/14 with an average of 190 days to resolution relative to a target of 126 days.

Refer to *Section 6: Key Performance Indicators* from page 137 for detailed information on WorkCover WA’s KPIs .

Strategic Plan 2012 – 2015

WorkCover WA’s operations are guided by our Strategic Plan.

The Strategic Plan 2012–2015 recognises and reflects the Agency’s increasing maturity as an organisation, and the significant gains that have been made to the scheme and the organisation through a focus on our stakeholders, regulation and organisational excellence.

#### Strategic goals and initiatives

The Agency’s *Strategic Plan 2012–2015* outlines four strategic goals that frame WorkCover WA’s business plans.

The four strategic goals are:

1. **Strategic scheme management**
2. **Stakeholder confidence and engagement**
3. **Regulatory compliance**
4. **Organisational excellence**

Across each year of the Strategic Plan, WorkCover WA outlines Strategic Initiatives which are delivered within that financial year. These initiatives are aligned with, and contribute to, one or more of the four strategic goals.

To view the Agency’s performance against the 2014/15 Strategic Initiatives refer to page 99.

Outlook for the future

WorkCover WA’s new *Strategic Plan 2015–2018* took effect on 1 July 2015 and positions the Agency to meet the challenges ahead with renewed purpose.

The plan articulates operational themes underpinning three redefined strategic goals:

1. Strategic Scheme Management
2. Leadership
3. Agile and Innovative Organisation

The Agency’s commitment to achieving these goals provides opportunities to further strengthen WorkCover WA and make Western Australia’s workers’ compensation and injury management scheme the best in Australia.

View the *Strategic Plan 2015–2018* at **workcover.wa.gov.au/about-us/workcover-wa-at-a-glance/strategic-direction/**

Aligned with the three goals of the new strategic plan, WorkCover WA’s Strategic Initiatives for 2015/16 are outlined in the following table.



|  |  |
| --- | --- |
| **Table 12: 2015/16 Strategic Initiatives** | |
| **Goals** | **Strategic Initiative** |
| **1** | **Review of dispute resolution**   * An external review of the effectiveness of the current dispute resolution processes |
| **1** | **Development of an employer regulatory risk framework**   * A risk framework that assists in identifying and regulating employers who are not compliant with the requirement to hold the requisite policy of insurance |
| **2** | **GP Clinical Guidelines for Mental Health Claims**   * GP engagement in injury management and return to work processes * Impact of psychological injury and mental health claims |
| **3** | **Standard operating environment replacement strategy**   * Standard operating environment, desktop and laptop replacement, and infrastructure upgrade. Delivery of a new operating environment and infrastructure |

Section 2: Scheme Performance

Open and transparent reporting

WorkCover WA is an industry leader with the transparency of scheme data.

As a regulatory authority, the Agency monitors the performance of all aspects of the workers’ compensation and injury management scheme, and collects data about all workers’ compensation claims lodged. Codes are applied to the data to classify claims by industry type, industry and occupation.

To provide scheme participants with up-to-date information about scheme trends WorkCover WA regularly publishes a range of statistical reports on the WorkCover WA website.

During 2014/15 the Agency published the following:

* Workers’ Compensation Annual Statistical Report
* Scheme Quarterly Status Report
* Insurer Claim Status Report
* Medical, Allied Health and Vocational Rehabilitation Services Status Report
* Conciliation and Arbitration Services Status Report.

In May 2015, WorkCover WA also released the publication *Workers’ Compensation Scheme Trends* (May 2015) which provides an accessible snapshot of the current WA workers’ compensation and injury management scheme.

WorkCover WA continues to work with the scheme actuary to produce annual recommended premium rates and quarterly statistical summaries from an actuarial perspective; these reports are also available at **workcover.wa.gov.au**.

Comparative overview

The Western Australian workers’ compensation and injury management scheme is working well. According to the Comparative Performance Monitoring Report, Seventeenth Edition, analysis of the most recent comparative statistics shows WorkCover WA leads a scheme with:

* the lowest standardised average premium rate across the states and territories
* nearly three quarters of scheme costs expended on services and payments for claimants, on par with the national average
* 89.5 per cent of claim disputes resolved within six months, well above the national average of 63.9 per cent
* a disputation rate of 3.1 per cent, the second lowest of all Australian jurisdictions

2014/15 scheme performance report

**Important:** Due to the nature of the processes involved in the capture, verification and analysis of claims data, information relating to time lost as a result of workers’ compensation claims is only available one year retrospectively. Therefore, some information from 2014/15 was unavailable at the time of publishing this report and we have reported on information from 2013/14.

Claim numbers

In 2013/14, 35,562 claims were lodged. Of these, 48 per cent involved at least one day or shift off work (claims with lost-time). Of all lost-time claims lodged in 2013/14, 32 per cent of claims had 60 or more days or shifts lost (long duration claims).

Further information on scheme performance is available from the WorkCover WA website under Resources - research, evaluation and statistics (http://bit.ly/Ze9YBW).

| **Table 13: Claim Numbers – 2013/14** | |
| --- | --- |
| No lost time claims | 18,605 |
| Lost time claims | 16,957 |
| Total number of 1–59 days/shifts lost claims | 11,600 |
| Total number of long duration claims (60+ days/shifts lost) | 5,357 |

Claim trends

From 2009/10 to 2013/14, the annual number of claims lodged in the workers’ compensation scheme of WA decreased from 36,580 to 35,562 (three per cent). In 2011/12, claims peaked at 38,708 and dropped in 2013/14 by eight per cent.

The number of long duration claims (claims with 60 or more days/shifts lost) increased over the last five years, whereas claims with shorter duration and no lost-time decreased.



| **Table 14: Claim Trends** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Lodgement year** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
| Total number of workers’ compensation claims lodged | 36,580 | 37,710 | 38,708 | 37,342 | 35,562 |
| Total number of no lost time claims lodged | 20,119 | 20,223 | 20,561 | 19,428 | 18,605 |
| Total number of 1–59 days/shifts lost claims | 12,610 | 13,176 | 13,498 | 13,079 | 11,600 |
| Total number of long duration claims (60+ days/shifts lost) | 3,851 | 4,311 | 4,649 | 4,835 | 5,357 |

Frequency rates

The number of lost-time claims per million hours worked (frequency rate) decreased by 13 per cent between 2009/10 and 2013/14. However, the frequency rate of longer duration claims increased for reporting period.

| **Table 15: Frequency Rates** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Lodgement year** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
| Frequency rate of lost time claims (at least one day/shift lost) | 9.0 | 9.2 | 8.9 | 8.5 | 7.8 |
| Frequency rate of 1–59 days/shifts lost claims | 6.9 | 7.0 | 6.6 | 6.2 | 5.3 |
| Frequency rate of long duration claims (60+ days/shifts lost) | 2.1 | 2.3 | 2.3 | 2.3 | 2.5 |

Frequency of lost time claims by industry

In 2013/14, the industries with the highest lost-time claim frequencies were Arts and recreation services; Agriculture, forestry and fishing; Manufacturing; Health care and social assistance; and Construction.

| **Table 16: Frequency of lost time claims by industry 2013/14** | |
| --- | --- |
| **Frequency of lost time claims by industry** | **Frequency Rate** |
| Arts and recreation services | 15.3 |
| Agriculture, forestry and fishing | 13.5 |
| Manufacturing | 12.5 |
| Health care and social assistance | 12.4 |
| Construction | 10.9 |
| Transport, postal and warehousing | 10.3 |
| Wholesale trade | 9.4 |
| All industry average | 7.8 |
| Education and training | 7.7 |
| Accommodation and food services | 7.0 |
| Retail trade | 6.6 |
| Public administration and safety | 6.5 |
| Other services | 6.3 |
| Mining | 5.9 |
| Electricity, gas, water and waste services | 5.3 |
| Administrative and support services | 3.8 |
| Rental, hiring and real estate services | 3.7 |
| Information media and telecommunications | 2.9 |
| Professional, scientific and technical services | 1.9 |
| Financial and insurance services | 0.9 |

Scheme payments 2014/15

During 2014/15, 67 per cent of scheme payments were paid directly to workers in the form of income payment and common law and lump sum payouts, while 22 per cent of payments were made for treatment services such as medical, allied health and vocational rehabilitation services. 11 per cent of payments were related to legal and other services.

| **Table 17: Scheme payments 2014/15** | | |
| --- | --- | --- |
| Income payment | $368.2 million | 38% |
| Common law and lump sum payments | $272.4 million | 28% |
| Treatment service payments | $212.7 million | 22% |
| Legal and other service payments | $103.3 million | 11% |

Average recommended premium rates

WorkCover WA publishes annual recommended premium rates for workers’ compensation insurance for each industry. The average recommended premium rate for 2015/16 represents a decrease of 4.7 per cent on the previous rate, down from 1.556 per cent of total wages to 1.483 per cent of total wages.

The decrease in premium rates for 2015/16 was largely driven by:

* wages growth in excess of wage inflation in Western Australia and a decrease in the future rate of inflation
* a decrease in the claim numbers for 2013/14 and in the half year to 31 December 2014
* a lower rate of growth of claims with more than 60 days lost

The average recommended premium rate has reduced by 30 per cent since 2006/07. High wages growth, improved occupational health and safety performance and strong rates of return for insurers over the last 10 years were the main drivers of these reductions.

| **Table 18: WA Average recommended premium rates** | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2006/07** | **2007/08** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** |
| 2.117 | 1.849 | 1.582 | 1.738 | 1.497 | 1.569 | 1.961 | 1.668 | 1.556 | 1.483 |

Scheme payments and premium income

This table shows changes in premiums collected and compensation paid during the past three financial years. Variations in claim payments and premium income over time reflect changes in numbers of employees, wage growth and inflationary pressures.

| **Table 19: Scheme payments and premium income** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Scheme payments and premium income** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** |
| Total workers’ compensation premiums (premium payers only) | $851.3 million | $972.8 million | $1,231.8 million | $1,250.7 million | $1,169.3 million |
| Total workers’ compensation payments (premium payers and self-insurers) | $665.8 million | $738.7 million | $810.7 million | $913.3 million | $956.7 million |



Settlements

Settlement of workers’ compensation claims occurs in a number of ways in the Western Australian scheme. A Memorandum of Agreement (MoA) encompasses redemption of future weekly payments and lump sum payments for specific injuries or impairments. Section 92(f) deeds arise from the settlement of actions for common law damages that do not proceed to judgement in a court. Settlements also occur by way of consent judgements in the District Court of Western Australia.

The number of 92(f) deed settlements and MoAs increased between 2010/11 and 2014/15. The figure below shows settlement trends for matters within the jurisdiction of the Conciliation and Arbitration Services (CAS) and the former Dispute Resolution Directorate (DRD).

| **Table 20: Number of settlements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Settlements** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** |
| Section 92(f) deeds | 1,166 | 1,407 | 1,670 | 1,916 | 2,085 |
| Memorandum of Agreement | 3,521 | 3,756 | 3,868 | 3,996 | 4,113 |



Section 3: Report on Operations

Service 1: Scheme Regulation

Regulation of scheme participants for compliance with legislative requirements

Regulating employers

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goal(s)** | **WorkCover WA Strategic Goal** |
| **3 – Results-Based Service Delivery**  **(& 4 – Stronger focus on the regions**  **5 – Social and environmental responsibility)** | **3 – Regulatory compliance** |

WorkCover WA understands the integrity and success of the workers’ compensation and injury management scheme is reliant on employers complying with their legislated obligations under the *Workers’ Compensation and Injury Management Act 1981* (the Act).

Table 21 outlines the outcomes of the Agency’s 2014/15 annual compliance activities aimed at monitoring employer compliance with workers’ compensation and injury management obligations. The compliance activities are based on WorkCover WA’s Compliance Framework.

Replacing the WorkCover WA Enforcement Policy, the Compliance Framework helps protect the integrity of the workers’ compensation and injury management scheme in Western Australia by outlining engagement, education and enforcement options using a risk based approach.

The Framework details:

* WorkCover WA’s risk-based approach to compliance activities
* strategies used to detect instances of non-compliance
* core strategies used to encourage compliance: education, engagement and enforcement.

| **Table 21: 2014/15 compliance outcomes** | |
| --- | --- |
| **Compliance activity** | **Total number** |
| Compliance investigations | 684 |
| Letters of caution sent to employers | 67 |
| Prosecutions completed | 79 |
| Enquiries into lapsed/expired policies | 5,282 |
| Enquiries into policy cancellations | 4,715 |
| Infringements issued | 178 |
| Australian Business Register (data matching) | 624 |

Review of employer-focused compliance activities

As part of its focus on continuous improvement WorkCover WA conducted a review of employer-focused compliance activities in 2014/15. The review identified a backlog of minor compliance cases that were pending investigation. Reviewing practices associated with completing these cases significantly reduced the backlog from over 522 cases to less than 28.

The backlog was further reduced through the introduction of a Field Officer position to assist in the ‘triaging’ of cases. The Field Officer now provides a quick response to urgent matters and reinforces WorkCover WA’s education and enforcement activities.

Targeting injury management & return to work obligations

WorkCover WA is continually exploring ways to improve injury management and return to work outcomes and practices across Western Australia. In 2014/15, WorkCover WA hosted a two-day Injury Management Conference which drew together the workers’ compensation and injury management community to discuss the challenges and opportunities in the injury management field.

The event was a resounding success with over 350 delegates attending over the two days to view 13 exhibitions and listen to 34 presentations by Australia’s leading minds and experts in injury management and workers' compensation.

To view the full description of the WorkCover WA 2015 Injury Management Conference refer to ‘Case Study 2’ in *Section 3: Report on operations* on page 89.

Regional compliance visits

WorkCover WA’s commitment to Government Goal 3 (Results-Based Service Delivery) and Government Goal 4 (Stronger focus on the regions) ensures the Agency completes compliance visits to regional areas. WorkCover WA’s regional compliance activity is recorded below.

Albany and Denmark

In November 2014 a WorkCover WA inspector conducted targeted inspections of businesses located in the South West Regional towns of Albany and Denmark in Western Australia. Results as at 30 June 2015 are:

* 30 Inspections conducted
* 3 prosecutions
* 1 letter of caution

As part of the visit the Department of Commerce (Albany Office), Albany Chamber of Commerce and Industry, and WAPOL were contacted to:

* consolidate intelligence regarding local businesses
* assist strategic planning for future compliance activities in the area, and
* reinforce messages regarding employer obligations under the Act.

Kalgoorlie-Boulder

In May 2015 WorkCover WA began an operation in the Kalgoorlie-Boulder region aiming to increase employer compliance with section 160(1) of the Act (duty to insure).

Phase one of the operation sought to encourage voluntary compliance through advice and education. Local industry representatives were instrumental in delivering key messages to highlight common issues and misconceptions identified as contributing to unintentional non-compliance.

Phase two involved a three day visit to Kalgoorlie which saw inspectors target potentially non-compliant employers in industries with high claim rates.

Results as at 30 June 2015 were:

* 60 inspections conducted
* 8 matters under investigation

Inspectors met with industry representatives and stakeholders to improve their understanding of the duty to insure and to raise awareness of the risks and consequences associated with failing to insure against the liability to pay workers’ compensation arising from a workplace related injury or disease.



Case Study 1 – Regional compliance activities (Kalgoorlie)

**Outcome 1**

Inspectors met with Kalgoorlie Chamber of Commerce and Industry representatives who provided insight into the pressures of operating a small business. Discussions highlighted the trend in reliance on independent bookkeeping services by small business owners in the region, suggesting they would be ideally placed to facilitate compliance by passing on relevant educational material. Inspectors subsequently engaged with financial service providers in the area who were prepared to pass on information to their clients.

**Outcome 2**

Inspectors met with several brokers in the region. Discussions focused on the consequences employers faced when failing to renew polices prior to expiry and failing to obtain proof of cover. Brokers noted policy renewal was dependent on timely return of completed wage declarations and payment of the premium. Inspectors enquired into the practice of broker issued confirmation of cover. Brokers were reminded only an insurer issued certificate of currency could excuse an employer from being in breach of the duty to insure. One of the larger brokers in the region offered to incorporate a compliance segment into its upcoming injury management seminar and invited WorkCover WA inspectors back to the region to participate.

**Outcome 3**

A prior investigation into a failure to hold insurance concluded whilst inspectors were in Kalgoorlie. Theemployer was convicted of failing to produce wage records when required to do so by a WorkCover WA inspector, with total fines and costs of $5,165.00.

Acting on noise-induced hearing loss

In 2014/15, WorkCover WA continued to offer advice and guidance to workers and employers across the State with regards to noise-induced hearing loss (NIHL) related tests and claims. Table 22 below outlines the Agency’s activities involving the monitoring and management of NIHL claims.

| **Table 22: Involvement in noise-induced hearing loss** | |
| --- | --- |
| **NIHL activity/outcome** | **Total number** |
| Workers identified with potential NIHL claims | 767 |
| Full audiological assessments arranged | 204 |
| Otorhinolaryngology (ear, nose and throat) assessments of occupational hearing loss arranged | 184 |
| Successful claims for work-related gradual onset NIHL | 129 |
| First election claims (10 per cent permanent hearing loss) | 114 |
| Subsequent election claims (additional five per cent permanent hearing loss) | 15 |

Regulating service providers

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goal(s)** | **WorkCover WA Strategic Goal** |
| **3 – Results-Based Service Delivery**  **(& 5 – Social and environmental responsibility)** | **3 – Regulatory compliance** |

WorkCover WA continued to approve and monitor service providers in 2014/15 to ensure compliance with the Act and the delivery of appropriate standards of service. Monitored service providers include approved insurers, self-insurers, registered agents, workplace rehabilitation providers (WRP’s), Approved Medical Specialists (AMS), audiometric officers and audiologists.

Regulatory activities regarding service providers in 2014/15 included:

* approval, monitoring and renewal of service providers (Table 23)
* annual reviews of approved insurers and self-insurers
* audits of service provider performance including workplace rehabilitation providers (WRPs) quality assurance checks based on Agency data and other intelligence
* investigation of complaints against service providers (Table 24)
* provision of assistance and guidance to all stakeholders, including service providers and employers
* provision of training and workshops to service providers and other groups
* peer review of service providers.

| **Table 23: Approval of service providers** | | | |
| --- | --- | --- | --- |
| **Type of service provider** | **Approvals in 2013/14** | **Approvals in 2014/15** | **Total at 30 June 2015** |
| Approved insurers | 1 | 0 | 9 |
| Approved self-insurers | 1 | 1 | 27 |
| Registered agents | 219 | 200 | 224 |
| Approved workplace rehabilitation providers | 6 | 8 | 37 |
| Approved Medical Specialists | 7 | 16\* | 251 |
| Approved audiometric officers, audiologists and audiometrists | 87 | 79 | 550 |
| **Total approvals** | **321** | **304** | **1098** |

*\*Seven of the 16 approvals in 2014/15 were Gazetted on 1 July 2014 and were inadvertently included in the 2013/14 Annual Report.*

Complaints about service providers

WorkCover WA investigates complaints against service providers made by scheme participants. Table 24 compares 2014/15 complaint statistics for service providers to previous years.

| **Table 24: Complaints against service providers** | | | |  |
| --- | --- | --- | --- | --- |
| **Type of service provider** | **2011/12** | **2012/13** | **2013/14** | **2014/15** |
| Approved insurers | 11 | 17 | 4 | 11 |
| Approved self-insurers | 1 | 1 | 0 | 0 |
| Registered agents | 6 | 6 | 1 | 7 |
| Approved workplace rehabilitation providers | 4 | 7 | 1 | 2 |
| Approved Medical Specialists | 2 | 1 | 5 | 2 |
| Approved audiometric officers, audiologists and audiometrists | 2 | 0 | 0 | 0 |
| **Total complaints** | **26** | **32** | **11** | **22** |

Insurers and self-insurers

Insurer monitoring

Approved insurers must meet requirements set out in the Act. WorkCover WA reviews the performance of all approved insurers on an annual basis to ensure compliance with these requirements.

Historically WorkCover WA has reviewed insurer performance through a process of annual insurer returns. In 2014/15 this was augmented by a new approach which tests specific performance measures through on-site insurer audits. An audit based approach aligns WorkCover WA practices with compliance and performance monitoring used in other jurisdictions. The audit process is in a 12 month test phase and will be evaluated in the 2015/16 year.

The performance of all approved insurers is considered by the WorkCover WA Board in an Annual Review Report. The most recent (2013/14) Annual Review Report assessed approved insurer performance against selected performance and financial indicators and focused on:

* financial management and viability
* material and financial resources
* claims management
* data management and reporting
* complaints
* standards of service.

All approved insurers were found to have met their statutory obligations and maintained appropriate financial requirements, while some matters for improvement were identified and discussed with each approved insurer.

Insurer complaints

There were 11 complaints against approved insurers in 2014/15, compared with four in the previous year. Of these, two were substantiated, two were proven to be unsubstantiated, four were resolved by the parties, two were outside WorkCover WA’s jurisdiction and one was withdrawn.

WorkCover WA manages complaints made about approved insurers in accordance with the *Complaints Against Scheme Participants Policy*. Processes and procedures for making a complaint are available on the WorkCover WA website.

Registered agents

WorkCover WA registers agents who may represent parties in proceedings in the Conciliation and Arbitration Services.

Registered agents are subject to performance monitoring by WorkCover WA for compliance with the *Registered Agents Code of Conduct*.

Most registered agents are employees of insurers, self-insurers, law firms or representative organisations and act under the instruction of their employer. Additionally, in 2014/15 there were five independent registered agents.

Registered agent complaints

WorkCover WA received seven formal complaints against independent registered agents in 2014/15. Of these complaints, two were withdrawn, two proved to be unsubstantiated, and two complaints remain under investigation. One involved five allegations, three of which were substantiated.

Workplace rehabilitation providers

Audit framework

WorkCover WA utilises an audit framework for WRPs based on *Service Provision and Service Description Standards* implemented in December 2011. These WRP standards are nationally consistent and are used by all workers’ compensation jurisdictions.

Throughout 2014/2015 WorkCover WA completed the five audits planned for the year.

Workplace rehabilitation provider complaints

There were two complaints against WRPs in 2014/15, compared to one in the previous financial year.

One complaint was partially substantiated and the other was substantiated. Both complaints resulted in a requirement that the WRP amend its procedures.

Approved audiometric officers

Audiometric officers, audiometrists and audiologists (AAOs) are approved by WorkCover WA to conduct air conduction hearing tests. A regulatory framework ensures high standards are maintained for the processing of hearing tests and audiological testing.

No complaints were recorded against AAOs in 2014/15.

Approved Medical Specialists

WorkCover WA approves medical specialists who are designated to assess a worker’s degree of permanent whole person impairment.

To provide ongoing education in the assessment of permanent whole person impairment, WorkCover WA conducts AMS peer review sessions to discuss case studies. Two peer review sessions were held in 2014/15, with the most recent event focused on psychiatric assessment.

Based on the success of the peer review format and the inaugural Psychiatric Peer Review session, WorkCover WA will continue the program in 2015/16, with a focus on speciality areas.

Complaints against Approved Medical Specialists

Two complaints were brought against AMS in 2014/15 both of which were unsubstantiated. Two of the five complaints filed in 2013/14 remain under investigation.

Improving scheme performance

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goal(s)** | **WorkCover WA Strategic Goal** |
| **3 – Results-Based Service &**  **(2 – Financial and economic responsibility,**  **5 – Social and environmental responsibility)** | **1 – Strategic scheme management** |

WorkCover WA continued to actively manage the workers’ compensation and injury management scheme during the financial year to ensure stakeholders have ongoing access to a viable, equitable and robust system. This included the calculation and gazettal of variations to entitlement limits, and to other workers’ compensation amounts, for the financial year commencing 1 July 2015; as well as the indexation of medical and allied health fees, effective 1 November 2014.

National Insurer Data Specification

The National Insurer Data Specification was implemented in Western Australia in January 2014. All insurers provided data in accordance with the NIDS during 2014/15.

New industry classes for recommended premium rates

WorkCover WA is working with stakeholders to transition from premium rating classifications (PRC) based on the Australian and New Zealand Standard Industry Classification (ANZSIC) 1993 to classifications based on the ANZSIC 2006 standard. Insurers provided policy data with ANZSIC 1993 and ANZSCI 2006 based classification codes for the 2012/13 and 2013/14 reporting years, and the requirement for dual coded data will continue during the transition period.

Following advice from the scheme actuary, the planned gazettal of recommended premium rates based on ANZSIC 2006 will now occur in 2017/18, instead of 2016/17 as originally planned. This will ensure sufficient claims experience is included in the calculation of the new rates.

Progressing legislative reform

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goal(s)** | **WorkCover WA Strategic Goal** |
| **3 – Results-Based Service Delivery**  **(& 2 – Financial and economic responsibility,**  **5 – Social and environmental responsibility)** | **1 – Strategic scheme management** |

Recognition of acupuncture as an ‘approved treatment’

On 1 April 2015 regulatory amendments came into effect to recognise acupuncture as an approved treatment under the Act.

Acupuncture was previously only a compensable service in the scheme if performed by a medical practitioner. The regulatory amendments recognise Chinese Medicine Practitioners, and other health practitioners endorsed under the *Health Practitioner Regulation National Law (Western Australia)*, as service providers able to treat injured workers and charge for acupuncture as a compensable service.

Costs determination review

The *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination* regulates the amounts claimable and chargeable for legal services provided in the Conciliation and Arbitration Services. The Costs Determination is reviewed on a regular basis to ensure it remains consistent with contemporary practice in WorkCover WA’s Conciliation and Arbitration Services. The last review was undertaken in 2013/14.

Following stakeholder feedback, the WorkCover WA Costs Committee reviewed the recommendations of the Agency and issued the *Workers’ Compensation (Legal Practitioners and Registered Agents) Costs Determination 2015*.

The Determination came into effect on 1 July 2015. WorkCover WA will monitor the effects of the amended Costs Determination during 2015/16.

Service 2: Scheme Services

Provision of effective and equitable dispute resolution and other services to scheme participants

Resolving disputes

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goal(s)** | **WorkCover WA Strategic Goal** |
| **3 – Results-Based Service Delivery**  **(& 2 – Financial and economic responsibility)** | **4 – Organisational excellence** |

WorkCover WA’s Conciliation and Arbitration Services (CAS) provide a fair and cost effective system for the resolution of disputes that:

* is timely
* is accessible, approachable and professional
* minimises costs to parties to disputes
* in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes
* in the case of arbitration, enables disputes not resolved by conciliation to be determined according to their substantial merits with as little formality and technicality as practicable.

In addition to facilitating the resolution of disputes by conciliation the Conciliation Service is responsible for recording the finalisation of workers’ compensation claims through settlements (i.e. registration of memoranda of agreement and common law settlement deeds) and the processing of documents submitted in relation to common law claims.

The Conciliation Service registered 4,113 memoranda of agreement in 2014/15.

General CAS initiatives in 2014/15 included:

* engagement of arbitrators on a sessional basis to assist in dealing with disputes in a timely manner
* publication of a revised Costs Determination
* appointment of an additional Conciliation Officer
* ongoing enhancement of the core business management system (Dispute Case Management System)
* review of the *Workers’ Compensation Conciliation Rules 2011* and *Workers’ Compensation Arbitration Rules 2011*.

Dispute resolution performance

The objective of the Conciliation Service is to provide a timely and effective service to assist parties to resolve their dispute by agreement. The focus of the Arbitration Service is resolving disputes according to their substantial merits. The following tables illustrate WorkCover WA’s achievement of these objectives, including numbers of applications accepted and cases completed. In Table 26, KPI effectiveness indicator 1.2 relates to Conciliation Services and 1.3 to Conciliation and Arbitration Services combined.

| **Table 25: 2014/15 CAS applications and cases** | |
| --- | --- |
| Conciliation applications accepted | 2,259 |
| Conciliation cases completed | 2,242 |
| Arbitration applications accepted | 500 |
| Arbitration cases completed | 482 |

| **Table 26: 2014/15 KPI effectiveness indicators related to CAS** | | |
| --- | --- | --- |
| **Description** | **2014/15 Target/Result** | **Reference** |
| 1.2 Proportion of conciliations completed within 8 weeks | 97.0% - Target  96.3% - Result | p.148 |
| 1.3 Proportion of disputes resolved within 6 months. | 90.0% - Target  88.8% - Result | p.150 |

Review of the Rules

The Conciliation and Arbitration Services came into effect on 1 December 2011, replacing the Dispute Resolution Directorate. The *Workers’ Compensation Rules 2011* and the *Workers’ Arbitration Rules 2011* (the Rules) were implemented concurrently to regulate the practices and procedures of the Services.

The review sourced feedback from staff and external stakeholders regarding the operation of the Rules. The feedback formed the basis of amendments to the Rules which are expected to result in improvements to operational practices in the Conciliation and Arbitration Services. The amendments took effect from 1 July 2015.

The Agency will monitor the impact of the changes during 2015/16.

Analysis of disputes consuming above average CAS resources

Discussions with CAS officers and analysis of significant amounts of data was commenced to identify characteristics of disputes consuming above average CAS resources. These characteristics include psychological injury and unrepresented parties.

The project has recommended areas for further consideration as part of the second phase of the project to be undertaken during 2015/16.

Trial of Standard Order template

Before an application for arbitration can be listed as an arbitration hearing, arbitrators conduct directions hearings to:

* clarify and narrow the issues in dispute between the parties
* give directions for further requirements to be completed by the parties.

During 2014/15 a Standard Order template was trialled to encourage parties to confer with each other before attending the directions hearing. By encouraging this early exchange, parties can acknowledge the matters they agree on, allowing the arbitrator to focus on resolving disputes about procedural matters and progress the application to arbitration in a timely and fair manner.

Preliminary results indicate there was minimal uptake of the Standard Order template suggesting further strategies may be needed to encourage greater conferral between parties in relation to procedural and substantive matters.

In 2015/16 the development of Arbitration Service Practice Directions will form an extension of this initiative.

Advocacy training program

Arbitration is a formal proceeding at which evidence is heard and a legally qualified arbitrator makes a final determination. Parties to arbitration are entitled to be legally represented at the hearing. The Workers’ Compensation Arbitration Service has identified practitioners appearing at arbitration hearings can at times employ advocacy skills which lead to unnecessary delays and or undesirable outcomes.

In 2014/15 WorkCover WA developed a concept paper regarding the delivery of targeted advocacy training for practitioners. The paper discusses the context in which the training is required, defines program content and delivery, and identifies potential accreditation by the Legal Practice Board of WA.

Education and information

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goal(s)** | **WorkCover WA Strategic Goal** |
| **3 – Results-Based Service Delivery**  **(& 4 – Stronger focus on the regions)** | **2 – Stakeholder confidence and engagement** |

The Agency offers education, advice and assistance to workers, employers and all scheme participants via a number of methods and resources. The provision of education and information is a vital WorkCover WA service aimed at establishing and increasing stakeholders’ knowledge of rights and responsibilities in regards to workers’ compensation and injury management.

Publications

WorkCover WA has a variety of publications providing workers, employers, insurance brokers and other scheme participants with relevant and comprehensive sources of information.

In 2014/15, these publications continued to be promoted and utilised across the State by stakeholders and the general public. *Workers’ Compensation and Injury Management: A Guide for Workers* was again the most requested publication by mail, comprising 60 per cent of all publications ordered. In contrast, *Injury Management: A Guide for Employers* was the most downloaded publication, recording 33 per cent of all downloads. This indicates the different distribution requirements for workers and employers.

#### Making scheme performance accessible

New in 2014/15, the publication *Workers’ Compensation Scheme Trends (May 2015)* provides a summary of recent trends within the Western Australian workers’ compensation and injury management scheme. The new publication coincided with a broader review of WorkCover WA’s scheme performance publications.

A full list of scheme reports is available in *Section 2: Scheme Performance* on page 59. A full statistical breakdown for the distribution of publications in 2014/15 is outlined on the following page.

| **Table 27: Publication Distribution** | | |
| --- | --- | --- |
| **Publication** | **Number Mailed** | **Number Downloaded** |
| Workers' Compensation and Injury Management: A Guide for Workers | 7,998 | 2,601 |
| Workers' Compensation: A Guide for Employers | 1,869 | 1,728 |
| Injury Management: A Guide for Employers | 1,727 | 3,133 |
| A technical note on contractors and workers' compensation | 943 | 1,192 |
| A Guide to Noise Induced Hearing Loss | 292 | 299 |
| What happens if there is a dispute? | 213 | 519 |
| Insurance Brokers' Code of Practice | 268 | 106 |
| **Total** | **13,310** | **9,578** |

WorkCover WA publications can be downloaded from the resources section on the WorkCover WA website – [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au/).

Website

Replacement of external website

On 8 October 2014 a new WorkCover WA website was launched.

The new website:

* is built using technology that will receive vendor support for at least the next technology cycle (3–5 years)
* is compliant with public sector accessibility requirements
* is compatible with common browsers and devices, including mobiles
* incorporates modern functionality important for improved user experience, including a user-friendly stakeholder based structure; improved navigation and search functionality
* incorporates other features to:
  + - improve notification of changes to the workers’ compensation and injury management scheme
    - remind stakeholders of key obligations
    - promote important initiatives.

Feedback from internal and external stakeholders has been positive, with users able to search and locate pertinent information quickly. Statistical information shows a reduction in calls to the Advice and Assistance line and a large increase in downloaded documents in 2014/15; suggesting a greater reliance by stakeholders on website material.

WorkCover WA will continue to monitor feedback and implement minor enhancements to the website in 2015/16.

Downloads

There were a total of 113,921 unique downloads of publications, forms, reports and other information in 2014/15. This is a 72 per cent increase from 2013/14 and can be largely attributed to the usability and search functionality of the new website.

Other than publications, key download highlights include:

|  |  |
| --- | --- |
| Workers’ Compensation Claim Forms | 5,289 |
| Form 100 – Application for Conciliation | 2,009 |
| Variations to the Prescribed Amount 2014–15 | 5,231 |
| Recommended Premium Rates  2014–15 | 3,576 |

Site visits – previous Website 1 July 2014 to 7 October 2014

|  |  |
| --- | --- |
| New Visitor | 45.6% |
| Returning Visitor | 54.4% |
| Visits | 73,932 |
| Unique Visits | 33,717 |

Traffic sources - previous Website 1 July 2014 to 7 October 2014

|  |  |
| --- | --- |
| Direct traffic | 25.7% |
| Referral traffic | 10.6% |
| Search traffic | 63.6% |
| Social | 0% |

Site visits – New Website 8 October 2014 to 30 June 2015

|  |  |
| --- | --- |
| New Visitor | 48.2% |
| Returning Visitor | 51.8% |
| Visits | 188,113 |
| Unique Visits | 90,748 |

Traffic sources - New Website 8 October 2014 to 30 June 2015

|  |  |
| --- | --- |
| Direct traffic | 26.7% |
| Referral traffic | 12.6% |
| Search traffic | 60.5% |
| Social | 0% |

Views by WorkCover WA website channels

|  |  |
| --- | --- |
| Latest News | 26,991 |
| About WorkCover WA | 14,154 |
| Views by publications and forms | 122,891 |
| Resolving a dispute | 23,260 |
| Health Providers | 41,344 |
| Service Providers | 24,567 |
| Workers | 159,878 |
| Employers | 117,468 |

Injury Management Conference website

To promote the 2015 Injury Management Conference and maximise exposure of the Conference program, WorkCover WA launched a subsidiary website **injurymanagement.workcover.wa.gov.au** in 2014/15.

The website was launched in November 2014 and had a total of 6,969 visitors. It was a successful self-contained site which contained the Conference program, registration details, speaker details, venue details and all Conference updates.  
  
gp*suppor*t website

The gp***support*** website was launched in May 2014 to provide a centralised educational resource for General Practitioners (GPs) involved with treating injured workers.

On gp***support***GPs and practice staff can find information on:

* their role in the workers’ compensation scheme
* WorkCover WA’s fee schedule
* Certificates of Capacity and evaluation notes
* health benefits of work
* how to support work participation
* evidence-based principles
* useful assessment tools for:
  + identifying injured workers who may be at risk of delayed outcomes
  + measuring the effectiveness of injury management interventions.

This subsidiary website was heavily utilised by GPs and medical practices from 1 July 2014 when the new Certificates of Capacity came into effect.

Site visits

|  |  |
| --- | --- |
| New Visitor | 10,360  (58%) |
| Returning Visitor | 7,510 (42%) |

Traffic sources

|  |  |
| --- | --- |
| Direct traffic | 6,572 |
| Referral traffic | 7,477 |
| Search traffic | 3,770 |

In March 2015 a project was commenced to redevelop the *gp****support*** website to connect it to the technology platform of the main WorkCover WA website.

The redeveloped *gp****support*** website is expected to be made available to the public in 2015.

Twitter

WorkCover WA utilises Twitter to engage and communicate with external stakeholders. Important and relevant information is tweeted with links directing followers to a corresponding page on the WorkCover WA website for more comprehensive information.

During 2014/15 WorkCover WA ‘tweeted’ 80 times and accumulated 212 followers including workers, healthcare providers, business managers, human resource officers and advocacy groups.

Advice and Assistance Unit

WorkCover WA’s Advice and Assistance Unit is the Agency’s frontline service for workers, employers and other scheme participants who require immediate answers to questions related to workers’ compensation and injury management matters.

In 2014/15, the Unit responded to 22,836 requests for advice and assistance from workers and employers. Topics covered included the claims process, injury management, return to work, weekly compensation rates and entitlements, workplace rehabilitation entitlements and dispute resolution.

The Agency implemented call-back and call recording functionality in 2014/15 for quality assurance and training purposes. The call-back technology provides callers with an option to leave a message and request a call back if they do not wish to remain on the line. The next available operator will return the call without the caller losing their position in the queue. The call recording functionality enables WorkCover WA to analyse the quality of service provided and identify training needs, as well as providing a platform for the induction of new staff.

Training and seminars

During 2014/15 the Agency delivered a range of educational and information events in the form of seminars, information sessions and presentations. The activities engaged and educated scheme participants and the general public on relevant issues surrounding workers’ compensation and injury management. The activities also promoted collaboration and mutual respect between stakeholder groups by providing insight into the various elements of the scheme.

Welcome to WorkCover WA seminars

Welcome to WorkCover WA seminars are regular events in the Agency’s calendar. Providing an introductory overview of WorkCover WA and its role within the workers’ compensation and injury management scheme, the seminar offers scheme participants an opportunity to discuss individual queries and concerns with experienced divisional heads.

WorkCover WA conducted four seminars in 2014/15 informing and educating a total of 194 stakeholders about the scheme.

Approved Medical Specialist training

WorkCover WA organises training in the WorkCover WA *Guides for the Evaluation of Permanent Impairment* for medical practitioners seeking to become an AMS.

AMS play an integral role in the scheme by assessing the level of permanent impairment of an injured worker.

The Agency organised two training sessions during 2014/15 attended by doctors and medical practice personnel.

Approved Medical Specialist Peer Review

Each year WorkCover WA hosts AMS Peer Review evenings in conjunction with the Australasian Faculty of Occupational and Environmental Medicine (AFOEM). The events aim to educate AMS and AFOEM members on permanent impairment issues, as identified through WorkCover WA’s peer review; provide for informal discussions on relevant case studies; and offer medical stakeholders an opportunity to network and liaise with relevant professionals.

In 2014/15 the Agency held two AMS Peer Review evenings, with a total of 32 attendees.

Franchise Council of Australia WA Breakfast

Identifying a recent number of prosecutions involving WA franchises, WorkCover WA delivered a presentation to franchise owners and industry affiliates at the Franchise Council of Australia WA Breakfast event in June. The presentation was aimed at raising awareness of employer obligations, namely with respect to workers’ compensation, and the risks of non-compliance for franchise operators, franchisors and franchisees.

Presentations on request

WorkCover WA delivers a range of tailored external presentations to employers and health providers upon request.

During 2014/15 the Agency delivered seven external presentations to stakeholders including small business owners, universities, mining companies and union representatives.

Consultation and engagement with stakeholders

CASE STUDY 2: Development of a Biennial Conference

WorkCover WA successfully delivered its inaugural biennial Injury Management Conference on 5 and 6 May 2015 at Crown Perth.

The Western Australian workers’ compensation and injury management community including employers, injury management consultants, insurers and health providers came together to discuss the challenges and opportunities facing injury management today.

Over the two days 351 delegates attended the Conference to view 13 exhibitions on display and listen to 34 presentations by Australia’s leading minds and experts.

A Welcome Reception, supported by the Insurance Council of Australia (WA), was held on the evening of Tuesday 5 May and provided delegates with an opportunity to circulate amongst the exhibits and discuss the day’s sessions and learnings.

Highlights from the Injury Management Conference 2015 included:

* Commissioner Wayne Gregson sharing his expertise on the importance of leadership in the Department of Fire and Emergency Service’s journey in managing sick and injured fire fighters.
* Global futurist and broadcaster, Dr Keith Suter, providing an interesting perspective on future workplace challenges and responses to workplace injury.
* Mental Health Commissioner Timothy Marney providing his expertise on the important role the workplace plays for those suffering mental health issues, from prevention through to recovery.
* Paralympian Brad Ness relating his personal return to work story after becoming a below the knee amputee following a workplace accident at the age of 18.

An electronic evaluation survey was distributed following the Conference. Results from the survey were extremely positive with most respondents stating they would attend the next WorkCover WA Conference anticipated to be delivered in two years’ time. Below is a sample of some of the comments received from delegates when asked to provide feedback on their experience.

Delegate feedback

|  |  |
| --- | --- |
| Feedback 1 | “Thank you for hosting the Conference. I have had a lot of positive feedback around the office and during external meetings. It has really been a boost to the industry. Excellent opportunity to connect people together and share experiences and expertise.” |
| Feedback 2 | “Well organised and inspiring. A great opportunity to connect with others in the industry.” |
| Feedback 3 | “This was a high quality event done very well. It was a valuable professional development event.” |

The table below represents delegate satisfaction with key Conference items:

| **Table 28: Delegate satisfaction with key Conference items** | |
| --- | --- |
| **Program and Topics** | 82% of survey respondents rated the Conference program as very good to excellent. |
| **Quality of the speakers** | 86% of survey respondents rated the quality of the Conference speakers as very good to excellent. |
| **Venue** | 95% of survey respondents rated the Conference venue, Crown Perth, as very good to excellent. |
| **Registration process and communication with conference organisers** | 95% of survey respondents rated the registration process and communication with Conference organisers as very good to excellent. |
| **Overall satisfaction** | 97% of survey respondents stated they would attend the next conference based on their experience at the 2015 Injury Management Conference. |

2014 Stakeholder Event

WorkCover WA held its annual stakeholder networking event in October 2014 and the central theme was the launch of the 2015 Injury Management Conference.

An address was delivered by the Honourable Michael Mischin MLC, Minister for Commerce. The event provided WorkCover WA with an opportunity to engage with key stakeholders, and to provide an update on current developments across the scheme.

Collaboration

The Agency is involved in a number of collaborative initiatives contributing to the effective management of the workers’ compensation and injury management scheme, and aimed at ensuring stakeholders are educated and informed about their rights and responsibilities under the Act.

International collaboration

Singapore’s Ministry of Manpower

In April 2015 WorkCover WA hosted a delegation from Singapore’s Ministry of Manpower to provide an overview of the Western Australian workers’ compensation and injury management scheme. The Ministry of Manpower provided insights into their own workers’ compensation arrangements. The visit offered perspectives into international arrangements and provided learnings for both parties.

National collaboration

Strategic Issues Group – Workers’ Compensation

WorkCover WA’s Chief Executive Officer is represented on the SafeWork Australia Strategic Issues Group – Workers’ Compensation. This is a forum for workers’ compensation authorities and social partners to discuss national policy issues and progress proposals to improve workers’ compensation arrangements across Australia.

Some of the key activities progressed in 2014/15 by the Strategic Issues Group include:

* work to implement nationally consistent arrangements for the assessment of permanent impairment
* development of an up-to-date list of ‘deemed diseases’ that are considered work-related
* publication of the *Comparison of Workers’ Compensation Report*.

Australian Business Register

WorkCover WA collaborates with the Australian Business Register in relation to new business entities that have registered for GST and/or have a turnover of greater than $75,000 – both of which indicate an intention to employ. This information is then matched against WorkCover WA data, providing the Agency with a source of intelligence regarding employers who may not be appropriately covered by a policy of insurance. This program continues to work well ensuring new business owners are informed of their obligations.

In 2014/15 the data matching program identified 3,592 new business entities, which met the criteria indicating the potential employment of workers after start up. WorkCover WA wrote to each of these businesses to inform them of their obligations to obtain appropriate cover with insurance for workers’ compensation. 624 of these businesses were identified for further follow up by WorkCover WA’s Regulatory Services Division to verify their obligations had been met.

Personal Injury Education Foundation

WorkCover WA is a member of the Personal Injury Education Foundation (PIEF, [www.pief.com.au](http://www.pief.com.au)) and continued to support programs developed by PIEF, including return to work and case management training for people working within the personal injury industry (such as case managers and employer representatives).

State collaboration

Public Sector Safety and Injury Management Steering Committee

WorkCover WA is a member of the Public Sector Safety and Injury Management Steering Committee, which consists of representatives from WorkSafe and the Office of the Director General divisions, RiskCover, Public Sector Commission and UnionsWA.

Industrial Foundation for Accident Prevention

WorkCover WA’s cooperative partnership with the not-for-profit Industrial Foundation for Accident Prevention (IFAP) continued in 2014/15 with the provision of free information sessions to injured workers. IFAP is a registered training organisation providing education and information to injured workers about the workers’ compensation, injury management and return to work process.

In 2014/15, 11 free IFAP seminars were delivered to a total of 110 injured workers. One seminar was delivered in regional Western Australia (Karratha).

Commission for Occupational Safety and Health

The WorkCover WA Chief Executive Officer attends the Commission for Occupational Safety and Health meetings as an observer. The Commission consists of representatives of employers, employees, government and people with expertise and knowledge in occupational safety and health matters. WorkCover WA provides ongoing support of the Commission’s objectives in the form of statistical data about work-related injury and disease.

Report against 2014/15 Strategic Initiatives

In 2014/15 WorkCover WA committed resources towards the achievement of a number of Strategic Initiatives aligned with the *Strategic Plan 2012–2015*.

The Agency’s performance against these initiatives in the final year of the Strategic Plan is detailed in the following section. As per the Agency’s Performance Management Framework, the following projects relate to State Government objectives embedded within **Government Goal 3: ‘Results-Based Service Delivery’** and the achievement of WorkCover WA’s Agency Desired Outcome as outlined on page 52 of this report.

Initiative 1: Legislative Review Phase 2

|  |  |
| --- | --- |
| **The following initiative is aligned with** | **WorkCover WA Strategic Goal** |
| **1 – Strategic scheme management  2 – Stakeholder confidence and engagement** |

In 2014/15 WorkCover WA continued the second phase of the review of the Act with the goal of achieving approval to draft a Bill for public consultation in 2015/16.

In October 2014 the WA Government approved the drafting of a bill to repeal and replace the Act.

The new bill will address:

* outstanding proposals from the 2009 Legislative Review
* identified technical and process issues with the current legislation
* the need to enhance readability and consistency in the legislation including contemporary language and drafting conventions.

The Government is committed to a consultative approach to the development of the new Act and intends to release a draft of the bill for public comment before it is introduced into Parliament. It is anticipated the bill will be ready for public consultation in 2015/16.

|  |  |
| --- | --- |
| **Outcome** | **Key points** |
| **Delivered** | * The WA Government approved the drafting of a bill to repeal and replace the Act. |

Initiative 2: Injury Management Guidance Material for Medical Practitioners

|  |  |
| --- | --- |
| **The following initiative is aligned with** | **WorkCover WA Strategic Goal** |
| **2 – Stakeholder confidence and engagement  3 – Regulatory compliance** |

WorkCover WA launched new Certificates of Capacity on 1 July 2014 in conjunction with new guidance materials made available on WorkCover WA’s *gp****support*** website for GPs.

The Certificates and guidance materials were developed to improve the information captured within the Certificates about a worker’s injury and capacity to return to work.

The guidance materials have enabled a smooth transition to the new Certificates by outlining expectations and intended use. The website *gp****support*** provided a centralised source of information for GPs and medical providers in 2014/15. *Gp****support***website statistics can be found on page 92.

WorkCover WA has continued to consult with stakeholders in 2014/15 regarding the new Certificates. Further stakeholder feedback led to minor design revisions in late 2014.

Seeking to consolidate these initiatives, WorkCover WA developed a new Injury Management Strategy in 2014/15, which outlines the Agency’s injury management focuses for the period 2015 to 2018.

|  |  |
| --- | --- |
| **Outcome** | **Key points** |
| **Delivered** | * The guidance materials enabled a smooth transition to the new Certificates of Capacity launched on 1 July 2014. * An Injury Management Strategy has been developed for the period 2015 – 2018. |

Initiative 3: Electronic Document and Records Management System (EDRMS)

|  |  |
| --- | --- |
| **The following initiative is aligned with** | **WorkCover WA Strategic Goal** |
| **4 – Operational excellence** |

WorkCover WA has traditionally relied on paper-based files for recordkeeping purposes. In 2013/14 a project was commenced to outfit the Agency with an Electronic Document and Records Management System.

Phase 1 of the project was successfully completed in December 2013 by replacing legacy records systems with a pilot implementation of HP TRIM within the Records area only.

During 2014/15 a successful Agency-wide implementation was completed with all staff having access to TRIM and TRIM training. This has delivered the following benefits:

* all documents can be saved and edited in a single location, strengthening version control and preserving naming standards
* easier searching and distribution of documents
* access to sensitive information is now being restricted
* reduced physical storage requirements.

In addition, an amended Recordkeeping Plan has been submitted to the State Records Office.

|  |  |
| --- | --- |
| **Outcome** | **Key points** |
| **Delivered** | * Electronic Document and Records Management System implemented across the Agency. |

Section 4: Opportunities and Challenges

Opportunity and accessibility

Workforce Development

|  |  |
| --- | --- |
| **The following initiatives are aligned with, and contribute to:** | **WorkCover WA Strategic Goal** |
| **4 – Organisational excellence** |

Employee Capability

WorkCover WA is committed to the continual enhancement of the capability of its staff. This is being achieved through professional development strategies, particularly aimed at staff that have managerial or supervisory responsibilities.  These strategies are identified through the Performance Development Agreement process.

#### Staff training

In 2014/15 a total of 97 WorkCover WA staff attended professional development programs. The programs covered areas including leadership in the public sector, injury management, warden officer training, occupational safety and health (OSH) representative training and first aid training.

During the year 104 staff attended in house programs on leadership, dealing with upset callers, suicide prevention, managing aggressive clients, dealing with high conflict behaviours, insurance underwriting, writing skills, fire warden training and ergonomic assessments.

The total hours of general staff training in 2014/15 are as follows:

|  |  |
| --- | --- |
| Training hours in total | 2,401 |
| Training hours per employee | 14.8 |

Manager Competency Program

The Manager Competency Program involves the delivery of a series of targeted internal and external training sessions for managers and nominated aspiring managers. The Program aims to enhance the workplace competency and capability of managers by providing them with the requisite knowledge and skills.

During 2014/15, nine training sessions were delivered to 35 staff. The training programs are repeated periodically to cater for the appointment of new managers. Topics covered across the year included:

* mental health in the workplace
* employee engagement
* executive writing skills
* time management
* project management
* performance development
* leave management.

Feedback from participants continued to be positive, indicating the Program met its intended outcomes.

Employee development

Performance Development Agreement (PDA) process

WorkCover WA’s employee development process is supported through our PDA system. All staff participate in two formal PDA meetings each year.

During the year WorkCover WA conducted a survey that sought staff feedback about their perceptions of the effectiveness of the PDA process as a means of assessing staff performance, establishing individual development strategies and providing a forum for meaningful discussions between supervisors and staff.

The results of the survey led to enhancements to the process and forms which place a greater focus on innovation and career development. There was also an increased emphasis on measuring performance indicators for branch managers. These enhancements will continue to be monitored.

Focus on line managers

In February 2015 the Human Resources branch began developing an initiative to create individual professional development programs for line managers. These are based on competencies in their current role, and the skills and experience they may require to undertake senior management roles within the Agency.

Attraction and retention

#### Graduate Program

The Graduate Program advances graduate career opportunities in an exciting, supportive and diverse environment. The Graduate Program ties into the WorkCover WA Workforce Plan by developing future management and leadership capabilities. As part of the Program the graduates complete placements across the Agency to provide practical ‘on-the-job’ skills and experience applicable to WorkCover WA’s business operations.

Two graduates commenced employment with WorkCover WA in February 2015. To date the graduates have completed work placements in the Conciliation and Arbitration Services and Regulatory Services divisions. As part of their work placements both Graduates have assisted with the preparation of submissions to be considered by the WorkCover WA Board.

The Graduates are concurrently completing the Public Sector Commission’s Graduate Future Leaders program.

#### New attraction and recruitment methods

Last financial year WorkCover WA implemented new attraction and recruitment methods to enhance the Agency’s ability to identify the most suitable and available candidates for appointment. A review of these new methods conducted during the year concluded that they were highly effective in engaging quality employees in previously difficult to fill positions.

In 2014/15 WorkCover WA successfully recruited eight new employees through alternative attraction and recruitment methods, including:

* selecting appointees who were second ranked for similar positions
* permanent appointment of staff on secondment to WorkCover WA
* advertising for a pool of applicants for entry level positions to be drawn on as required
* engaging recruitment agencies to source candidates prior to advertising
* engaging employees on fixed term contracts prior to advertising.

All appointees were subject to a merit-based selection and appointment process.

#### Succession management review

WorkCover WA’s succession planning framework enhances leadership development and business continuity and ensures our staff are capable of undertaking different roles across the Agency.

During the year the capacity of WorkCover WA to fill its critical positions for short and long term periods was reviewed. This resulted in strategies to increase the Agency’s capability to fill these roles. These strategies have been included in the Performance Development Agreement process.

Workplace consultation

Innovation framework development

WorkCover WA’s Innovation Framework provides a high-level approach to exploring innovative practice and policy across WorkCover WA.

The Agency seeks to build a culture of innovation by providing opportunities to raise and share ideas to achieve cost savings, and improve performance and service delivery.

In January 2015 the Framework was implemented through the development of the following four elements:

* Innovation Support Committee  
  The Committee first met in February 2015 and oversees the operation of the Innovation Framework.
* Idea Management Tool  
  Known as ‘Launchpad’ the online idea management tool went live in January 2015 to provide a forum for staff to raise and share ideas across the organisation. All submitted ideas are reviewed by the Innovation Support Committee. Collaboration is encouraged between staff to generate and/or implement ideas.
* Promotion  
  Promotion of Launchpad and innovation in general occurs via intranet news articles, all-staff emails, demonstrations of the Idea Management Tool, and other initiatives.
* Recognition  
  WorkCover WA staff are recognised for their contribution to innovation in the Agency through opportunities to be involved in the development of their ideas (even if they don’t work in the area affected by the idea), and acknowledgement in the monthly CEO message and intranet news articles.

2014/15 outcomes from the Innovation Framework can be found under ‘Innovation Support Committee’ in *Section 1: Agency in focus* on page 41.

Equality and inclusion

|  |  |
| --- | --- |
| **The following initiatives all fall under the banner of the Equal Employment Opportunity Plan. All initiatives are aligned with, and contribute to:** | **WorkCover WA Strategic Goal** |
| **4 – Organisational Excellence** |

Disability Access and Inclusion Plan

Through the Disability Access and Inclusion Plan (DAIP), WorkCover WA commits to the inclusion of people with disabilities by ensuring they have suitable access to our facilities and services.

WorkCover WA’s Equity and Diversity Committee meets quarterly and is responsible for the delivery of the DAIP. In 2014/15 the Committee reviewed all initiatives in the Plan. DAIP initiatives implemented during the year included:

* a review of the WorkCover WA website to ensure compliance with best practice as defined by W3C Web Content Accessibility 2.0 guidelines; and
* upgrade of ‘JAWS’ software to support a vision impaired staff member’s access to a career development opportunity.

Traineeship program

Primarily targeted at youth under the age of 25, WorkCover WA’s traineeship program also contains an emphasis on engaging with young Aboriginal and Torres Strait Islander Australians.

Once employed at WorkCover WA, trainees are required to complete a Certificate III in Government while undertaking a range of work placements across the Agency. This arrangement provides trainees with skills and experience to enable them to be ‘job ready’ for future employment opportunities.

Two trainees completed the program this financial year. At the end of 2014/15 one trainee was still employed by WorkCover WA, whilst the other trainee was engaged by another public sector agency following the completion of her traineeship.

Reconciliation Action Plan

In May 2014 WorkCover WA developed a new Reconciliation Action Plan (RAP) to raise awareness about the culture and values of Aboriginal and Torres Strait Islander Australians. The RAP was approved by Reconciliation Australia in June 2014.

In 2014/15 WorkCover WA joined the Commonwealth/State Aboriginal and Torres Strait Islander Networking Group at its quarterly meetings which are designed to develop effective strategies to improve indigenous employment within the public service. The Group hopes to share and advocate best practice relating to policies and processes for indigenous employment within State and federal agencies.

All intended RAP initiatives were completed in 2014/15, including:

* engaging with Aboriginal and Torres Strait Islander businesses on procurement of goods and services
* increasing employee understanding of protocols involving Acknowledgement of Country and Welcome to Country ceremonies.

Safety, health and wellbeing

|  |  |
| --- | --- |
| **The following initiatives are aligned with, and contribute to:** | **WorkCover WA Strategic Goal** |
| **4 – Organisational Excellence** |

Occupational Safety and Health Management Plan

The WorkCover WA Board and Corporate Executive are committed to ensuring all employees are able to perform their duties in a safe working environment.

In accordance with the *Occupational Safety and Health Act 1984* (OSH Act 1984), the *Occupational Safety and Health Regulations 1996*, the *Public Sector Occupational Safety and Health Code of Practice 2007* and the WorkSafe Plan 2010, WorkCover WA’s OSH Management Plan ensures the Agency maintains a systematic and consistent approach to OSH management. During 2014/15, initiatives implemented from the OSH Management Plan included:

* review of the WorkCover WA OSH Policy
* review of the WorkCover WA OSH Risk Register
* re-training of two First Aid Officers
* re-training of nine Fire Wardens
* the election of new Safety and Health representatives
* upgrades to the functionality of the Hazard and Incident Reporting system to allow for easier reporting of incidents and accidents
* all new starters completing online OSH induction training.

The WorkCover WA OSH Committee facilitates consultation and cooperation across the Agency by collaboratively examining issues affecting the health and wellbeing of staff, and developing and implementing measures to prevent workplace accidents and injuries. The Committee’s members and activities are outlined in detail on page 40 under ‘Workplace consultation’ in *Section 1: Agency in focus.*

Each year the OSH and injury management policies, practices and initiatives are regularly promoted throughout the organisation via intranet articles, posters and signage, and a range of staff training opportunities. In this way the programs delivered in 2014/15 have all contributed to heightened staff awareness regarding OSH responsibilities and health issues, creating a safer and healthier working environment for WorkCover WA employees.

Management of workplace injuries and rehabilitation solutions, including return to work plans, are undertaken in accordance with the provisions of the *Workers’ Compensation and Injury Management Act 1981* (the Act).

A report on occupational safety and health (OSH) matters is referred to the Corporate Executive on a quarterly basis. OSH is also a standing item at all WorkCover WA Board and Corporate Executive meetings.

Occupational Safety and Health Audit Action Plan

WorkCover WA continued to monitor and implement elements of the WorkSafe OSH Audit Action Plan in 2014/15 to ensure the gold accreditation was maintained.

The next audit against the WorkSafe Plan assessment tool is set for 2017.

Occupational safety and health representatives

The OSH Committee comprises elected employer and staff representatives. It is constituted to examine issues affecting the health and wellbeing of staff, and to advise management on strategies to prevent workplace accidents and injuries. For more information refer to ‘Workplace consultation: OSH Committee’ on page 43 in *Section 1: Agency in Focus.*

The staff representatives have functions in addition to their normal ‘work duties’ including monitoring discrete work areas on a monthly basis. These functions align with the OSH Act 1984.

In 2014/15 five OSH representatives were on the OSH Committee including two new representatives elected in February 2015. One new OSH representative completed the Safety and Health Representatives course, with the other scheduled to complete the training in August 2015.

Last financial year OSH representatives initiated a review of sedentary work practices. Feedback on the trial of standing workstations was delivered in 2014/15 indicating the stations were beneficial to staff posture and promoted a reduction in sedentary behaviour during the working day. However, a number of logistical issues limit their suitability for use in the workplace. Other initiatives to reduce sedentary behaviour are being explored.

Health and wellness survey

WorkCover WA conducted an internal survey regarding health and wellness initiatives. The results of the survey have shaped the health and wellness programs included in the Agency’s 2015/16 Health and Wellness Plan.

Agency challenges

Electronic Document & Records Management System

One of the key recommendations of the *IT Strategic Plan 2012–2015* was the implementation of an Electronic Document and Records Management System (EDRMS).

The project was addressed as a Strategic Initiative in 2014/15 and outcomes are reported on page 102 under Report against 2014/15 Strategic Initiatives.

Review of Risk Management Framework

In accordance with the Public Sector Commissioners (PSC) Circular 2015-03 and Treasurers Instruction 825, all public sector bodies must practice risk management; regularly undertake a structured risk assessment process to identify the risks facing the organisation; be able to demonstrate the management of risks; and where appropriate, have business continuity plans to ensure they can respond to and recover from any business disruption.

In 2014/15 the Agency completed a major project to:

* identify and implement a new cloud based risk management support system
* implement a revised hierarchical risk management framework linking planning outcomes and viability elements of the Western Australian workers’ compensation scheme to Agency risks both strategic and operational
* review all Agency strategic and operational risks and realign them to a structured set of specific guidelines
* review the Terms of Reference for the Agency’s risk management oversight group.

Review of Freedom of Information policy

A review of the Agency’s Freedom of Information (FOI) policy, procedures and processes was conducted in 2014/15 to:

* ensure the current WorkCover WA FOI Policy and FOI Information Statement comply with the *Freedom of Information Act 1992* and the Act
* ensure internal processes are consistent with legislative requirements
* examine online opportunities for work processes.

The review was successfully completed, resulting in our internal processes being strengthened and outlined in a new FOI Procedure Manual. New online opportunities identified will assist WorkCover staff and external applicants to deal with FOI related matters in the most efficient and effective manner.

Review of corporate policies and procedures

In 2014/15 the Agency reviewed all corporate policies and procedures in order to minimise and simplify necessary policies and procedures, and remove policies and procedures considered redundant.

IT initiatives

IT Strategic Plan

Supporting WorkCover WA’s strategic planning process, the IT *Strategic Plan 2012 – 2015* defines IT strategies to ensure the Agency is appropriately supported by technology.

Two strategic initiatives commenced in 2014/15:

* the Standard Operating Environment Desktop and Laptop Replacement Project
* an IT Infrastructure Upgrade Project.

The two initiatives have since been combined into one project to reduce the overall capital costs by leveraging the right mix of technology to meet business needs.

In the last financial year a detailed technical design requirements document was developed to inform the procurement process.

Section 5: Disclosures and Legal Compliance

Report on funds management

Workers’ Compensation & Injury Management Trust Account

The Workers’ Compensation and Injury Management Trust Account is maintained in accordance with section 110 of the *Workers' Compensation and Injury Management Act 1981* (the Act). WorkCover WA seeks to optimise returns and security of funds invested for the benefit of the dependants of deceased workers.

Section 218 of the Act empowers an Arbitrator to order compensation to be paid in trust to WorkCover WA when it cannot immediately be paid to a person under a legal disability or the dependants of a deceased worker. These funds are invested in accordance with Treasurer’s guidelines.

Investment strategies employed provided an average yield for the year of 2.75 per cent for all trust accounts.

Uninsured claims management

WorkCover WA manages specific funds to provide a source of compensation for workers of uninsured employers, pursuant to section 174 of the Workers' Compensation and Injury Management Act 1981 (the Act). Funds paid to workers from the General Account are recovered from uninsured employers by WorkCover WA.

As part of its operations, the compliance activity establishes an employer’s insurance status to ensure monies released from the General Account are in accordance with the provisions of the Act. This year, the compliance activity investigated 30 potential claims on the General Account pursuant to section 174, compared with 23 last year. There were four new claims this year and 26 continuing claims from previous financial years. The cost of new claims was $374,329.34 and ongoing claims amounted to $1,543,135.05

At 30 June 2015, the total outstanding debt from uninsured employers was approximately $1,917,464.39. Recovery action against these employers is ongoing.

Employer’s indemnity supplementation fund

The Employers’ Indemnity Supplementation Fund was established under the provisions of the *Employers’ Indemnity Supplementation Fund Act 1980* and exists to guard against the collapse of an insurer.

The Employers’ Indemnity Supplementation Fund also pays claims under the *Waterfront Workers’ (Compensation for Asbestos Related Disease) Act 1986* and the *Workers’ Compensation and Injury Management (Acts of Terrorism) Act 2001* (Acts of Terrorism Act).

Payments for claims under the *Waterfront Workers’ (Compensation for Asbestos Related Disease) Act 1986* for 2014/15 were nil. Since its inception (February 1987), a total of $2,800,507 has been paid.

Payments for claims under the Acts of Terrorism Act for 2014/15 were nil. The Acts of Terrorism Act came into effect in 2001, but the first claim payment was not received until December 2005.

| **Table 29: Claim payments and receipts for insurers** | | |
| --- | --- | --- |
| **Item** | **HIH Insurance ($)** | **National Employers’ Mutual General Insurance Co. ($)** |
| Value of outstanding claims in Western Australia | 1,016,457 | 615,255 |
| Received from liquidators in 2014/15 | 9,491,977 | 2,400 |
| Claim payments for 2014/15 | 675,168 | 178,631 |
| Claim payments since liquidation commenced | 76,240,365 | 6,632,107 |

Debts and investments

At 30 June 2015, there were 77 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act, with debts outstanding of $535,518. In 2014/15, the weighted average rate of return on General Account investments was 3.31 per cent.

| **Table 30: Actual results vs budget results** | | | |
| --- | --- | --- | --- |
| **Item** | **2014/15 Target $000** | **2014/15 Actual $000** | **Variation $000** |
| Total Revenue  (sourced from Statement of Comprehensive Income) | 32,281 | 34,854 | 2,573 |
| Total Expenses  (sourced from Statement of Comprehensive Income) | 26,665 | 21,566 | 5,096 |
| Total Equity  (sourced from Statement of Financial Position) | 83,481 | 92,716 | 9,235 |
| Net increase/(decrease) in cash held  (sourced from Statement of Cash Flows) | 7,273 | 10,858 | 3,585 |
| Approved full-time equivalent (FTE) staff level | 137.4 | 135.4 | 2 |

Further explanations are also contained in Note 34 ‘Explanatory statement’ to the financial statements.

1. Higher than anticipated revenue was the result of additional recoveries in the Supplementation Fund, due to the liquidation of HIH Insurance.
2. The variance is the result of a decrease in claims expense, due to a reduction in the actuarial assessed claims liability for the Uninsured and Employer’s Indemnity Supplementation Fund.
3. The variation is a result of a combination of factors including increased cash reserves from higher than expected HIH Insurance liquidation recoveries for the Supplementation Fund and higher than expected cash surplus from operational savings.
4. The variance is due to increased cash receipts resulting from higher than expected HIH Insurance liquidation recoveries for the Supplementation Fund and a higher than expected cash surplus from operational savings.

Other financial disclosures

Employment and industrial relations

Employees at WorkCover WA are employed under the provisions of the Public Service Award 1992 and the *Public Service and Government Officers General Agreement 2014.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 31: WorkCover WA FTE Status** | | | | |
| **Employment type** | **2012** | **2013** | **2014** | **2015** |
| Full-time permanent | 115 | 109 | 109 | 112 |
| Full-time contract | 14 | 15 | 14 | 10 |
| Part-time measured on an FTE basis | 10.79 | 12.09 | 11.2 | 13.4 |
| **Total** | **139.79** | **136.09** | **134.2** | **135.4** |
| Staff on secondment | 6 | 7 | 5 | 2 |
| Staff on traineeship | 2 | 2 | 2 | 1 |
| Staff in Graduate Program | 0 | 1 | 0 | 2 |

Internal workers’ compensation

There were no workers’ compensation claims made by WorkCover WA staff in 2014/15.

Board remuneration

In accordance with section 99(2) of the Act, the Chairman and Board members are paid such fees and allowances as may be fixed by the Minister on the recommendation of the Minister for Public Sector Management. On 11 January 2012, the Minister fixed the remuneration at $29,650 per annum for the Chairman and $15,500 per annum for Board members. In accordance with government policy, Board members who are public service officers are not entitled to payment.

| **Table 32: WorkCover WA Board remuneration** | | | | |
| --- | --- | --- | --- | --- |
| **Position** | **Name** | **Type of remuneration** | **Period of membership** | **Gross/actual remuneration** |
| Chairman | Greg Joyce | Annual | 04/01/14 to 03/01/17 | $29, 646 |
| Member | Michelle Reynolds | N/A – Public Service | Virtue of office | Nil |
| Member | Brian Bradley | N/A – Public Service | Virtue of office | Nil |
| Member | Karin Lee | Annual | 04/01/14 to 03/01/17 | $15,500 |
| Member | Owen Whittle | Annual | 30/12/14 to 29/12/17 | Nil (Mr Whittle elected not to receive sitting fees) |
| Member | Steven Burns | Annual | 01/10/13 to 30/09/16 | $15,500 |
| Member | Victoria Wilmot | Annual | 04/01/14 to 03/01/17 | $15,500 |
| **Total** | | | | **$76,146** |

Directors’ and officers’ liability insurance

Directors’ and officers’ liability insurance covers the personal liability for damages and defence costs of insured persons in the event action is taken against them for breaches of duty. WorkCover WA holds a directors’ and officers’ liability insurance policy covering the members of the former Workers’ Compensation and Rehabilitation Commission and WorkCover WA Board members. The policy is placed through the State Government’s insurer and is renewed annually. The limit of liability on the policy is $20 million, which is in line with the accepted industry standard.

The total premium for the insurance policy, effective from 16 May 2014 to 16 May 2015, was $13,271.50 and, in accordance with the Board’s policy, members of the Board and Corporate Executive made individual contributions towards the total premium.

Committee remuneration

Costs Committee

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 33: Costs Committee Remuneration** | | | | |
| **Position** | **Name** | **Schedule** | **Period of membership** | **Gross/actual remuneration** |
| Presiding member | Michelle Reynolds | Per meeting | Virtue of office | N/A |
| Member | Karin Lee | Per meeting | Virtue of office | $1080 |
| Member | Marcus Cocker | Per meeting | 01/03/09 to 01/10/16 | $910 |
| Member | David Bruns | Per meeting | 01/08/09 to 01/10/16 | $739.20 |
| **Total** | | | | **$2,729.20** |

Medical Committee

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 34: Medical Committee Remuneration** | | | | |
| **Position** | **Name** | **Schedule** | **Period of membership** | **Gross/actual remuneration** |
| Chair | **Chris White\* (\*Michelle Reynolds on secondment to DPC)** | **N/A – Public Service** | Virtue of Office | N/A |
| Member | Dr Marcus Adonis | Per meeting | 15/10/2014 to 14/10/2017 | $740 |
| Member | Dr Heather Campbell | Per meeting | 15/10/2014 to 14/10/2017 | $370 |
| Member | Dr Alan Home | Per meeting | 15/10/2014 to 14/10/2017 | $740 |
| Member | Dr Neil Ozanne | Per meeting | 15/10/2014 to 14/10/2017 | $740 |
| Member | Mr David Colvin | Per meeting | 15/10/2014 to 14/10/2017 | $0 (Mr Colvin elected not to receive sitting fees) |
| Member | Mr Paul Taylor | Per meeting | 15/10/2014 to 14/10/2017 | $370 |
| **Total** | | | | **$2,960** |

Capital works projects

WorkCover WA’s expenditure on capital works for 2014/15 is captured in the table below.

|  |  |  |
| --- | --- | --- |
| **Table 35: 2014/15 Expenditures** | | |
| **capital works project** | **Total spent $000’** | **YTD $000’** |
| Electronic Document Records Management System Implementation | 141 | 141 |
| External Website Upgrade | 102 | 68 |

Advertising

Section 175ZE of the Electoral Act 1907 requires the publication of the details of certain classes of expenditure in an agency’s annual report. Expenditure during 2014/15 included advertising for job vacancies, notification to employers for compliance matters, promotion of WorkCover WA industry related events and monitoring of WorkCover WA social media. Below is a statement of expenditure for the 2014/15 financial year.

| **Table 36: 2014/15 Advertising Expenditure** | | |
| --- | --- | --- |
| **Type** | **Organisation** | **2014/15 Expenditure ($)** |
| Advertising agencies | AdCorp Australia Limited Paperscout Pty Ltd | 3,093  1,595 |
| Direct mail organisations | Quickmail | 6,733 |
| Market research organisations | e-CBD Pty Ltd | 8,387 |
| Media advertising organisations | AMA Services Pty Ltd  Careerhub  Medical Forum Magazine | 635  180  545 |
| Polling organisations | Nil | Nil |
| **Total** | | **$21,168** |

Ministerial directives

No Ministerial directives were received during the financial year.

Governance disclosures

Board responsibilities

WorkCover WA’s corporate governance arrangements ensure transparency in decision making and operation, as well as accountability to stakeholders, by promoting strong leadership, sound management and effective planning and review.

WorkCover WA aims to achieve high standards in corporate governance to assure the State Government, stakeholders and the community, it is complying with statutory responsibilities and meeting expectations with due diligence and accountability.

The Board’s governance responsibilities include:

* the setting of strategic direction
* establishment of goals for WorkCover WA and monitoring achievement against those goals to optimise the Agency’s performance
* ensuring compliance with statutory requirements
* approving Corporate Executive recommendations
* making recommendations to the Minister (where appropriate)
* giving effect to Ministerial directives
* managing strategic risk.

Board Policies

The Agency has a Board Charter, meeting procedures and governance policies to guide the actions of the Board and ensure responsibilities set down in the Act are met.

Conflicts of interest

In accordance with Treasurer’s Instruction 903 (14) (iii), senior officers and members of the WorkCover WA Board declared any interest held in existing or proposed contracts with WorkCover WA.

In 2014/15, Board Member Steven Burns declared he is the Manager Underwritten States of QBE Insurance (Australia) Pty Ltd. Mr Burns also declared employment with the same insurer in 2013/14.

CEO Performance Agreement

The Agency’s performance is monitored by the WorkCover WA Board and the Minister for Commerce through deliverables determined in the annual CEO Performance Agreement.

The Performance Agreement is developed each year between the CEO, the Chairman of the Board, the Minister and the Public Sector Commissioner. An evaluation against each pre-determined deliverable is assessed by the Chairman at year end and further endorsed by the Minister and the Commissioner. The monitoring and assessment of this agreement ensures the CEO delivers on expected outcomes or explanations are provided on undelivered items.

The agreement is a statutory requirement of section 47 of the Public Sector Management Act 1994 (PSM Act) and is prepared based on a set template which includes Agency specific goals and commitments; contribution to sector-wide initiatives; and personal development goals of the CEO.

Review against the PSC Good Governance Guide

In accordance with proposed deliverables of the CEO’s 2014/15 Performance Agreement WorkCover WA undertook a review of the Agency’s performance against the Public Sector Commission’s Good Governance Guide (GGG) for public sector agencies.

The review considered the Agency’s performance and levels of compliance against the operational elements of the nine principles of the GGG. The review also considered annual report references for each of these requirements.

Following a similar review conducted in 2013, the GGG has been used in conjunction with the annual reporting framework to inform the preparation of the Agency’s annual report. In 2012/13 WorkCover WA won the Alan Skinner Award for the best annual report in the General Government Sector and in 2013/14 the WS Lonnie Memorial Trophy for the best annual report of the year.

Committees

Audit Committee

The Audit Committee provides independent assurance and assistance to the Board on WorkCover WA’s risk, control and compliance framework and its external accountability responsibilities. The Committee reviews strategic and annual internal audit plans, monitors the progress of audit recommendations, and provides stewardship by promoting discussion with internal and external auditors to ensure effective systems and policies are in place.

In 2014/15, two external and 12 internal audits took place.

The Agency received a clear audit from the Auditor General for its overall control environment and internal controls relating to finances and KPIs. From the 12 internal audits undertaken, 21 findings were identified. All findings have been reported to the Audit Committee and actioned by management.

| **Table 37: Audit Committee attendance** | | |
| --- | --- | --- |
| **Audit Committee Member** | **No. of meetings eligible to attend** | **No. of meetings attended** |
| Victoria Wilmot (Chair) | 5 | 5 |
| Greg Joyce | 5 | 5 |
| Brian Bradley | 5 | 4 |

Costs Committee

The Costs Committee is an independent committee established under section 269 of the Act, reporting directly to the Minister. The Committee is empowered under section 271 of the Act to make, amend or revoke a determination fixing maximum costs for legal services and registered agent services provided in WorkCover WA’s Conciliation and Arbitration Services.

The Costs Committee met in March and May 2015 to consider a review of the Costs Determination. In April 2015 the Committee circulated a discussion paper to key stakeholders with proposals to amend part of the scale of costs.

The proposals were considered and the Costs Committee amended the Costs Determination. The *Workers’ Compensation (Legal Practitioners and Registered Agents) Costs Determination 2015* came into effect on 1 July 2015.

| **Table 38: Costs Committee attendance** | | |
| --- | --- | --- |
| **Costs Committee Member** | **No. of meetings eligible to attend** | **No. of meetings attended** |
| **Michelle Reynolds (Chair)** | 2 | 2 |
| **Karin Lee** | 2 | 2 |
| **Marcus Cocker** | 2 | 2 |
| **David Bruns** | 2 | 2 |

Medical Committee

The Medical Committee is an advisory committee established under section 100A of the Act. The Committee provides guidance on matters of a medical nature within the Western Australian workers’ compensation scheme and advises the Board on medical matters, such as:

* the WorkCover WA Guides for the Evaluation of Permanent Impairment
* the criteria for designation and monitoring of Approved Medical Specialists (AMS) providing impairment assessments
* the role of AMS within the scheme.

In 2014/15, the Medical Committee recommended 10 medical practitioners for designation as an AMS. The applicants were subsequently added to the AMS register. The Committee also provided advice on several key WorkCover WA initiatives and offered opinions on the format of WorkCover WA’s peer review evenings.

After consultation with the WorkCover WA Medical Committee, the first Psychiatric Peer Review session was held in May 2015.

| **Table 39: Medical Committee attendance** | | |
| --- | --- | --- |
| **Medical Committee Member** | **No. of meetings eligible to attend** | **No. of meetings attended** |
| Michelle Reynolds (Chair) | 2 | 2 |
| Dr Marcus Adonis | 2 | 2 |
| Dr Heather Campbell | 2 | 1 |
| Dr Alan Home | 2 | 2 |
| Dr Neil Ozanne | 2 | 2 |
| Mr David Colvin | 2 | 2 |
| Mr Paul Taylor | 2 | 1 |

Industrial Diseases Medical Panel

The Industrial Diseases Medical Panels (IDMP) are established to determine prescribed questions in relation to asbestos related diseases. All claims for compensation in relation to pneumoconiosis, mesothelioma, lung cancer and diffuse pleural fibrosis are referred to the IDMP to determine:

* whether the worker is or was suffering from the prescribed diseases
* the worker’s degree of permanent whole of person impairment.

The IDMP is comprised of physicians who specialise in diseases of the chest or occupational diseases. IDMPs operate independently with WorkCover WA providing administrative support and funding.

In 2014/15, the panel convened on 26 occasions and made 49 determinations.

| **Table 40: Industrial Diseases Medical Panel Members** | |
| --- | --- |
| **2014/15 Industrial Diseases Medical Panel Chairman (Rotating)** | **Members** |
| Dr E Gabbay | Dr D Bucens |
| Dr M K Tandon | Dr P Psalia-Savona |
| Dr K C Wan | Dr J Wrobel |
| Dr Q Summers |  |
| Dr M Musk |
| Dr J Sim |

| **Table 41: Number of IDMP applications** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Applications** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** |
| New | 38 | 42 | 38 | 42 | 49 |
| Reviewed | 6 | 7 | 2 | 11 | 10 |
| **Total** | **44** | **49** | **40** | **53** | **59** |

| **Table 42: Number of diseases determinations** | | | | |  |
| --- | --- | --- | --- | --- | --- |
| **Disease** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** |
| Pneumoconiosis | 9 | 12 | 12 | 18 | 28 |
| Pneumoconiosis & Diffuse Pleural Fibrosis | N/A | 5 | 3 | 4 | 4 |
| Pneumoconiosis & Lung Cancer | 0 | 1 | 0 | 0 | 2 |
| Diffuse Pleural Fibrosis | N/A | 1 | 2 | 5 | 0 |
| Mesothelioma | 21 | 20 | 13 | 12 | 6 |
| Lung Cancer | 5 | 5 | 6 | 9 | 1 |
| **Sub total** | 35 | 44 | 36 | 48 | 41 |
| **Determinations where disease not present or disease present but a 0% level of impairment** | 9 | 5 | 4 | 5 | 6 |
| **Total** | **44** | **49** | **40** | **53** | **47** |

Legal compliance

Public Sector standards and ethical codes

WorkCover WA has policies, procedures and guidelines in place to ensure Agency obligations are met with respect to the Public Sector Standards (Human Resource Management), the WA Public Sector Code of Ethics, and the WorkCover WA Code of Conduct.

These policies and supporting guidelines are available to all staff via the WorkCover WA intranet and the online training system. To support knowledge of these Standards and Codes, training on accountable and ethical decision-making in the Western Australian Public Sector continued to be delivered to new staff via the online induction system in 2014/15.

Public Sector Code of Ethics

There were no claims lodged in 2014/15 relating to the Public Sector Code of Ethics.

WorkCover WA Code of Conduct

In 2014/15, the WorkCover WA Code of Conduct was reviewed, and minor amendments made to reflect current public sector and Agency policy.

There were no claims lodged in 2014/15 relating to the WorkCover WA Code of Conduct.

Public Sector Commissioner’s Instruction Employment Standard

There were no breaches of standard claims against the Employment Standard in 2014/15.

Grievance Resolution Standard

There were no breaches of standard claims against the Grievance Resolution Standard in 2014/15.

Disability Access and Inclusion Plan

The Agency’s Disability Access and Inclusion Plan is outlined on page 107 under ‘Equality and inclusion’ in Section 4: Opportunities and challenges.

Recordkeeping Plan

Under the *State Records Act 2000* every government organisation is required to have a Recordkeeping Plan (RKP). The RKP must provide an accurate reflection of the recordkeeping program within the organisation and must be complied with by the organisation and its officers. Under Part 3, Division 4 of the *State Records Act 2000*, the organisation must review its RKP every five years or when there is any significant change to the organisation’s functions.

WorkCover WA’s RKP has been reviewed and updated to reflect the Agency’s improved recordkeeping practices resulting from the implementation of the Electronic Document and Records Management System (EDRMS) and was submitted to the State Records Office in June 2015.

The online records management training module within the Agency’s induction program has been reviewed and updated in the past financial year to reflect the new recordkeeping arrangements. Other training and support was provided to staff to support them in the transition to TRIM.

Report against WorkCover WA Recordkeeping Plan

|  |
| --- |
| **Evaluation of the efficiency and effectiveness of the organisation’s recordkeeping systems** |
| Implementation of an Electronic Document and Records Management System (EDRMS) in WorkCover WA was completed in 2014/15.  The Recordkeeping Plan (RKP) has been reviewed and updated to reflect the Agency’s improved recordkeeping practices and was submitted to the State Records Office in June 2015. WorkCover WA’s Records Management Policy has also been reviewed and updated to reflect our new digital recordkeeping practices. |
| **The nature and extent of the recordkeeping training program conducted by or for the organisation** |
| At WorkCover WA, recordkeeping training is conducted through the Records Management training module within the Agency’s online induction program. Completion of the induction program is compulsory for all new staff. A stand-alone online records management course has been acquired and will be available for all staff to use early in 2015/16.  The Records Management Policy and supporting documentation is available on the Intranet. Further support is provided by the Corporate Information staff and from “Power Users” who act as the first point of escalation for any EDRMS issues within their teams. |
| **Review of the efficiency and effectiveness of the recordkeeping training program** |
| The Records Management training module within the Agency’s online induction program has been reviewed and updated in the past financial year to ensure consistency with the EDRMS. Training initiatives and materials are reviewed regularly to ensure the information provided to WorkCover WA staff is meeting requirements and complies with relevant legislation and standards. |
| **Assurance that the organisation’s induction program addresses employee roles and responsibilities in regard to their compliance with the organisation’s recordkeeping plan** |
| The Records Management induction training module addresses employee roles and responsibilities to ensure compliance with the Recordkeeping Plan and the *State Records Act 2000*. The training module is regularly reviewed to ensure employees meet current compliance requirements. |

Government policy requirements

Substantive equality

WorkCover WA’s compliance with Public Sector Standards and Ethical Codes is detailed under ‘Equality and inclusion’ in Section 4: Opportunities and Challenges from page 107 of this report.

Occupational safety, health and injury management

WorkCover WA’s Occupational Safety, Health and Injury Management policies are detailed under ‘Safety, health and wellbeing’ in Section 4: *Opportunities and Challenges* from page 109 of this report.

The Agency’s OSH and injury management performance is detailed in the following section.

OSH and injury management performance

WorkCover WA’s OSH and injury management data for this reporting period is disclosed in table 43. Comparative data has been included where possible.

| **Table 43: 2014/15 OSH performance data** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **OSH indicator** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15  Target** | **2014/15  Actual** |
| Number of fatalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost-time injury/disease incidence rate \* | 0.67% | 0 | 0 | 0.75% | 0 | 0 |
| Lost-time injury/disease severity rate | 0 | 0 | 0 | 0 | 0 | 0 |
| % injured workers returned to work within 13 weeks | - | 100% | N/A \*\* | 100% | 100% | N/A |
| % injured workers returned to work within 26 weeks | - | 100% | N/A \*\* | 100% | 100% | N/A |
| % managers trained in occupational safety, health and injury management responsibilities | 82% | 92% | 92% | 92% | 100% | 99% |

#### ****OSH training for staff****

All staff are required to undertake the WorkCover WA online OSH training module. The module comprises a number of sections, including:

* legislative framework and requirements
* WorkCover WA OSH Management System
* supervisor responsibilities
* OSH resources
* Hazard and Incident Management System.

Completion rates are monitored by Human Resources and reported to the Corporate Executive on a quarterly basis.

\*The lost-time injury/disease incidence rate is the number of lost-time injuries/diseases where one day/shift or more was lost in the financial year per   
100 employees

\*\*Not applicable – no claims were recorded in 2012/13

Section 6 Key Performance Indicators

Additional Key Performance Indicator information

Certification of KPIs

We hereby certify the Key Performance Indicators (KPIs) are based on proper records, are relevant and appropriate for assisting users to assess WorkCover WA’s performance, and fairly represent the performance of WorkCover WA for the financial year ended 30 June 2015.



Greg Joyce  
Chairman  
WorkCover Western Australia Authority  
28 August 2015

Michelle Reynolds, CEO WorkCover WA Signature 


Michelle Reynolds  
Chief Executive Officer  
WorkCover Western Australia Authority  
28 August 2015

Detailed information in support of Key Performance Indicators

Government Goals provide the high level basis of the Government’s intentions to improve the quality of life for all Western Australians, with the needs of Western Australians living in the regions a major priority.

The most recent goals were introduced in 2009 to better reflect current Government priorities. Broad high-level government goals are supported by strategic (whole of Government) outcome statements and at departmental level by agency specific desired outcomes. Agency level desired outcomes clarify the contributions agencies are expected to make towards achieving government policies and priorities, and must be linked to the government goals.

Agencies deliver services to achieve these desired outcomes which ultimately contribute to meeting the Government goals. This linkage creates a hierarchy in which the purpose of each service provided by an agency can be traced to a Government goal.

WorkCover WA contributes to Government Goal 3, **‘Results-Based Service Delivery’** by delivering services aimed at minimising the social and economic impact of work-related injury and disease on workers, employers and the Western Australian community.

WorkCover WA’s purpose is to lead a contemporary, healthy and integrated workers’ compensation scheme that is fair, accessible and cost effective for all participants, through:

* providing advice and guidance on workers’ compensation and injury management;
* active, responsive and transparent management of the scheme;
* focused information, education and compliance activities;
* fair and timely dispute resolution;
* a strong customer service focus.

WorkCover WA strives to achieve its outcome through the effective administration of the *Workers’ Compensation and Injury Management Act 1981* (the Act), the provision of quality policy advice to Government, and excellent stakeholder relationships.

Our Agency Desired Outcome linking to this goal relates directly to our vision and purpose: “To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants”.

The Agency Services provided to ensure WorkCover WA achieves its desired outcome are:

* **Scheme Regulation** (regulation of workers' compensation scheme participants for compliance with legislative requirements); and
* **Scheme Services** (provision of effective and equitable dispute resolution and other services to scheme participants).

The following table shows the WorkCover WA Outcome Based Management (OBM) Structure including the Agency Desired Outcome and Agency Services.

|  |  |
| --- | --- |
| **Table 44: WorkCover WA’s links to Government Goals through its Agency Desired Outcome and Services** | |
| **Government Goal** | |
| **Results-Based Service Delivery**  Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians. | |
| **WorkCover WA’s Agency Desired Outcome** | |
| To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants. | |
| **WorkCover WA’s Agency Services** | |
| **1. Scheme Regulation** (regulation of workers' compensation scheme participants for compliance with legislative requirements) | **2. Scheme Services** (provision of effective and equitable dispute resolution and other services to scheme participants) |

Changes to the Outcomes Based Management Structure (OBM) in 2014/15

Section three of the Treasurer’s Instruction 904 requires that all changes in agency level desired outcomes, services and key performance indicators require the prior approval of the Under Treasurer irrespective of whether they occur within a reporting year or between reporting years. These changes are also required to be disclosed in the agency’s annual report.

WorkCover WA undertakes regular reviews of its OBM and KPI framework to ensure it provides the most suitable measures to indicate the Agency’s performance.

Changes to the OBM for the 2014/15 reporting year were endorsed by the WorkCover WA Board on 20 November 2014, approved by the Under Treasurer on 16 December 2014 and noted by the Minister 5 January 2015.

These changes involved:

1. Shortening the title of Effectiveness KPI 1.*2* from *The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted* to *The proportion of conciliations completed within 8 weeks.*

Including the words “*of the date the application for conciliation was* accepted” in the title of the KPI is unnecessary and simply states part of the methodology used to determine the indicator outcome. No change is proposed to the methodology of the KPI and the shortened name brings the title more in line with other agency KPIs.

1. Replacing effectiveness KPI 1.3 *The average number of days to resolve a dispute* with a new KPI *The proportion of disputes resolved within 6 months* to better show the overall performance of WorkCover WA in resolving disputes.

The new KPI shows for the period in review the percentage of disputes resolved within six months from the initial date of acceptance.

This KPI will improve the focus of our measurable outcomes and ensure we are providing the most relevant, meaningful and measurable information for our stakeholders. It not only shows our performance in administering dispute resolution but is also a measure that can compare the performance of WorkCover WA with other jurisdictions.

This comparative information is provided in an annual performance monitoring report produced by Safe Work Australia that includes comparison of the performance of workers’ compensation dispute resolution agencies across Australia and New Zealand.

The KPI covers all disputes resolved whether through conciliation or arbitration, whereas, whilst not clear from the title, the discontinued KPI ‘The average number of days to resolve a dispute’only measured disputes finalised through arbitration.

More relevance to Stakeholders

As mentioned above the previous KPI only measured disputes finalised through arbitration. In 2013/14 only 22 per cent of all disputed matters proceeded to arbitration. The average duration of arbitration matters is also significantly affected by a small number of complex and protracted arbitrated cases which can sometimes take a very long time to resolve. The apparent long duration of cases suggested by the KPI is not typical of the majority of disputes which are in fact resolved in a relatively short period.

The new KPI measures all disputes resolved within six months from the day of initial acceptance for conciliation through to the day they are resolved either via conciliation or arbitration. It is based on a long established metric calculated at a national level and provides the performance of workers’ compensation dispute resolution in Western Australia.

Historical data is readily available and comparisons with both the previous dispute resolution process and other Australian jurisdictions are possible.

Issues with the previous KPI 1.3

WorkCover WA has used a number of indicators in an attempt to provide an effective

measure of service delivery outcomes for dispute. Until 2012/13 the indicator was:

*The proportion of arbitrations completed within 18 weeks of the date the*

*application for arbitration was accepted.*

In 2012/13 the indicator was changed to ‘*The average number of days to resolve a dispute’. This* was adopted as part of a legislative reform which established

WorkCover WA’s Conciliation and Arbitration Services. The KPI sought to measure the total time taken to resolve disputes from the acceptance of an application for conciliation through to when the arbitration matter is finalised.

While not clear from its description, this previous KPI was based only on disputes which proceed to arbitration. In 2013/14 only twenty two per cent of disputes entered arbitration with an average of 190 days to resolution relative to a target of 126 days.

This means only twenty two per cent of disputes was being measured. This KPI did not properly reflect the actual performance of conciliation and arbitration, particularly the reality that the overwhelming majority of matters are resolved either at conciliation or quite quickly in the arbitration process.

The average duration of arbitration matters is significantly affected by a small number of complex and protracted arbitrated cases which can sometimes take a very long time to resolve. In addition to the need to consider complex evidence and law, these cases can be appealed to the District Court and may be remitted back to the Arbitration Service for further consideration, all of which affect the average number of days to closure.

The apparent long average duration of arbitrated cases suggested by the previous KPI is not typical of the majority of arbitrated disputes which in fact are resolved in a relatively short period, which is within six months of the initial conciliation application.



Key Performance Indicators

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 45: WorkCover WA’s Key Performance Indicators for WorkCover WA and their relationship with the agency’s Outcome Based Management Structure** | | | | | |
| **Agency Desired Outcome** | | | | | |
| To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary, and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants. | | | | | |
| **Effectiveness Indicators** | | | | | |
| **1.1** The number of non-compliance events identified as a result of a claim on the General Account | | **1.2** The proportion of conciliations completed within 8 weeks | | **1.3** The proportion of disputes resolved within 6 months | |
| **Agency Services** | | | | | |
| 1. **Scheme Regulation** (regulation of workers’ compensation scheme participants for compliance with legislative requirements) | | | 1. **Scheme Services** (provision of effective and equitable dispute resolution and other services to scheme participants) | | |
| **Efficiency Indicators** | | | | | |
| **1.1** Average cost per employer compliance activity | **1.2** Average cost per approved and monitored service provider | **1.3** Average cost per client contact to provide information and advice | **2.1** Average cost to complete a conciliation | **2.2** Average cost to complete an arbitration | **2.3** Average cost to process a Memorandum of Agreement |

Summary of Key Performance Indicators

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 46: Key Performance Indicators of Effectiveness** | | | | | | | | | | | | | | | | |
| **#** | **Indicator** | | |  | **2010/11**  **Actual** | | **2011/12**  **Actual** | | **2012/13 Actual** | | **2013/14**  **Actual** | | **2014/15**  **Actual** | **2014/15 Target** | |
| **1.1** | The number of non-compliance events identified as a result of a claim on the General Account | | | | 6 | | 5 | | 3 | | 4 | | 3 | 8 | |
| **1.2** | The proportion of conciliations completed within 8 weeks | | | | | | 96.7% | | 97.8% | | 96.8% | | 96.3% | 97.0% | |
| **1.3** | The proportion of disputes resolved within 6 months | | | | 84.9% | | 86.8% | | 92.3% | | 89.5% | | 88.8% | 90.0% | |
| **Table 47: Key Performance Indicators of Efficiency** | | | | | | | | | | | | | | | | |
| **#** | | **Indicator** | **2010/11 Actual** | | | **2011/12Actual** | | **2012/13 Actual** | | **2013/14 Actual** | | **2014/15 Actual** | | | **2014/15 Target** | |
| **1.1** | | Average cost per employer compliance activity | $281 | | | $235 | | $265 | | $198 | | $255 | | | $257 | |
| **1.2** | | Average cost per approved and monitored service provider | $2,942 | | | $3,087 | | $2,871 | | $3,047 | | $3,250 | | | $3,309 | |
| **1.3** | | Average cost per client contact to provide information and advice | $126 | | | $133 | | $120 | | $120 | | $120 | | | $113 | |
| **2.1** | | Average cost to complete a conciliation | | | | $2,412 | | $2,579 | | $2,268 | | $1,966 | | | $2,023 | |
| **2.2** | | Average cost to complete an arbitration | | | | $13,803 | | $13,014 | | $11,153 | | $10,042 | | | $8,611 | |
| **2.3** | | Average cost to process a Memorandum of Agreement | | | | $381 | | $373 | | $389 | | $342 | | | $401 | |

Key Performance Indicators of Effectiveness

Agency level government desired outcomes should reflect the purpose of the agency. WorkCover WA’s Agency Desired Outcome is: “To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary, and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants.”

WorkCover WA must measure its success in achieving its outcome through effectiveness indicators. Effectiveness indicators provide information on the extent to which agency level Government desired outcomes have been achieved, or contributed to, through the delivery of services.

The effectiveness indicators chosen by WorkCover WA provide information in relation to workers’ compensation compliance activities and timeframes for managing conciliation and arbitration processes.

These indicators relate directly to the two services provided by WorkCover WA that is Scheme Regulation and Scheme Services.

The commentary below explains the rationale behind each effectiveness indicator and how it measures success in achieving our outcome.

#### ****Indicator 1.1****

**Number of non-compliance events identified as a result of a claim on the General Account**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.1 | 2010/11  Actual | 2011/12  Actual | 2012/13 Actual | 2013/14 Actual | 2014/15  Actual | 2014/15 Target |
| The number of non-compliance events identified as a result of a claim on the General Account | 6 | 5 | 3 | 4 | 3 | 8 |

**Description**

Effectiveness indicator 1.1 was first introduced in 2009/10 and shows the number of non-compliance events identified as a result of a claim on the General Account, measuring the impact of employers who fail to maintain workers’ compensation insurance policies.

A non-compliance event is defined as “*an occupational safety and health incident to a worker or workers of an uninsured employer, which has a financial impact on WorkCover WA’s General Account by way of an uninsured claim payment”.* Given the long tail for claims relating to workplace incidents involving asbestos and industrial disease, these are excluded from the definition of an ‘event’. For example, the four main diseases associated with the inhalation of asbestos fibres (i.e. asbestosis, mesothelioma, asbestos-related lung cancer and diffuse pleural fibrosis) generally take many years, if not decades, to develop after a worker has been exposed to asbestos. The inclusion of uninsured employers for these types of work-related disease as an event would not reflect the current level of uninsured employers.

To determine the target for this indicator, an adopted figure based upon an analysis of previous years’ figures of two uninsured claims payments per 10,000 insured claims has been set as the standard. The total number of insured claims for 2013/14 was estimated to be approximately 40,000; therefore, a performance target of eight events was set.

The continued low number of uninsured claims (equal to or less than eight) indicates WorkCover WA is meeting its obligations in ensuring that all employers have adequate workers’ compensation coverage for their employees.

This information is derived from two of the agency information systems. The information in relation to claim numbers is reported from the Q1 database which captures details of all claims as reported by approved insurers and self-insurers.

The data in relation to uninsured claim payments is derived from the Agency Financial Management Information System (FMIS) which reports the commencement of any payments made from the General Account. As FMIS reports **all** payments made in respect to claims against the General Account, this information is further analysed to exclude those matters where payments are for administration costs only, for example investigation or legal costs. The reported figure relates to payments made to a worker or service provider only. This reflects those matters where there was a legitimate entitlement to the payment of workers’ compensation benefits.

**Analysis**

In 2014/15 there were three new claims against the General Account. This is 62.5 per cent less than the set target of eight accepted by the WorkCover WA Board and a slight reduction of one (25 per cent) on the number of claims for 2013/14.

The target for this KPI has been historically based on an approved methodology of two claims per 10,000 insured claims whereby the number of insured claims was relatively steady in the vicinity of 40,000 per annum. In recent years this figure has been trending downwards with claims in 2013/14 being 36,878. This downward trend will be considered in setting the target for this KPI in future years.

The continued low number of claims on the General Account can be attributed in part to the focus placed on WorkCover WA’s compliance activities and the consistent application of providing stakeholder information and education to ensure employers have adequate workers’ compensation for their employees.

Figure 1. The graph below shows the trend over the past five years

**Indicator 1.2**

**The proportion of conciliations completed within 8 weeks**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator 1.2** | 2011/12  **Actual** | **2012/13 Actual** | **2013/14 Actual** | **2014/15 Actual** | **2014/15 Target** |
| The proportion of conciliations completed within 8 weeks | 96.7% | 97.8% | 96.8% | 96.3% | 97.0% |

Effectiveness indicator 1.2 measures the time taken to complete a conciliation matter.

Measurements for this indicator are produced directly from data extracted from the Dispute Case Management System (DCMS) which supports the business needs of the Conciliation and Arbitration Services (CAS).

**Description**

Pursuant to Rule 13(1) of the Workers’ Compensation and Injury Management Conciliation Rules 2011 the time limit for conciliation is 56 days (eight weeks) from the day on which the Director accepts an application, unless an extension is granted by the Director for a period not exceeding a further eight weeks. This timeframe is reflected in the KPI which reports the number of conciliation applications completed within the initial eight weeks.

Time taken to complete an application for conciliation is measured from the date an application for conciliation is accepted to the date a certificate of outcome is issued by the Conciliation Officer, at the end of the conciliation process.

The target for this KPI of 97.0 per cent has been set based on the previous year target and performance. The portion of conciliations completed within the eight week statutory timeframe is expected to remain relatively consistent.

**Analysis**

The outcome for this KPI of 96.3 per cent represents 2,158 out of 2,242 conciliations closed within the eight week statutory timeframe. This is a marginal decrease of 0.5 of a percentage point on the 2013/14 outcome and 0.7 of a percentage point lower than the predicted 2014/15 target.

The eight week timeframe for resolving a dispute through conciliation is a statutory requirement in the *Workers’ Compensation and Injury Management Conciliation Rules 2011.* This is a well established process and most cases are expected to be completed within the eight week timeframe.

It is acknowledged there will always be some cases that cannot reasonably be dealt with within the initial eight week period. Allowances have been made within the Rules to permit for the Director in these circumstances to grant an additional eight week extension. Of the 84 matters not completed within the initial eight weeks all were completed within the extended timeframe.

Figure 2. The graph below shows the trend over the past four years



**Indicator 1.3**

**The proportion of disputes resolved within six months**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator 1.3** | **2010/11**  **Actual** | **2011/12**  **Actual** | **2012/13 Actual** | **2013/14 Actual** | **2014/15**  **Actual** | **2014/15**  **Target** |
| The portion of disputes resolved within 6 months | 84.9% | 86.8% | 92.3% | 89.5% | 88.8% | 90.0% |

**Description**

This KPI reports the time taken to resolve a dispute and is consistent with Part XI, Section 177 of the Act, which states:

The main objectives of the conciliation and arbitration functions are to:

Provide a fair and cost effective system for the resolution of disputes under the Act that –

1. is timely;
2. is accessible, approachable and professional;
3. minimises costs to parties to disputes;
4. in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes; and
5. in the case of arbitration, enables disputes not resolved by conciliation to be determined according to their substantial merits with as little formality and technicality as practicable.

This KPI measures the proportion of disputes resolved within a six month timeframe from the day they are registered for conciliation through to the day they are resolved either via conciliation or arbitration. For those disputes progressing to arbitration the 28 day statutory gap (or portion of) allowed to register for arbitration will not be included in the timeframe.

The timeframe will count from the day a dispute is registered as accepted for conciliation in the Dispute Case Management System (DCMS) through to the day the dispute is either recorded as completed for conciliation or the case closed and final orders issued where the matter has proceeded to arbitration.

Historical data for this KPI is readily available. Due to the process being measured from end to end the delineation between conciliation and arbitration is not important for this measure and therefore comparisons with the previous dispute resolution process and other jurisdictions are appropriate.

The target for this KPI has been set based on Agency trends and the national average for a six month period over the previous two years.

**Analysis**

The proportion of all disputes resolved within 6 months for 2014/15 is 88.8 per cent. This is 0.7 of a percentage point less than the 2013/14 result and 1.2 per cent less than the predicted target.

These results are published in a long standing comparative performance monitoring report produced by Safe Work Australia and shows dispute resolution within the Western Australian workers’ compensation scheme performs well compared the National average and New Zealand. The latest available data to soon be published in the Comparative Performance Monitoring Report (Edition 17) by Safe Work Australia shows the 2013/14 National and New Zealand averages of 63.9 percent and 77.7 percent respectively.

Figure 3. The graph below shows the performance over the past five years.

Key Indicators of Efficiency

Efficiency indicators relate services to the level of resource inputs required to deliver them. The efficiency indicators for WorkCover WA are focused on financial resources and provide a per unit cost.

There are three efficiency indicators chosen for each of the two services, Scheme Regulation and Scheme Services. These indicators measure the overall costs of delivering the core services for regulation of scheme participants and conciliation and arbitration services.

Allocation of agency costs

The present KPI costing model was first introduced for the 2011-12 reporting year. To ensure accurate allocations of costs to the KPIs across the Agency, a review of Agency cost mapping and associated activities is undertaken every two years.

The review conducted in April 2013 identified changes to the mapping of activities within the Conciliation and Arbitration Services Division which took effect from 1 July 2013.

Budget figures used in the costing model for 2014/15 are consistent with the approved budget.

**Overheads**

WorkCover WA uses a cost allocation model to determine overheads and to allocate costs across the Agency’s four divisions and six efficiency KPIs.

Direct costs for each activity are allocated to individual cost centres within the relevant business units in the first instance. Indirect costs (overheads) that can easily be attributed to Full Time Equivalent (FTE) positions, such as payroll tax, superannuation, workers compensation and employee entitlements are allocated across all Agency cost centres on an FTE basis. Other overheads, such as rates, water, electricity and depreciation of buildings have been allocated according to the floor space specifically allocated to an area.

In order to account for all Agency costs, expenditure from cost centres that are not attributed directly to a KPI is allocated across all KPIs on an FTE basis.

**Exempted expenditure**

Certain expenditure and revenue in relation to the payment and subsequent recovery of workers compensation claims are not incorporated into the KPI calculation data. This is due to the nature of these transactions and the fact that WorkCover WA has no control over the number or amount of claims lodged in accordance with the Act, which if included, would unduly skew key KPI data (for 2014/15 this represents seven per cent of the total expenditure).

Exempted expenditure has decreased from the prior year due to a decrease in the valuation of future workers compensation claims liabilities.

**Service 1: Scheme Regulation (regulation of Workers' Compensation Scheme participants for compliance with legislative requirements)**

As part of its responsibilities in administering the Act, WorkCover WA has responsibility to ensure the efficient and effective operation of the workers’ compensation scheme by monitoring compliance of employers, insurers and others participating in or affected by the scheme.

The KPIs listed below measure the costs of providing these activities.

**Indicator 1.1**

#### Average cost per employer compliance activity

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.1 | 2010/11  Actual | 2011/12  Actual | 2012/13 Actual | 2013/14 Actual | **2014/15**  ****Actual**** | 2014/15  Target |
| Average cost per employer compliance activity | $281 | $235 | $265 | $198 | $255 | $257 |

**Description**

Under the Act, WorkCover WA has responsibility for ensuring that every employer obtains from an approved insurance office, and keeps current, a policy of insurance for the full amount of any liability to pay compensation under the Act to any worker employed (section 160(1)). Employers have other obligations relating to insurer notifications (section 57A (2)) and regular payments to injured workers (section 57A (7)).

The Act has 34 penalty provisions relating to employers’ obligations. Following notification of a possible breach, an investigation/prosecution may result.

Each employer compliance activity is recorded by team members directly into the purpose built Regulatory Services Management System (RSMS) which was commissioned on 1 December 2012. The total number of employer compliance activities for 2014/15 has been extracted directly from this system.

This indicator demonstrates the average cost per employer compliance activity and is measured by dividing the full costs of the Compliance Section plus one third of the Regulatory Services Executive and the determined WorkCover WA overhead allocation by the total number of employer compliance activities.

The target for this indicator was determined using the full year approved budget figures for the compliance activity (including allocated overheads) divided by the estimated full year total number of compliance activity units.

**Analysis**

**The average cost per employer compliance activity for 2014/15 is $255. This is a very minor variation of 0.8 of a percentage point reduction on the predicted target of $257 and a similar outcome for years prior to 2013/14 (all within 10 per cent variance).**

**The variance in performance from 2013/14 (28.8 per cent) is primarily due to significant compliance activity in 2013/14 targeted at reducing a large number of outstanding expired policy cases. This significantly increased the number of compliance activities recorded for 2013/14 and in turn contributed to the reduced average cost per activity for that year. Reduced costs for this KPI in 2013/14 due to vacancies within the compliance business unit also contributed to the unusually low cost outcome in 2013/14.**

Figure 4. The graph below shows the cost trend over the past five years.

**Indicator 1.2**

#### Average cost per approved and monitored service provider

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.2 | **2010/11** **Actual** | 2011/12  **Actual** | **2012/13 Actual** | 2013/14 Actual | 2014/15 Actual | 2014/15  Target |
| Average cost per approved and monitored service provider | $2,942 | $3,087 | $2,871 | $3,047 | $3,250 | $3,309 |

**Description**

WorkCover WA is responsible for reviewing the performance of approved participants in the workers’ compensation scheme, and whether performance standards prescribed by legislation or developed by WorkCover WA are being met.

Service providers’ performance is monitored against established standards which can include performance criteria relating to legislative compliance, codes of conduct, codes of practice and guidelines.

Through its standards and monitoring activities, WorkCover WA approves and/or monitors the performance of the following service providers: insurers, self-insurers, workplace rehabilitation providers, Approved Medical Specialists (AMS), audiologists/ audiometric officers and registered agents.

This indicator demonstrates the average cost per approved and monitored service provider and is measured by dividing the full costs of the Standards and Monitoring Section, plus one third of the Regulatory Services Executive and the determined WorkCover WA overhead allocation, by the total number of approved and monitored service providers.

All information relevant to the approved and monitored service providers is captured in RSMS as the single data source. Reports to provide the data for this indicator are produced directly from RSMS which has been built to support business needs in the Regulatory Services Division (RS).

The total cost of monitoring services operational activity for the reference period is provided by the Cost Allocation Model.

The target for this indicator was determined by dividing the approved budget for these activities (including allocated overheads) by the estimated total number of approved and monitored service providers.

**Analysis**

The average cost per approved and monitored service provider for 2014/15 is $3,250. This is a minor reduction (1.8 per cent) on the target of $3,309 and a 6.7 per cent increase on the 2013/14 result of $3,047.

Whilst the number of service providers has remained relatively constant over time, the result of this KPI in 2013/14 was affected by a long term vacancy that contributed towards the reduced cost outcome for that year.

Figure 5. The graph below shows the cost trend over the past five years

**Indicator 1.3**

**Average cost per client contact to provide information and advice**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator 1.3** | **2010/11 Actual** | **2011/12****Actual** | **2012/13 Actual** | **2013/14 Actual** | **2014/15 Actual** | **2014/15 Target** |
| Average cost per client contact to provide information and advice | $126 | $133 | $120 | $120 | $120 | $113 |

**Description**

WorkCover WA has responsibility under the Act to promote awareness and disseminate information about the workers’ compensation scheme [s100 (h)].

This indicator demonstrates the average cost of providing information and advice in relation to all aspects of the scheme.

All written advice notifications and verbal consultations are recorded in WorkCover WA’s Contact Manager system. This includes all in-person enquiries, appointments, and written enquiries. Inward telephone calls made to the Agency Advisory Line (1300 794 744) are captured by the NEC phone system. The total number of matters conducted is then extracted directly from the respective systems and compiled into a monthly activity report. Other enquiries such as Ministerial correspondence is recorded in the Ministerial tracking system and included in this monthly activity report.

The target for this indicator was determined by dividing the approved budget for this activity (including allocated overheads) by the estimated total number of written advice notifications prepared and verbal consultations conducted for the year. The estimated number of activities was based on a small increase on the overall expected activity for 2013/14 and is consistent with the increase in activity between previous years.

**Analysis**

The average cost per client contact to provide information and advice for 2014/15 is $120. This is equal to the outcome for the past two years (both 2013/14 and 2012/13) and a 6.2 per cent increase on the target of $113.

The Advice and Assistance Unit responds to more than 22,000 requests per annum. The estimated number of responses used to determine the 2014/15 target was calculated by applying a point seven per cent increase on the prior year in line with previous trends however this increase was not realised. The actual number of requests for advice and assistance throughout the year is down by 1,717 (5.6 per cent) from 2013/14 mostly due to a reduction in telephone enquiries. This variance could be attributed to the new WorkCover WA website which was launched on 8 October 2014. The new website offers a user friendly structure and increased search capabilities, enabling users to locate pertinent information more easily.

Figure 6. The graph below shows the cost trend over the past five years

**Service 2: Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants)**

During 2011 WorkCover WA made significant amendments to the Act. These amendments established new conciliation and arbitration services within WorkCover WA, which commenced operation on 1 December 2011.

Activity is only reported for the period since 1 December 2011, when the new dispute resolution services commenced operation.

Due to the significant differences between the old and new dispute resolution systems it is not possible to provide comparative data for previous years beyond 2011/12 for the following two KPIs 2.1 and 2.2.

Whilst the process for completing Memoranda of Agreement is consistent with that used in previous years, the significant changes to the dispute resolution system and changes in the cost allocation model within which it sits does not lend itself to providing comparisons with previous years beyond 2011/12 for indicator 2.3.

**Indicator 2.1**

**Average cost to complete a conciliation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator 2.1** | **2011/12 Actual** | **2012/13** **Actual** | **2013/14 Actual** | **2014/15** **Actual** | **2014/15** **Target** |
| Average cost to complete a conciliation | $2,412 | $2,579 | $2,268 | $1,966 | $2,023 |

**Description**

This KPI measures the average cost to complete a conciliation application. It is measured by dividing the full costs of providing the conciliation process, including the determined WorkCover WA overhead allocation, by the total number of conciliations completed.

All applications for conciliation are recorded in the Dispute Case Management System (DCMS) as are dates completed. ‘Completed’ is measured as the date that a Conciliation Officer records a Certificate of Outcome at the end of a conciliation process. A report showing the number of cases completed is produced directly from DCMS.

The target for this indicator was determined by dividing the approved budget for this activity (including allocated overheads) by the estimated total number of conciliations completed for the year. The estimated number of conciliations is based on the 2013/14 estimated actual and current trends which indicate a steady increase in conciliation activity.

The provision of comparative data from previous years for KPI 2.1 cannot be provided beyond 2011/12 due to the considerable differences in the previous and new dispute resolution systems.

**Analysis**

The average cost to complete a conciliation for 2014/15 is $1,966. This is 2.8 per cent lower than the projected target of $2,023 and a 13.3 per cent reduction on the 2013/14 result of $2,268.

The number of conciliations completed for the period is slightly lower (2.5 per cent) than expected however consistent with predictions is significantly (18.0 per cent) higher than those completed in 2013/14.

The average cost of providing this service continues to reduce as the Agency strives to meet increasing demand with existing resources.

Figure 7. The graph below shows the cost trend over the past four years.

**Indicator 2.2**

**Average cost to complete an arbitration**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator 2.2 (new from 2011/12)** | **2011/12 Actual** | **2012/13 Actual** | **2013/14 Actual** | **2014/15 Target** | **2014/15 Target** |
| Average cost to complete an arbitration | $13,803 | $13,014 | $11,153 | $10,042 | $8,611 |

**Description**

This KPI measures the average cost to complete an arbitration application. It is measured by dividing the full costs of providing the arbitration process, including the determined WorkCover WA overhead allocation, by the total number of arbitrations completed.

All arbitration applications are recorded in DCMS, including the dates the matters are finalised. ‘Finalised’ can mean that a matter is discontinued or that finalising orders are issued by an Arbitrator.

The target for this indicator is determined by dividing the approved budget for this activity (including allocated overheads) by the estimated total number of arbitrations completed for the year. The estimated number of arbitrations is based on the previous year’s estimated actual and a growing trend of increased activity throughout 2013/14.

The provision of comparative data from previous years for KPI 2.2 cannot be provided beyond 2011/12 due to the considerable differences in the previous and new dispute resolution systems.

**Analysis**

The average cost to complete an arbitration for 2014/15 is $10,042.This is 16.6 per cent more than the target of $8,611 and a reduction of 10.0 per cent on the cost in 2013/14 of $11,153.

The variance to target is predominantly attributed to an over estimation of the number of arbitrations that would be completed for the year. The target arbitrations figure of 550 was based on the number of arbitrations completed for 2013/14 and ongoing trends on the increasing number of disputes being lodged. The actual number of arbitrations completed was 482 a 12.4 per cent decrease on the predicted number.

The 10.0 per cent reduction in the cost per arbitration from the previous year is directly attributed to the increase in the number of arbitrations being completed.

The ongoing reduction in the average cost of providing this service indicates the efficiencies being realised through the continued employment of sessional arbitrators.

Figure 8. The graph below shows the cost trend over the past four years

**Indicator 2.3**

**Average cost to process a Memorandum of Agreement**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator 2.3  (new from 2011/12)** | **2011/12 Actual** | **2012/13 Actual** | **2013/14 Actual** | **2014/15** **Actual** | **2014/15 Target** |
| Average cost to process a Memorandum of Agreement | $381 | $373 | $389 | $342 | $401 |

**Description**

Subject to the provisions of section 76 of the Act,WorkCover WA is responsiblefor registering Memoranda of Agreement (MoAs), where parties agree to settle a claim in the workers’ compensation scheme, either through redemption of weekly entitlements and medical expenses, and/or through an assessment of a worker’s impairment.

Registering MoAs involves an assessment of the accuracy of the documentation provided by the parties, as well as compliance with the Act.

Each MoA registered is recorded in the Memoranda of Agreements database which forms part of DCMS. The number of MoAs registered within the reference period is then extracted directly from this system via the MoA Registered Report.

The denominator used to derive the target for this KPI was set based on the previous year’s estimated actual and the continued increase in the number of MoAs being presented.

The processing of MoAs has been undertaken in previous years. However, due to significant changes in the dispute resolution system on 1 December 2011, and changes in the cost allocation model, it is not feasible to provide comparisons with previous years beyond 2011/12 for this indicator.

**Analysis**

The average cost to process a Memorandum of Agreement (MoA) for 2013/14 is $342. This is a 14.7 per cent reduction on the expected target and a 12.1 per cent reduction on the previous year.

The variance to the target and the previous year is mostly due to an under spend as a result of some unfilled positions through vacancies and long term leave.

The average cost of providing this service has reduced in 2014/15 due to the Agency being able to maintain the level of service provided with reduced resources.

Figure 9. The graph below shows the cost trend over the past four years



Section 7: Financial Statements and Notes

Financial Statements

Certification of Financial Statements

The accompanying financial statements of WorkCover Western Australia Authority have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2015 and the financial position as at 30 June 2015.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Greg Joyce  
Chairman  
WorkCover WA  
28 August 2015

Michelle Reynolds, CEO WorkCover WA Signature 


Michelle Reynolds  
Chief Executive Officer  
WorkCover WA  
28 August 2015

  
  
John Hull  
Chief Finance Officer  
WorkCover Western Australia Authority  
28 August 2015

Independent Audit Opinion

**To the Parliament of Western Australia**

**WORKCOVER WESTERN AUSTRALIA AUTHORITY**

**Report on the Financial Statements**

I have audited the accounts and financial statements of the WorkCover Western Australia Authority.

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Authority’s Responsibility for the Financial Statements

The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer’s Instructions, and for such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the WorkCover Western Australia Authority at 30 June 2015 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer’s Instructions.

**Report on Controls**

I have audited the controls exercised by the WorkCover Western Australia Authority during the year ended 30 June 2015.

Controls exercised by the WorkCover Western Australia Authority are those policies and procedures established by the Authority to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Authority’s Responsibility for Controls

The Authority is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006* and the Treasurer’s Instructions, and other relevant written law.

Auditor’s Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the WorkCover Western Australia Authority based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Authority complies with the legislative provisions. The procedures selected depend on the auditor’s judgement an d include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the WorkCover Western Australia Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2015.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2015.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Authority’s Responsibility for the Key Performance Indicators

The Authority is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer’s Instructions and for such controls as the Authority determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor’s Responsibility

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the WorkCover Western Australia Authority are relevant and appropriate to assist users to assess the Authority’s performance and fairly represent indicated performance for the year ended 30 June 2015.

**Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor’s report relates to the ­financial statements and key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2015 included on the Authority’s website. The Authority’s management is responsible for the integrity of the Authority’s website. This audit does not provide assurance on the integrity of the Authority’s website. The auditor’s report refers only to the ­financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
28 August 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | 2015 | 2014 |
| **Income**  Revenue |  | $000 | $000 |
| Insurer contributions  Interest revenue | 7 | 21,491  2,763 | 21,509  2,427 |
| Other revenue | 8 | 1,104 | 780 |
| Employers' Indemnity Supplementation Fund | 9 | 9,496 | 10,005 |
| **Total Revenue** |  | 34,854 | 34,721 |
| Gains  Decrease in claims liability | 27,30 | 4,425 | - |
| Total Gains |  | **4,425** | - |
| **Total Income** |  | **39,279** | **34,721** |
| **Expenses**  Expenses  Employee benefits expense | 12 | 13,959 | 14,052 |
| Supplies and services | 13 | 3,315 | 2,908 |
| Depreciation and amortisation expense | 14 | 1,058 | 884 |
| Accommodation expenses | 15 | 674 | 587 |
| Claims expense | 10 | 1,263 | 7,840 |
| Loss on disposal of non-current assets | 11 | 12 | 30 |
| Other expenses | 16 | 1,285 | 1,486 |
| **Total Expenses** |  | **21,566** | **27,787** |
| Profit before grants and subsidies from State Government |  | 17,713 | 6,934 |
| Services received free of charge | 17 | 211 | 230 |
| **Profit for the period** |  | **17,924** | **7,164** |
| **Other comprehensive income**  Items not reclassified subsequently to profit or loss |  |  |  |
| Remeasurements of defined benefit liability | 27 | (405) | (267) |
| Changes in asset revaluation surplus | 28 | (2,665) | 190 |
| Total other comprehensive income |  | (3,070) | (77) |
| **Total comprehensive income for the period** |  | **14,854** | **7,087** |

See also note 43 ‘Schedule of Income and Expenses by Service’.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | 2015  $000 | 2014  $000 |
| **Assets**  Current Assets |  |  |  |
| Cash and cash equivalents | 18 | 9,704 | 8,917 |
| Restricted cash and cash equivalents | 19 | 82,678 | 72,607 |
| Receivables | 20 | 1,081 | 1,233 |
| Other financial assets | 21 | 13,424 | 9,908 |
| **Total Current Assets** |  | **106,887** | **92,665** |
| Non-Current Assets |  |  |  |
| Property, plant, equipment & vehicles | 22 | 20,761 | 23,506 |
| Intangible assets | 24 | 2,834 | 3,173 |
| **Total Non-Current Assets** |  | 23,595 | 26,679 |
| **Total Assets** |  | **130,482** | **119,344** |
| **Liabilities**  Current Liabilities |  |  |  |
| Payables | 26 | 1,238 | 863 |
| Provisions | 27 | 6,918 | 6,303 |
| **Total Current Liabilities** |  | **8,156** | **7,166** |
| Non-current Liabilities |  |  |  |
| Provisions | 27 | 29,610 | 34,316 |
| **Total Non-Current Liabilities** |  | 29,610 | 34,316 |
| **Total Liabilities** |  | 37,766 | 41,482 |
| Net Assets |  | 92,716 | 77,862 |
| **Equity** | 28 |  |  |
| Reserves |  | 17,500 | 20,165 |
| Retained earnings |  | 75,216 | 57,697 |
| **Total Equity** |  | **92,716** | **77,862** |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | Reserves | Retained earnings | Total equity |
|  |  | $000 | $000 | $000 |
| Balance at 1 July 2013 | 28 | 19,975 | 50,800 | 70,775 |
| Profit |  | - | 7,164 | 7,164 |
| Other comprehensive income |  | 190 | (267) | (77) |
| **Total comprehensive income for the period** |  | 190 | 6,897 | 7,087 |
|  |  |  |  |  |
| **Balance at 30 June 2014** |  | **20,165** | **57,697** | **77,862** |
|  |  |  |  |  |
| Balance at 1 July 2014 |  | 20,165 | 57,697 | 77,862 |
| Profit |  | - | 17,924 | 17,924 |
| Other comprehensive income |  | (2,665) | (405) | (3,070) |
| **Total comprehensive income for the period** |  | **(2,665)** | **17,519** | **14,854** |
|  |  |  |  |  |
| **Balance at 30 June 2015** |  | **17,500** | **75,216** | **92,716** |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | 2015 | 2014 |
|  |  | $000 | $000 |
| **Cash Flows From Operating Activities** |  |  |  |
| Receipts |  |  |  |
| Supplementation Fund receipts |  | 9,496 | 10,005 |
| Insurer contributions |  | 21,493 | 21,509 |
| Provision of services |  | 9 | 10 |
| Interest received |  | 2,725 | 2,444 |
| GST receipts on sales |  | 69 | 74 |
| GST receipts from taxation authority |  | 370 | 417 |
| Other receipts |  | 1,282 | 536 |
| Payments |  |  |  |
| Workers' Compensation claim payments |  | (852) | (798) |
| Employee benefits |  | (14,701) | (14,831) |
| Supplies and services |  | (2,827) | (2,991) |
| Accommodation |  | (677) | (618) |
| GST payments on purchases |  | (471) | (501) |
| Other payments |  | (891) | (620) |
| **Net cash provided by operating activities** | 29 | **15,025** | **14,636** |
| **Cash Flows From Investing Activities** |  |  |  |
| Receipts |  |  |  |
| Proceeds from sale of non-current physical assets | 11 | 63 | 53 |
| Payments |  |  |  |
| Purchase of non-current physical assets |  | (714) | (1,272) |
| Purchase of investments |  | (3,516) | (4,571) |
| **Net cash used in investing activities** |  | **(4,176)** | **(5,790)** |
| **Net increase in cash and cash equivalents** |  | **10,858** | **8,846** |
|  |  |  |  |
| Cash and cash equivalents at the beginning of the period |  | 81,524 | 72,678 |
| **Cash and cash equivalent at the end of the period** | 29 | 92,382 | 81,524 |

The statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Australian Accounting Standards

**General**

The Authority’s financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term

‘Australian Accounting Standards’ includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Authority has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

**Early adoption of standards**

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. There has been no early adoption of any Australian Accounting Standards issued or amended (but not operative) by the Authority for the annual reporting period ended 30 June 2015.

1. Summary of significant accounting policies

**(a) General statement**

The Authority is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

*The* Financial Management Act 2006and the Treasurer's instructionsimpose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

**(b) Basis of preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($’000).

Note 4 ‘Judgements made by management in applying accounting policies’ discloses judgements that have been made in the process of applying the Authority’s accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 5 ‘Key sources of estimation uncertainty’ discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(c) Reporting entity**

The reporting entity comprises WorkCover Western Australia Authority.

The financial statements represent transactions of the Workers’ Compensation and Injury Management General Account established under Section 106 of the Workers' Compensation and Injury Management Act 1981, and the Supplementation Fund established under Section 5 of the Employers' Indemnity Supplementation Fund Act 1980.

Trust Accounts under Section 110 of the Workers’ Compensation and Injury Management Act 1981 are administered independently of the General Account and Supplementation Fund. See note 38 ‘Workers’ Compensation & Injury Management Trust Account’ for transactions relating to the Trust Account.

**(d) Income**

**Revenue recognition**

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

***Insurer contributions and supplementation fund levies***

Revenue is recognised when the amount becomes due and payable.

***Provision of services***

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

***Grants, donations, gifts and other non-reciprocal contributions***

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

***Recoveries from uninsured employers***

Revenue is recognised on receipt of the recovered monies.

**Interest**

Revenue is recognised as the interest accrues.

**Gains**

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non- current assets.

The effect of an actuarial assessed decrease in the outstanding claims liability is included in the Statement of Comprehensive Income as a Gain. Refer to Provisions  
– Employers’ Indemnity Supplementation Fund and General Account.

**(e) Property, plant and equipment and vehicles**

**Capitalisation/expensing of assets**

Items of property, plant and equipment and vehicles costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and vehicles costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

**Initial recognition and measurement**

Property, plant and equipment and vehicles are initially recognised at cost.

For items of property, plant and equipment and vehicles acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

**Subsequent measurement**

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset’s fair value at the end of the reporting period.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

**Derecognition**

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

**Asset revaluation surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

**Depreciation**

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates that are reviewed annually. Estimated useful lives for each class of depreciable asset are:

|  |  |
| --- | --- |
| Buildings | 25 years |
| Plant and equipment | 5 to 15 years |
| Information technology - Hardware | 3 to 5 years |
| Information technology - Software (a) | 3 to 10 years |
| Motor vehicles | 6 to 7 years |

(a) Software that is integral to the operation of related hardware

Land is not depreciated.

**(f) Intangible assets**

**Capitalisation/expensing of assets**

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Authority have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

|  |  |
| --- | --- |
| Licences | up to 10 years |
| Software (a) | 3 to 10 years |

(a) Software that is not integral to the operation of any related hardware

**Licences**

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

**Computer software**

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

**(g) Impairment of assets**

Property, plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Authority is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset’s fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset’s depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset’s future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

**(h) Leases**

The Authority has not entered into any finance lease arrangements. The Authority has not entered into any operating lease arrangements.

**(i) Financial instruments**

In addition to cash, the Authority has three categories of financial instrument:

* Loans and receivables;
* Held-to-maturity investments (term deposits); and
* Financial liabilities measured at amortised cost.

These financial instruments have been disaggregated in the following classes:

***Financial Assets***

* Cash and cash equivalents
* Restricted cash and cash equivalents
* Receivables
* Term deposits

***Financial Liabilities***

* Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

**(j) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short- term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(k) Accrued Salaries**

Accrued salaries (refer to note 26 ‘Payables’) represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

**(l) Receivables**

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

**(m) Investments and other financial assets**

Other financial assets (refer to note 21) represents the cash investments by the Authority.

The Authority maintains cash balances to meet general operational costs throughout the year, the future settlement of existing liabilities and asset replacements. The cash balances are invested into term deposits that range from 90 days to 365 days.

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

**(n) Payables**

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

**(o) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and

a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

**Provisions – employee benefits**

All annual leave and long service leave provisions are in respect of employees’ services up to the end of the reporting period.

***Annual leave***

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be ‘other long term employee benefits’. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

***Long service leave***

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre- conditional and conditional long service leave provisions are classified as non- current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

***Superannuation***

The Government Employees Superannuation Board (GESB) and other funds providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund provider. The Authority makes contributions to GESB or other funds providers on behalf of employees in compliance with the Commonwealth Government’s *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Authority’s liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole- of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Authority to GESB extinguishes the agency’s obligations to the related superannuation liability.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided at the end of the reporting period. The liabilities under these schemes have been calculated separately for each scheme annually by PricewaterhouseCoopers Actuaries using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**Provisions – other**

***Employment on-costs***

Employment on-costs, including workers’ compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of ‘Other expenses’ and are not included as part of the Authority’s ‘Employee benefits expense’. The related liability is included in ‘Employment on-costs provision’.

**Provisions – Employers’ Indemnity Supplementation Fund and General Account**

***Liability for future claims***

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date, with an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims, such as claims administration costs. The expected future payments are discounted to present value using a risk free rate.

The effect of an actuarial assessed increase in the outstanding claims liability or changes in the discount rate are included in the ‘Statement of Comprehensive Income’ under ‘Claims expense’. The effect of an actuarial assessed decrease in the outstanding claims liability is included in the ‘Statement of Comprehensive Income’ under ‘Gains’.

**(p) Superannuation expense**

Superannuation expense is recognised in the Statement of Comprehensive Income in profit or loss for defined contribution plans, including the concurrent payment of employer contributions to the GSS scheme, as and when the contributions fall due.

For defined benefit plans (the Pension Scheme and the pre-transfer component of the GSS), changes in the defined benefit obligation are recognised in the Statement of Comprehensive Income either in profit or loss, or, other comprehensive income as follows:

***Profit or loss:***

* current service cost;
* past service cost; and
* interest cost.

***other comprehensive income:***

* actuarial gains and losses.

**(q) Comparative figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**(r) Assets and services received free of charge or for nominal cost**

Assets or services received free of charge or for nominal cost, that the Authority would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

**(s) Provision for uninsured claims pursuant to Section 174**

Provision is made to meet payments required under Section 174 of the Workers’ Compensation and Injury Management Act 1981 where Conciliation and Arbitration Services has made an order and the worker has not received the compensation due from the General Account at the end of the reporting period.

**(t) Provision for Employers’ Indemnity Supplementation Fund (EISF)**

The EISF was established by the Employers' Indemnity Supplementation Fund Act 1980 (the Act) to provide for payment of workers' compensation claims in Western Australia. Provision is made to meet the claim costs in the event an approved insurer collapses and to waterfront workers suffering from asbestos related diseases under the Waterfront Workers' (Compensation for Asbestos Related Diseases) Act.

1. Segment information

In accordance with AASB 8 and TI 1101, the Authority has provided summary information at note 43 for each of the Authority’s services inclusive of the General and Supplementation Fund.

1. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Authority evaluates these judgements regularly.

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial report include:

1. The Authority uses the services of an actuary for the purpose of determining the liability for workers’ compensation claims for asbestos and non-asbestos claims for the General Account and Supplementation Fund.
2. The Authority has adopted a policy of obtaining actuarial assessment of employee entitlements.
3. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

***Long Service Leave***

Several estimations and assumptions used in calculating the Authority’s long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

***Defined benefit superannuation plans***

In determining the Authority’s ultimate cost of its defined superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 27 ‘Provisions’.

***Assessment of Supplementation Fund and General Account future claims liability***

The Authority’s risk in relation to outstanding claims liability arising from future claims liability in respect to the Supplementation Fund and General Account has been determined by actuarial assessment. The principal actuarial assumptions used are disclosed in note 27 ‘Provisions’.

1. Disclosure of changes in accounting policy and estimates

**Initial application of an Australian Accounting Standard**

The Authority has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2014 that impacted on the Authority.

|  |  |
| --- | --- |
| Int 21 | ***Levies***  This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Authority at reporting date. |
| AASB 10 | ***Consolidated Financial Statements***  This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.  The adoption of the new Standard has no financial impact for the Authority as it does not impact accounting for related bodies and the Authority has no interests in other entities. |
| AASB 11 | ***Joint Arrangements***  This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.  There is no financial impact for the Authority as the new standard continues to require the recognition of the Authority’s share of assets and share of liabilities for the unincorporated joint operation. |
| AASB 12 | ***Disclosure of Interests in Other Entities***  This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. There is no financial impact. |
| AASB 127 | ***Separate Financial Statements***  This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact. |
| AASB 128 | ***Investments in Associates and Joint Ventures***  This Standard supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest. The adoption of the new Standard has no financial impact for the Authority as it does not hold investments in associates and joint ventures*.* |
| AASB 1031 | ***Materiality***  This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact*.* |
| AASB 1055 | ***Budgetary Reporting***  This standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Authority has determined that it is not required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts. There is no financial impact. |
| AASB 2011-7 | ***Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121,124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]***  This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. There is no financial impact for the Authority. |
| AASB 2012-3 | ***Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]***  This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact*.* |
| AASB 2013-3 | ***Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets***  This Standard introduces editorial and disclosure changes. There is no financial impact. |
| AASB 2013-4 | ***Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]***  This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Authority does not routinely enter into derivatives or hedges, therefore there is no financial impact. |
| AASB 2013-8 | ***Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]***  The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor’s relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10. |
| AASB 2013-9 | ***Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments***  Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact. |
| AASB 2014-1 | ***Amendments to Australian Accounting Standards***  Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Authority.  *Part B of this Standard has no financial impact as the Authority contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.*  *Part C of this Standard has no financial impact as it removes references to AASB 1031 Materiality from a number of Accounting Standards.* |

**Future Impact of Australian Accounting Standards not yet operative**

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date.

|  |  |  |
| --- | --- | --- |
| **Title** |  | **Operative for reporting periods beginning on/after** |
| AASB 9 | ***Financial Instruments***  This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.  The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 Amendments to Australian Accounting  Standards. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2018 |
| AASB 15 | ***Revenue from Contracts with Customers***  This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2017 |
| AASB 2010-7 | ***Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]***  This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.  The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2018 |
| AASB 2013-9 | ***Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial***  Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Authority has not yet determined the application or the potential impact of AASB 9. | 1 Jan 2015 |
| AASB 2014-1 | ***Amendments to Australian Accounting Standards***  Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard. | 1 Jan 2015 |
| AASB 2014-3 | ***Consolidated Financial Statements Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]***  The Authority does not establish Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard***.*** | 1 Jan 2016 |
| AASB 2014-4 | ***Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]***  The adoption of this Standard has no financial impact for the Authority as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits. | 1 Jan 2016 |
| AASB 2014-5 | ***Amendments to Australian Accounting Standards arising from AASB 15***  This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2017 |
| AASB 2014-7 | ***Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)***  This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2018 |
| AASB 2014-8 | ***Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]***  This Standard makes amendments to AASB 9 *Financial Instruments* (December 2009) and AASB 9 *Financial Instruments* (December 2010), arising from the issuance of AASB 9 *Financial Instruments* in December 2014. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2015 |
| AASB 2014-9 | ***Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]***  This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2016 |
| AASB 2014-10 | ***Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]***  This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Authority has not yet determined the application or the potential impact of theStandard. | 1 Jan 2016 |
| AASB 2015-1 | ***Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]***  These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Authority has not yet determined the application or the potential impact of the Standard. | 1 Jan 2016 |
| AASB 2015-2 | ***Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]***  This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact***.*** | 1 Jan 2016 |
| AASB 2015-3 | ***Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality***  This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact. | 1 Jul 2015 |
| AASB 2015-6 | ***Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]***  The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact***.*** | 1 Jan 2016 |
| AASB 2015-7 | ***Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities***  This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact. | 1 Jul 2015 |

1. Interest revenue

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| General Account | 620 | 577 |
| Employers’ Indemnity Supplementation Account (see note 30) | 2,143 | 1,850 |
|  | **2,763** | **2,427** |

1. Other revenue

|  |  |  |
| --- | --- | --- |
| ***General Account*** |  |  |
| Recoveries from uninsured employers | 155 | 61 |
| Other(a) | 949 | 719 |
|  | **1,104** | **780** |

(a) Other is mainly comprised of fines, infringements, avoided premiums and contribution from Executive Vehicle Scheme.

1. Employers’ Indemnity Supplementation Fund

|  |  |  |
| --- | --- | --- |
| Surcharge(i) | 2 | 12 |
| Recovery(ii) | 9,494 | 9,993 |
|  | **9,496** | **10,005** |

(i) Represents funds collected from the Supplementation Fund Levy

(ii) Dividends received from the liquidation of HIH, CIC and FAI Insurance

1. Claims Expenses

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| Workers’ compensation claims – Employers’ Indemnity Supplementation Fund (see note 27 & 30) | 802 | 5,469 |
| Uninsured claims – General Fund (see note 27) | 461 | 2,371 |
|  | **1,263** | **7,840** |

1. Net gain/(loss) on disposal of non-current assets

|  |  |  |
| --- | --- | --- |
| *Proceeds from Disposal of Non-Current Assets* |  |  |
| Vehicles | 63 | 53 |
|  | **63** | **53** |
| *Costs of Disposal of Non-Current Assets* |  |  |
| Equipment | (6) | (9) |
| IT hardware | - | (16) |
| Vehicles | (69) | (58) |
|  | **(75)** | **(83)** |
| **Net loss** | **(12)** | **(30)** |

1. Employee benefits experience

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| Wages and salaries(a) | 12,514 | 12,644 |
| Superannuation - defined contribution plans(b) | 1,253 | 1,209 |
| Superannuation - defined benefit plans (see note 27 'Provisions') | 192 | 199 |
|  | **13,959** | **14,052** |

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and leave entitlements, including the superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

Employment on-costs such as workers’ compensation insurance are included at note 16 ‘Other expenses’. The employment on-costs liability is included at note 27 *‘Provisions’*.

1. Supplies and services

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| Communications | 144 | 146 |
| Consultants and contractors | 2,169 | 1,848 |
| Consumables | 747 | 658 |
| Insurance | 43 | 39 |
| Training | 144 | 143 |
| Travel | 22 | 21 |
| Other | 46 | 53 |
|  | **3,315** | **2,908** |

1. Depreciation and amortisation expense

|  |  |  |
| --- | --- | --- |
| ***Depreciation*** |  |  |
| Plant, equipment and vehicles | 222 | 191 |
| Buildings | 377 | 332 |
| **Total depreciation** | **599** | **523** |

|  |  |  |
| --- | --- | --- |
| ***Amortisation*** |  |  |
| Intangible assets | 459 | 361 |
| Total amortisation | 459 | 361 |
| **Total depreciation and amortisation** | **1,058** | **884** |

1. Accommodation expenses

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| Outgoings | 296 | 192 |
| Repairs and maintenance | 213 | 190 |
| Other | 165 | 205 |
|  | **674** | **587** |

1. Other expenses

|  |  |  |  |
| --- | --- | --- | --- |
| ***General Account*** |  | |  |
| Joint initiative with WorkSafe | 5 | | 253 |
| Employment on-costs(a) | 734 | | 725 |
| Seminars | 13 | | 10 |
| Doubtful debts expense | 75 | | 60 |
| Sitting fees | 84 | | 82 |
| Staff wellness programs | 61 | | 60 |
| Audit Fees | 187 | | 194 |
| Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims | 55 | | 33 |
| Other | 31 | | 25 |
| ***Employers’ Indemnity Supplementation Fund (see note 30)*** | |  |  |
| Administration fee paid to Insurance Commission of WA | 40 | | 44 |
|  | **1,285** | | **1,486** |

(a) Includes workers’ compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 27 ‘Provisions’. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

1. Services received free of charge

|  |  |  |
| --- | --- | --- |
| Services received free of charge from the State Solicitor’s Office | 211 | 230 |
|  | **211** | **230** |

1. Cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| Bank accounts | 2,684 | 1,522 |
| Cash on hand | 1 | 1 |
| Term deposits(a) | 7,019 | 7,394 |
|  | **9,704** | **8,917** |

(a) Term deposits are held in order to fund payments as they become due and payable. The term deposits range from 30 days to 3 months.

1. Restricted cash and cash equivalents

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| **Current** *Employers’ Indemnity Supplementation Fund (see note 30)* |  |  |
| Cash balance at Treasury | 82,660 | 72,594 |
| *Commonwealth Funding – Indian Ocean Territories (Christmas & Cocos-Keeling Islands)*  The Commonwealth Government provides funding in accordance with the Service Delivery Arrangement. Under the arrangement the Authority provides a range of workers' compensation related services. |  |  |
| Unspent funds for Indian Ocean Territories | 15 | 1 |
| *Commonwealth Funding – Paid Parental Leave Scheme* |  |  |
| Cash held | 3 | 12 |
|  | **82,678** | **72,607** |

1. Receivables

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| **Current** *General Account* |  |  |
| Receivables | 48 | 231 |
| Fines and penalties | 536 | 548 |
| Allowance for impairment of receivables | (212) | (185) |
| Accrued interest | 122 | 87 |
| GST receivable | 44 | 16 |
|  | **538** | **697** |
| *Employers’ Indemnity Supplementation Fund (see note 30)* |  |  |
| Accrued interest | 505 | 502 |
| GST receivable | 38 | 34 |
|  | 543 | 536 |
| Total current | **1,081** | **1,233** |
| **Non-current** *General Account* |  |  |
| Receivables | 418 | 418 |
| Allowance for impairment of receivables | (418) | (418) |
| **Total non-current** | - | - |
| **Total receivables** | **1,081** | **1,233** |

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| *Reconciliation of changes in allowance for impairment of receivables* |  |  |
| Balance at start of period | 185 | 144 |
| Doubtful debts expense | 75 | 60 |
| Amounts written off during the period | (48) | (19) |
| Balance at end of period | **212** | **185** |

The Authority does not hold any collateral as security or other credit enhancements relating to receivables.

1. Other financial assets

|  |  |  |
| --- | --- | --- |
| **Current** *At Cost:* |  |  |
| Term deposits(a) | 13,424 | 9,908 |
|  | **13,424** | **9,908** |

(a) The term deposits range from 90 days to 365 days.

1. Property, plant, equipment and vehicles

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| *Land* |  |  |
| At fair value(a) | 15,400 | 15,700 |
|  | **15,400** | **15,700** |
| *Buildings* |  |  |
| At fair value(a) | 3,600 | 6,100 |
| Accumulated depreciation | - | - |
|  | **3,600** | **6,100** |
| *Plant, equipment & vehicles* |  |  |
| At cost | 2,666 | 2,533 |
| Accumulated depreciation | (927) | (827) |
|  | 1,739 | 1,706 |
| Work in Progress |  |  |
| At cost | 22 | - |
|  | **22** | - |
|  | **20,761** | **23,506** |

(a) Land and buildings were revalued as at 30 June 2015 by the Western Australian Land Information Authority. The property was inspected on 17 June 2015. The fair value of all land and buildings have been determined by reference to recent market transactions.

**Reconciliations**

Reconciliations of carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out in the table below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Land** | **Buildings** | **Work in Progress** | **Plant, equipment and vehicles** | **Total** |
|  | **$000** | **$000** | **$000** | **$000** | **$000** |
| *2015* |  |  |  |  |  |
| Carrying amount at start of period | 15,700 | 6,100 | - | 1,706 | 23,506 |
| Additions | - | 243 | 22 | 330 | 595 |
| Transfers (a) | - | - | - | - | - |
| Disposals | - | - | - | (75) | (75) |
| Revaluation increments / (decrements) | (300) | (2,365) | - | - | (2,665) |
| Depreciation | - | (378) | - | (222) | (600) |
| **Carrying amount at end of period** | **15,400** | **3,600** | **22** | **1,739** | **20,761** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Land** | **Buildings** | **Work in Progress** | **Plant, equipment and vehicles** | **Total** |
|  | **$000** | **$000** | **$000** | **$000** | **$000** |
| *2014* |  |  |  |  |  |
| Carrying amount at start of period | 16,500 | 6,500 | 551 | 482 | 24,033 |
| Additions | - | - | - | 409 | 409 |
| Transfers(a) | - | (1,058) | (551) | 1,089 | (520) |
| Disposals | - | - | - | (83) | (83) |
| Revaluation increments/(decrements) | (800) | 990 | - | - | 190 |
| Depreciation | - | (332) | - | (191) | (523) |
| **Carrying amount at end of period** | **15,700** | **6,100** | **-** | **1,706** | **23,506** |

(a) Transfers represent the completion of intangible asset projects previously recognised in Work in Progress. In addition, $1.058 million of fitouts were reclassified from buildings to plant, equipment and vehicles.

1. Fair value measurements

Assets measured at fair value

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Level 1** | **Level 2** | **Level 3** | **Fair value at end of period** |
|  | **$000** | **$000** | **$000** | **$000** |
| *2015* |  |  |  |  |
| Land (Note 22) | - | 15,400 | - | 15,400 |
| Buildings (Note 22) | - | 3,600 | - | 3,600 |
|  | **-** | **19,000** | **-** | **19,000** |
| *2014* |  |  |  |  |
| Land (Note 22) | **-** | 15,700 | - | 15,700 |
| Buildings (Note 22) | **-** | 6,100 | - | 6,100 |
|  | **-** | **21,800** | **-** | **21,800** |

There were no transfers between Levels 1, 2 or 3 during the current and the previous periods.

**Valuation techniques to derive Level 2 fair values**

Level 2 fair values of Land and Buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

**Valuation Processes**

There were no changes in valuation techniques during the period.

1. Intangible assets

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| *Licenses* |  |  |
| At cost | 170 | 119 |
| Accumulated amortisation | (64) | (44) |
|  | **106** | **75** |
| Computer Software |  |  |
| At cost | 3,828 | 3,761 |
| Accumulated amortisation | (1,100) | (663) |
|  | **2,728** | **3,098** |
|  | **2,834** | **3,173** |
| **Reconciliations:** |  |  |
| *Licenses* |  |  |
| Carrying amount at start of period | 75 | 91 |
| Additions | 52 | - |
| Amortisation expense | (21) | (16) |
| Carrying amount at end of period | 106 | 75 |
| *Computer software* |  |  |
| Carrying amount at start of period | 3,098 | 2,060 |
| Additions | 67 | 1,383 |
| Amortisation expense | (437) | (345) |
| **Carrying amount at end of period** | **2,728** | **3,098** |

1. Impairment of assets

There were no indications of impairment to property, plant and equipment or intangible assets as at 30 June 2015.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2015 have either been classified as assets held for sale or written-off.

1. Payables

|  |  |  |
| --- | --- | --- |
|  | **2015** | **2014** |
|  | **$000** | **$000** |
| **Current** *General Account* |  |  |
| Trade payables | 134 | 75 |
| Accrued expenses | 405 | 260 |
| Accrued salaries | 503 | 379 |
| Other payables | 124 | 27 |
| *Employers’ Indemnity Supplementation Fund (see Note 30)* |  |  |
| Claim payments | 72 | 122 |
|  | **1,238** | **863** |

1. Provisions

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | | **2014** |
|  | **$000** | | **$000** |
| **Current General Account** *Employee benefits provision* |  | |  |
| Annual leave(a) | 471 | | 573 |
| Long service leave(b) | 2,257 | | 2,001 |
| Superannuation(d) | 524 | | 483 |
|  | **3,252** | | **3,057** |
|  |  | |  |
| *Uninsured Workers(e)* | 1,750 | | 1,189 |
|  | **1,750** | | **1,189** |
| *Other provisions* |  | |  |
| Employment on-costs(c) | 163 | | 153 |
|  | **163** | | **153** |
| *Employers’ Indemnity Supplementation Fund (see note 30)* | |  |  |
| Liability for estimated future claim payments | 1,753 | | 1,904 |
|  | **1,753** | | **1,904** |
| **Total current provisions** | **6,918** | | **6,303** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | | **2014** |
|  | **$000** | | **$000** |
| **Non-current General Account** *Employee benefits provision* |  | |  |
| Long service leave(b) | 627 | | 732 |
| Superannuation(d) | 5,375 | | 5,134 |
|  | **6,002** | | **5,866** |
|  |  | |  |
| Uninsured Workers(e) | 7,322 | | 9,036 |
|  | 7,322 | | 9,036 |
| *Other provisions* |  | |  |
| Employment on-costs(c) | 37 | | 44 |
|  | **37** | | **44** |
| *Employers’ Indemnity Supplementation Fund (see note 30)* | |  |  |
| Liability for future claim payments | 16,249 | | 19,370 |
|  | **16,249** | | **19,370** |
|  |  | |  |
| **Total non-current provisions** | **29,610** | | **34,316** |

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  |  |  |
| --- | --- | --- |
| Within 12 months of the end of the reporting period | 427 | 490 |
| More than 12 months after the end of the reporting period | 44 | 83 |
|  | **471** | **573** |

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  |  |  |
| --- | --- | --- |
| Within 12 months of the end of the reporting period | 781 | 970 |
| More than 12 months after the end of the reporting period | 2,103 | 1,763 |
|  | **2,884** | **2,733** |

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers’ compensation insurance and payroll tax. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 16 ‘Other expenses’.

(d) Defined benefit superannuation plans

Movements in the present value of the defined benefit obligation in the reporting period were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Pension Scheme | | | |  | Pre-transfer benefit – Gold State Superannuation Scheme | |  |
|  | 2015 $000 | | | 2014 $000 | | 2015 $000 | 2014 $000 | |
| Liability at start of period | 5,155 | | | 4,998 | | 461 | 483 | |
| **Included in profit or loss:** | |  | |  | |  |  | |
| Current service cost | - | | | - | | - | - | |
| Past service cost | - | | | - | | - | - | |
| Interest cost | 175 | | | 184 | | 16 | 18 | |
|  | **175** | | | **184** | | **16** | **18** | |
| **Included in Other Comprehensive Income: Remeasurements loss (gain) recognised:** *Actuarial losses/(gains) arising from:* | | |  |  | |  |  | |
| Demographic assumptions | - | | | - | | - | - | |
| Financial assumptions | 326 | | | 187 | | (2) | 2 | |
| Experience adjustments | 57 | | | 90 | | 24 | (12) | |
|  | **383** | | | **277** | | **22** | **(10)** | |
| *Contributions:* |  | | |  | |  |  | |
| Benefits paid | (313) | | | (304) | | - | (30) | |
|  | **(313)** | | | **(304)** | | **-** | **(30)** | |
|  |  | | |  | |  |  | |
| **Liability at end of period** | **5,400** | | | **5,155** | | **499** | **461** | |

The Authority holds no plan assets, therefore the present value of the defined benefit obligation equals the net defined benefit liability. Employer contributions, to the Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS, equal the benefits paid.

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Pension Scheme | | |  | Pre-transfer benefit – Gold State Superannuation Scheme | |  |
|  | 2015 | | 2014 | | 2015 | 2014 | |
| Discount rate | 3.00% | | 3.50% | | 3.00% | 3.50% | |
| Pension increases | 2.50% | | 2.50% | |  |  | |
| Future salary increases | 3.5% for the first year, 3% for the next 3 years, and 4.5% thereafter | | N/A | | 3.5% for the first year, 3% for the next 3 years, and 4.5% thereafter | 4.1% for the first 4 years and 4.5% thereafter | |
| Average longevity at retirement age (65) for current pensioners (years) | |  |  | |  |  | |
| Male | 22.90 | | 22.80 | | N/A | N/A | |
| Female | 25.50 | | 25.40 | | N/A | N/A | |
| Average longevity at retirement age (65) for current employees (years) | |  |  | |  |  | |
| Male | 22.90 | | 22.80 | | N/A | N/A | |
| Female | 25.40 | | 25.40 | | N/A | N/A | |

At 30 June 2015, the weighted-average duration of the defined benefit obligation was 13 years for Pension Scheme (2014:13 years) and 5 years for Gold State Superannuation Scheme (2014: 6 years).

The Pension Scheme and the pre-transfer benefit for the GSS expose the Authority to actuarial risks, such as salary risk, longevity risk and interest rate risk. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, holding all other assumptions constant.

**Defined Benefit Obligation**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Pension Scheme | |  | Pre-transfer benefit – Gold State Superannuation Scheme | |  |
|  | 2015 Increase $000 | 2014 Decrease $000 | | 2015 Increase $000 | 2014 Decrease $000 | |
| Discount rate (1% movement) | (620) | 767 | | (27) | 29 | |
| Future salary growth (1% movement) | N/A | N/A | | 27 | (25) | |
| Pension increases (1% movement) | 762 | (628) | | N/A | N/A | |
| Future longevity (1 year movement) | 267 | (225) | | N/A | N/A | |

**Employer funding arrangements for the defined benefit plans**

The Pension Scheme and the pre-transfer benefit for the GSS in respect of individual plan participants are settled by the Authority on their retirement. Funding requirements are based on invoices provided to the Authority by GESB that represent the cost of benefits paid to members during the reporting period.

Employer contributions of $292k (2014:$286k) are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of $309k (2014: $304k) are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

**Movements in other provisions**

Movements in each class of provisions during the reporting period, other than employee benefits, are set out below.

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| *Employers’ Indemnity Supplementation Fund* Liability for estimated future claim payments |  |  |
| Carrying amount at start of period | 21,274 | 16,724 |
| Additional increase/(decrease) in provisions recognised | (2,945) | 5,041 |
| Unwinding of the discount | 467 | 412 |
| Payments/other sacrifices of economic benefits | (794) | (903) |
| **Carrying amount at end of period** | **18,002** | **21,274** |
| *Uninsured claims* |  |  |
| Carrying amount at start of period | 10,225 | 8,074 |
| Additional increase in provisions recognised | (912) | 2,264 |
| Unwinding of the discount | 247 | 201 |
| Payments/other sacrifices of economic benefits | (488) | (314) |
| **Carrying amount at end of period** | **9,072** | **10,225** |
| *Employment on-costs provision* |  |  |
| Carrying amount at start of period | 197 | 191 |
| Additional provisions recognised | 91 | 94 |
| Payments/other sacrifices of economic benefits | (93) | (93) |
| **Carrying at end of period** | **200** | **197** |

(e) Uninsured Workers

Part of the General Account's obligations are for the provision of workers' compensation benefits to injured employees whose current or former employer has failed to maintain compulsory workers' compensation insurance or if the former employer no longer exists and cannot be found and therefore the insurer is unknown.

The actuarial assessed valuation includes both asbestos related diseases (ARD) and non-asbestos related diseases (non-ARD). The approach adopted is to analyse the claim and financial data for the General Account and make projections of future claim payments based on actuarial assumptions, knowledge and experience of similar portfolios.

**(ARD) Actuarial methods and assumptions**

As most of the asbestos-related disease liability is for future lodgement of latent claims, projected future claim notifications are combined with average claim sizes and the assumed payment patterns 'to produce':

(a) total projected cost of claims for each future year;  
(b) claim payments; and  
(c) gross and net provisions.

The future lodgement patterns are calibrated to closely follow recent claim experience and the future patterns use the research of Professor Berry (University of Sydney) combined with actuarial's research and examination of the reports of the Institute of Actuaries of Australia Asbestos Taskforce and the independent advice to the James Hardie Special Commission of Inquiry.

***Average weighted term to settlement***

The average term to settlement is calculated separately by class of business based on historic payment patterns.

***Future claim lodgements***

Future claim lodgements are calculated from the recent lodgement experience and calibrated according to the relevant research studies on latency claims.

***Average claim size***

Average claim size is based on current actuarial research taking the WA mining experience into account.

*Assumptions*

**Uninsured workers:  
Asbestos-Related Claims (ARD)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015** | | **2014** | | |
| Inflation Rate | 3.75% for 2016 and later | | 4.50% for 2015 and later | | |
| Discount Rate | 2016 | 2.00% | | 2015 | 2.50% |
|  | 2017 | 2.00% | | 2016 | 2.60% |
|  | 2018 | 2.20% | | 2017 | 3.00% |
|  | 2019 | 2.60% | | 2018 | 3.40% |
|  | 2020 | 3.10% | | 2019 | 3.70% |
|  | 2021 | 3.60% | | 2020 | 4.00% |
|  | 2022 | 3.80% | | 2021 | 4.20% |
|  | 2023 | 3.90% | | 2022 | 4.30% |
|  | 2024 | 4.00% | | 2023 | 4.40% |
|  | 2025 | 4.10% | | 2024 | 4.50% |
|  | 2026 | 4.20% | | 2025 | 4.60% |
|  | 2027 | 4.30% | | 2026 | 4.70% |
|  | 2028 | 4.30% | | 2027 | 4.80% |
|  | 2029 | 4.40% | | 2028 | 4.90% |
|  | 2030 | 4.40% | | 2029 | 5.00% |
|  | 2031 onwards | 4.50% | | 2030 onwards | 5.00% |
| Claims Management Expenses | 10.5% for claim payments | | 10.5% for claim payments | | |
| Superimposed Inflation | 2.50% | | 2.00% | | |
| Risk Margin | 20.4% risk margin at the 75% sufficiency level | | 20.4% risk margin at the 75% sufficiency level | | |

*Expense rate*

Claims handling expenses are based on the current arrangements in place with ICWA for claims management of the General Account.

*Discount rates*

Discount rates are derived as the one-year forward rates implied by the Commonwealth Government yield curve as at the balance date.

*Inflation rates*

Economic inflation assumptions have been set by reference to current economic indicators.

*Superimposed inflation*

Superimposed inflation being the real increase after adjusting for normal inflation, usually due to non- economic effects e.g. changes in legislation, court settlement precedents. The superimposed inflation rates assumed considered both the portfolio's own real cost increases and industry superimposed inflation trends.

In addition to the above assumptions the following allowances have been made for the Act changes promulgated on 1 October 2011.

The following increases in the average claim size for the removal of age limits:

* 8% increase for claimants aged under 65 year olds; and
* 40% increase for claimants aged over 65. This has decreased from 15% for claimants under 65 and 75% for claimants over 65. It has been adjusted for the portion of the claims experience after the 2011 Amendment Act was implemented which already implicitly allows for the Act change.
* 70% of ARD claims will be lodged as common law claims, with an average claim size 406% greater than the statutory average claim size.
* 2.6% increase in the ARD average claim size to allow for common law claims made by employed contractors. This has reduced from 4.97% last year as the average includes a proportion of experience after the 2011 Amendment Act.
* 13% increase in the number of claims lodged due to behavioural change and the availability of common law access for the General Account. This has reduced from 22% last year as the average includes a proportion of experience after the 2011 Amendment Act.

**(Non -ARD) Actuarial methods and assumptions**

Claims estimates for the workers' compensation business are derived from an analysis of several different actuarial models. Ultimate number of claims incurred are projected based on past reporting patterns. Payments experience is analysed based on average paid per claim incurred, average paid per claim finalised, projected case estimates and Bornheutter Ferguson. Historic case estimates development is also used to form a model of future payments. The resulting projected payments from these models are analysed along with benchmarks for average claim size and ratio to case estimates and other statistics, in order to determine the final estimate of outstanding claims.

Claims inflation is built into the resulting projected payments, to allow for both general economic inflation and superimposed inflation detected in the modelling of payment experience. Superimposed inflation arises from non-economic factors such as developments of legal precedent and changes in claimant behaviour.

Projected payments are discounted to allow for the time value of money.

*Average weighted term to settlement*

The average term to settlement is calculated separately by class of business based on historic payment patterns.

*Future claim reports (IBNR)*

Future claim reports are analysed using the ratio of late reported claims to reported claims over future development periods.

*Average claim size*

Average claim size is a benchmark being the outcome of the accident year blend of actuarial methods described above.

*Assumptions*

**Uninsured workers:  
Non Asbestos-Related Claims (Non-ARD)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015** | | **2014** | | |
| Inflation Rate | 3.75% for 2016 and later | | 4.50% for 2015 and later | | |
| Discount Rate | 2016 | 2.00% | | 2015 | 2.50% |
|  | 2017 | 2.00% | | 2016 | 2.60% |
|  | 2018 | 2.20% | | 2017 | 3.00% |
|  | 2019 | 2.60% | | 2018 | 3.40% |
|  | 2020 | 3.10% | | 2019 | 3.70% |
|  | 2021 | 3.60% | | 2020 | 4.00% |
|  | 2022 | 3.80% | | 2021 | 4.20% |
|  | 2023 | 3.90% | | 2022 | 4.30% |
|  | 2024 | 4.00% | | 2023 | 4.40% |
|  | 2025 | 4.10% | | 2024 | 4.50% |
|  | 2026 | 4.20% | | 2025 | 4.60% |
|  | 2027 | 4.30% | | 2026 | 4.70% |
|  | 2028 | 4.30% | | 2027 | 4.80% |
|  | 2029 | 4.40% | | 2028 | 4.90% |
|  | 2030 | 4.40% | | 2029 | 5.00% |
|  | 2031 onwards | 4.50% | | 2030 onwards | 5.00% |
| Claims Management Expenses | 10.5% for claim payments | | 10.5% for claim payments | | |
| Superimposed Inflation | 2.5% for PPCI and PPCF methods | | 2.5% for PPCI and PPCF methods | | |
| Risk Margin | 16.76% risk margin at the 75% sufficiency level | | 16.76% risk margin at the 75% sufficiency level | | |

*Expense rate*

Claims handling expenses were calculated by analysis of General Account actual expenses from the Statement of Comprehensive Income over the last 12 months.

*Discount rates*

Discount rates are derived as the one-year forward rates implied by the Commonwealth Government yield curve as at the balance date.

*Inflation rates*

Economic inflation assumptions have been set by reference to current economic indicators.

*Superimposed inflation*

Superimposed inflation being the real increase after adjusting for normal inflation, usually due to non- economic effects e.g. changes in legislation, court settlement precedents. The superimposed inflation rates assumed considered both the portfolio's own real cost increases and industry superimposed inflation trends.

*Sufficiency Margin*

The inherent uncertainty in the estimated claim liability means that there is a range of possible outcomes.

An analysis of the variation of the expected results lead to adoption of a 30% co-efficient of variation and the lognormal distribution. This distribution is then used to calculate the risk margin required to increase the level of sufficiency of the central estimate from 50% to 75%.

In addition to the above assumptions we have included the following prospective allowances for claims incurred from 1 October 2011 due to the 2011 Amendment Act:

* 0.73% increase in the non-ARD average claim size for the removal of age limits. This has decreased from 1.81% last year as the adopted assumptions are usually based on five years of data and three years are after the 2011 Amendment Act so include this Allowance implicitly;
* 5% of non-ARD claims will be lodged as common law claims, with an average claim size $0.6 million in 30 June 2015 values. This year we have applied to 5% only to claims lodged in the past year or future claims reported. A claimant has to elect to pursue common law damages or apply for an extension within 12 months of a claim being lodged. Therefore no claims lodged prior to 30 June 2014 are eligible to pursue common law damages anymore. This is the same method as last year. The average claim size from the December 2011 report is indexed by three years’ wage inflation and superimposed inflation; and
* 0% allowance for common law claims made by employed contractors as it is assumed to be fully allowed for in the experience.

1. Equity

The Western Australian Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

|  |  |  |
| --- | --- | --- |
|  | 2015 $000 | 2014 $000 |
| **Reserves** *Asset revaluation surplus* |  |  |
| Balance at start of period | 20,165 | 19,975 |
| *Net revaluation increment/(decrements):* |  |  |
| Land | (300) | (800) |
| Buildings | (2,365) | 990 |
| Balance at end of period | **17,500** | **20,165** |
| Retained earnings |  |  |
| Balance at start of period | 57,697 | 50,800 |
| Result for the period | 17,519 | 6,897 |
| Balance at end of period | **75,216** | **57,697** |
| Total equity at end of period | **92,716** | **77,862** |

1. Notes to the Statement of Cash Flows

**Reconciliation of cash**

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

|  |  |  |
| --- | --- | --- |
|  | 2015 $000 | 2014 $000 |
| Cash and cash equivalents | 9,704 | 8,917 |
| Restricted cash and cash equivalents (note 19 ‘Restricted cash and cash equivalents’) | 82,678 | 72,607 |
|  | **92,382** | **81,524** |

**Reconciliation of profit after income tax equivalent to net cash flows provided by/(used in) operating activities**

|  |  |  |
| --- | --- | --- |
| Profit after income tax equivalents | 17,924 | 7,164 |
| *Non-cash items:* |  |  |
| Depreciation and amortisation expense | 1,058 | 884 |
| Net (gain)/loss on sale of property, plant and equipment | 12 | 30 |
| Remeasurements of defined benefit liability | (405) | (267) |
| *Decrease/(increase) in assets:* |  |  |
| Current receivables | 184 | (143) |
| *Increase/(decrease) in liabilities:* |  |  |
| Current payables(a) | 375 | 49 |
| Current provisions | 615 | 937 |
| Non-current provisions | (4,706) | 5,992 |
| Net GST receipts/(payments)(b) | (32) | (10) |
| Change in GST receivables/(payables)(c) | - | - |
| **Net cash provided by operating activities** | **15,025** | **14,636** |

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non- current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

1. Employers’ Indemnity Supplementation Fund (EISF)

The EISF was established by the *Employers' Indemnity Supplementation Fund Act 1980* (the Act) to provide for payment of workers' compensation claims in Western Australia:

* in the event an approved insurer collapses; and
* to waterfront workers suffering from asbestos related diseases under the *Waterfront Workers’ (Compensation for Asbestos Related Diseases) Act.*

The most recent insurer collapse was HIH Insurance, which was officially placed into provisional liquidation on 15 March 2001. All claims up to and including that date are required to be paid from the EISF.

The Authority’s claim costs for the EISF (including HIH Insurance) are actuarially assessed each financial year and the values disclosed in the financial statements. The actuarial estimates are based on inflated and discounted values including a 75% prudential margin. The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the company, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be directly associated with individual claims such as legal and other professional fees, and costs that can only be indirectly associated with individual claims such as claims administration costs.

**EISF Act Liabilities**

The outstanding liabilities for claims in run-off (including clients of the HIH Insurance Group) are assessed by an independent actuary using models applicable to the nature of the incident by which the liability under the fund has been incurred. Claims under the EISF Act are assessed under the categories of Asbestos-Related Claims (which includes incidents of mesothelioma, lung cancer and other diseases of the respiratory system) and Non Asbestos- Related Claims.

**Workers' Compensation - Asbestos-Related Claims**

Asbestos-Related Claims are assessed using actuarial models based on those developed by Professor Geoffrey Berry utilising ICGF data. The models predict the total number of claims likely to emerge over time and also determine likely average cost per claim(1).

**Workers’ Compensation - Non Asbestos-Related Claims**

The majority of these claims are long tail in nature and the actuarial models rely heavily on the case estimates placed on each claim to determine the total outstanding liabilities.

**Actuarial Assumptions**

The following tables provide key actuarial assumptions made in determining the outstanding claims liabilities:

**EISF Act: Asbestos-Related Claims**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015** | | **2014** | | |
| Inflation Rate | 3.75% for 2016 and later | | 4.50% for 2015 and later | | |
| Discount Rate | 2016 | 2.00% | | 2015 | 2.50% |
|  | 2017 | 2.00% | | 2016 | 2.60% |
|  | 2018 | 2.20% | | 2017 | 3.00% |
|  | 2019 | 2.60% | | 2018 | 3.40% |
|  | 2020 | 3.10% | | 2019 | 3.70% |
|  | 2021 | 3.60% | | 2020 | 4.00% |
|  | 2022 | 3.80% | | 2021 | 4.20% |
|  | 2023 | 3.90% | | 2022 | 4.30% |
|  | 2024 | 4.00% | | 2023 | 4.40% |
|  | 2025 | 4.10% | | 2024 | 4.50% |
|  | 2026 | 4.20% | | 2025 | 4.60% |
|  | 2027 | 4.30% | | 2026 | 4.70% |
|  | 2028 | 4.32% | | 2027 | 4.80% |
|  | 2029 | 4.40% | | 2028 | 4.90% |
|  | 2030 onwards | 4.50% | | 2029 onwards | 5.00% |
| Claims Management Expenses | 10.5% for claim payments except for HIH Insurance which is 0% | | 10.5% for claim payments except for HIH Insurance which is 0% | | |
| Superimposed Inflation | 2.00% | | 2.00% | | |
| Risk Margin | 20.4% risk margin at the 75% sufficiency level | | 20.4% risk margin at the 75% sufficiency level | | |

The following increases in the average claim size for the removal of age limits as detailed:

* 8% increase for claimants aged under 65 year olds; and
* 40% increase for claimants aged over 65.

This has decreased from 15% for claimants under 65 and 75% for claimants over 65 as it has been adjusted for the portion of the claims experience that is after the 2011 Amendment Act was implemented so already implicitly allows for the Act change.

**EISF Act: Non-Asbestos-Related Claims**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015** | | **2014** | | |
| Inflation Rate | 3.75% for 2016 and later | | 4.50% for 2015 and later | | |
| Discount Rate | 2016 | 2.00% | | 2015 | 2.50% |
|  | 2017 | 2.00% | | 2016 | 2.60% |
|  | 2018 | 2.20% | | 2017 | 3.00% |
|  | 2019 | 2.60% | | 2018 | 3.40% |
|  | 2020 | 3.10% | | 2019 | 3.70% |
|  | 2021 | 3.60% | | 2020 | 4.00% |
|  | 2022 | 3.80% | | 2021 | 4.20% |
|  | 2023 | 3.90% | | 2022 | 4.30% |
|  | 2024 | 4.00% | | 2023 | 4.40% |
|  | 2025 | 4.10% | | 2024 | 4.50% |
|  | 2026 | 4.20% | | 2025 | 4.60% |
|  | 2027 | 4.30% | | 2026 | 4.70% |
|  | 2028 | 4.30% | | 2027 | 4.80% |
|  | 2029 | 4.40% | | 2028 | 4.90% |
|  | 2030 onwards | 4.50% | | 2029 onwards | 5.00% |
| Claims Management Expenses | 10.5% for claim payments except for HIH Insurance which is 0% | | 10.5% for claim payments except for HIH Insurance which is 0% | | |
| Superimposed Inflation | 2.00% | | 2.00% | | |
| Risk Margin | 16.76% risk margin at the 75% sufficiency level | | 16.76% risk margin at the 75% sufficiency level | | |

(1) Prediction of mesothelioma, lung cancer, and asbestosis in former Wittenoom asbestos workers, British Journal of Industrial Medicine; 48 793-802.

The EISF non-ARD valuation no longer includes an explicit allowance for the 2011 Amendment Act. This is because the average claim size uses an average of 2014 and 2015 lodgement years. The removal of age limits is assumed to be fully incorporated into the experience therefore no explicit allowance is required. Last year there was an increase of 37% in the average claim size to allow for the removal of age limits resulting from the 2011 Amendment Act.

The actuarial estimates from June 2001 are as follows:

|  |  |
| --- | --- |
| **Year** | **$’000** |
| 2001 | 122,312 |
| 2002 | 49,923 |
| 2003 | 31,717 |
| 2004 | 24,090 |
| 2005 | 23,421 |
| 2006 | 17,239 |
| 2007 | 15,883 |
| 2008 | 16,647 |
| 2009 | 29,419 |
| 2010 | 23,866 |
| 2011 | 20,871 |
| 2012 | 18,526 |
| 2013 | 16,724 |
| 2014 | 21,274 |
| 2015 | 18,002 |

The actuarial estimates from 2001 to 2005 provide for current known asbestos related claims.

From 2005 the actuarial assessment makes allowance for current known asbestos related claims and for claims incurred but not reported claims. Prior to 2007 the estimates did not include provision for Non-HIH liabilities.

In accordance with Accounting Standard *AASB 1023 General Insurance Contracts* the outstanding claims liability at 30 June 2015 was assessed at $18.002 million and a provision for this amount has been included in the financial statements (see note 27).

The actuary's assessment of outstanding claims liability does not recognise that money may be recovered from HIH's liquidator.

For the purpose of addressing the outstanding claims liability, a surcharge was imposed on employers' insurance policies on previous years. From the 25 June 2008 the surcharge was discontinued. The revenue collected previously from the surcharge will be used to pay this liability.

1. Commitments

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2015 $000 | | 2014 $000 |
| **Other expenditure commitments** Other expenditure commitments including consultants and contracts for service at the end of the reporting period but not recognised as liabilities, are payable as follows: | |  |  |
| Within 1 year | 523 | | 175 |
|  | **523** | | **175** |

1. Contingent liabilities and contingent assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2015 $000 | | 2014 $000 |
| **Contingent Liabilities** At 30 June 2015 there was a ongoing common law workers compensation claim in progress relating to a negligent employer whose insurer declined indemnity. The Act provides for the WorkCover WA General Account to meet the cost of any payment due to the worker if the liable employer cannot pay. Whilst a final settlement value is unknown, WorkCover WA's insurance excess liability has been provided for in the uninsured claims provision. | |  |  |
|  | - | | - |
|  | **-** | | **-** |
|  | 2015 $000 | | 2014 $000 |
| **Contingent Assets** There were no contingent assets in existence at 30 June 2015 and up to the date of this report. | |  |  |
|  | - | | - |
|  | **-** | | **-** |

1. Events occurring after the end of the reporting period

There were no known events occurring after the end of the reporting period and up to the date of this report.

1. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled ‘Statement of Comprehensive Income' are shown below. Significant variations are considered to be those greater than10% and $200,000.

**Significant variances between estimate and actual for 2015**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2015 Actual $000 | 2015 Estimate $000 | Variance $000 |
| *Income* |  |  |  |
| Interest revenue | 2,763 | 2,512 | 251 |
| Other revenue | 1,104 | 571 | 533 |
| Employers’ Indemnity Supplementation Fund | 9,496 | - | 9,496 |
| *Expenses* |  |  |  |
| Employee benefits expenses | 13,959 | 15,079 | (1,120) |
| Claims expense | 1,263 | 1,800 | (537) |
| Other expenses | 1,285 | 1,623 | (338) |

**Interest revenue**

The variance reflects higher interest earned from a larger cash investment base due to budget savings and recoveries from HIH liquidation.

**Other revenue**

The variance is mainly due to higher than expected recoveries from uninsured claims, as well as fines and penalties issued to businesses for failing to have adequate workers compensation insurance. Other revenue also includes unbudgeted registration monies for the Injury Management Conference 2015.

**Employers' Indemnity Supplementation Fund**

The variance represents unbudgeted recoveries received from the administrator of HIH.

**Employee benefits expenses**

The variance mainly reflects a number of vacant positions that remained unfilled at various stages throughout the year.

**Claims expense**

The variance is due to lower than expected claims received during the year, combined with a decrease in the actuarially assessed claims liability in the Uninsured and Employer's Indemnity Supplementation Fund.

**Other expenses**

The variance is primarily due to lower cost injury management initiatives, including the injury management conference and GP educational programs as well as a reduction in employment oncosts.

**Significant variances between actual results for 2014 and 2015**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2015 $000 | 2014 $000 | Variance $000 |
| *Income* |  |  |  |
| Interest revenue | 2,763 | 2,427 | 336 |
| Other revenue | 1,104 | 780 | 324 |
| Employers’ Indemnity Supplementation Fund | 9,496 | 10,005 | (509) |
| Decrease in claims liability | 4,425 | - | 4,425 |
| *Expenses* |  |  |  |
| Supplies and services | 3,315 | 2,908 | 407 |
| Claims expense | 1,263 | 7,840 | (6,577) |
| Other expenses | 1,285 | 1,486 | (201) |

**Interest revenue**

The variance reflects higher interest earned from a larger cash investment base due to budget savings and recoveries from HIH liquidation.

**Other revenue**

The variance is mainly due to higher than expected recoveries from uninsured claims, as well as fines and penalties issued to businesses for failing to have adequate workers compensation insurance. Other revenue also includes unbudgeted registration monies for the Injury Management Conference 2015.

**Employers' Indemnity Supplementation Fund**

The decrease reflects a slight decline in recoveries received from the administrators of HIH in 2014/15 financial year.

**Decrease in claims liability**

The variance is due to lower than expected claims received during the year, combined with a decrease in the actuarially assessed claims liability in the Employer's Indemnity Supplementation Fund.

**Supplies & services**

The increase is primarily due to an increase in disputed workers compensation claims, resulting in additional costs associated with sessional arbitrators.

**Claims expense**

The variance is due to lower than expected claims received during the year, combined with a decrease in the actuarially assessed claims liability in the Uninsured and Employer's Indemnity Supplementation Fund.

**Other expenses**

The variance is primarily due to lower cost injury management initiatives, including the injury management conference and GP educational programs as well as a reduction in employment oncosts.

1. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Authority are cash and cash equivalents, restricted cash and cash equivalents, receivables, held-to-maturity investments and payables. The Authority has limited exposure to financial risks. The Authority’s overall risk management program focuses on managing the risks identified below.

**Credit risk**

Credit risk arises when there is the possibility of the Authority’s receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 35(c) ‘Financial instruments disclosures’ and note 20 ‘Receivables’.

The Authority has policies in place to ensure that services are provided to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority’s exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

**Liquidity risk**

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

**Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority’s income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at note 35(c), the Authority is not exposed to any further interest rate risk. The Authority's exposure to market risk for changes in interest rates relates primarily to the cash at bank and term deposit holdings.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

|  |  |  |
| --- | --- | --- |
|  | 2015 $000 | 2014 $000 |
| *Financial Assets* |  |  |
| Cash and cash equivalents | 9,704 | 8,917 |
| Restricted cash | 82,678 | 72,607 |
| Receivables(i) | 999 | 1,183 |
| Held-to-maturity investments | 13,424 | 9,908 |
| *Financial Liabilities* |  |  |
| Payables | 1,238 | 863 |

(i) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures

**Credit risk**

The following table discloses the Authority’s maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority’s maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

**Aged analysis of financial assets**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | **Past Due But Not Impaired** | | | | | |
| **2015** *Financial Assets* | **Carrying Amount** | **Not past due and not impaired** | **Up to 1 month** | | **1 to 3 months** | **3 to 6 months** | **6 to 12 months** | **More than 1 Year** | **Impaired Financial Assets** |
|  | **$000** | **$000** | **$000** | | **$000** | **$000** | **$000** | **$000** | **$000** |
| Cash and cash equivalents | 9,704 | 9,704 | - | | - | - | - | - | - |
| Restricted cash | 82,678 | 82,678 | - | | - | - | - | - | - |
| Receivables(a) | 999 | 786 | - | | 12 | 53 | - | 148 | - |
| Other financial assets | 13,424 | 13,424 | - | | - | - | - | - | - |
|  | **106,805** | **106,592** | **-** | | **12** | **53** | **-** | **148** | **-** |
| **2014** *Financial Assets* |  |  |  | |  |  |  |  |  |
| Cash and cash equivalents | 8,917 | 8,917 | - | | - | - | - | - | - |
| Restricted cash | 72,607 | 72,607 | - | | - | - | - | - | - |
| Receivables(a) | 1,183 | 818 | 50 | | 125 | 12 | 100 | 78 | - |
| Other financial assets | 9,908 | 9,908 | - | | - | - | - | - | - |
|  | **92,615** | **92,250** | **50** | | **125** | **12** | **100** | **78** | **-** |

(a) The amount of Receivables excludes GST recoverable from the ATO (statutory receivable).

**Liquidity Risk and interest rate exposure**

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

**Interest rate exposure and maturity analysis for financial assets and financial liabilities**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Interest Rate Exposure** | | | | | | | **Maturity Dates** | | | | | |
| **2015** *Financial Assets* | | Weighted Average Effective Interest Rate | Carrying Amount | Variable Interest Rate | Fixed Interest Rate | Non Interest Bearing | Nominal Amount | | Up to 1 Month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | More than 1 Year | |
|  | | % | $000 | $000 | $000 | $000 | $000 | | $000 | $000 | $000 | $000 | $000 | |
| Cash and cash equivalents | | 2.60 | 9704 | 1,953 | 7,750 | 1 | 9,704 | | 6,351 | 3,353 | - | - | - | |
| Restricted cash Receivables(a) | | 2.69 | 82,678 | 82,678 | - | - | 82,678 | | 82,678 | - | - | - | - | |
| Other financial assets | | - | 999 | - | - | 999 | 999 | | 999 | - | - | - | - | |
|  | |  | **106,805** | **84,631** | **21,174** | **1,000** | **106,805** | | **90,028** | **3,353** | **10,870** | **2,554** | **-** | |
| *Financial Liabilities* | |  |  |  |  |  |  | |  |  |  |  |  | |
| Payables | | - | 1,238 | - | - | 1,238 | 1,238 | | 1,238 | - | - | - | - | |
|  | |  | **1,238** | **-** | **-** | **1,238** | **1,238** | | **1,238** | **-** | **-** | **-** | **-** | |
| **2014** *Financial Assets* | | **%** | **$000** | **$000** | **$000** | **$000** | **$000** | | **$000** | **$000** | **$000** | **$000** | **$000** | |
| Cash and cash equivalents | | 3.18 | 8,917 | 878 | 8,038 | 1 | 8,917 | | 3,023 | 5,894 | - | - | - | |
| Restricted cash | | 2.82 | 72,607 | 72,607 | - | - | 72,607 | | 72,607 | - | - | - | - | |
| Receivables(a) | | - | 1,183 | - | - | 1,183 | 1,183 | | 1,183 | - | - | - | - | |
| Other financial assets | | 3.64 | 9,908 | - | 9,908 | - | 9,908 | | - | - | 9,908 | - | - | |
|  | |  | **92,615** | **73,485** | **17,946** | **1,184** | **92,615** | | **76,813** | **5,894** | **9,908** | **-** | **-** | |
|  | |  |  |  |  |  |  | |  |  |  |  |  | |
| *Financial Liabilities* | |  |  |  |  |  |  | |  |  |  |  |  | |
| Payables | | - | 863 | - | - | 863 | 863 | | 863 | - | - | - | - | |
|  | |  | **863** | **-** | **-** | **863** | **863** | | **863** | **-** | **-** | **-** | **-** | |

(a) The amount of Receivables excludes GST recoverable from the ATO (statutory receivable)

**Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Carrying amount** | **-100 basis points** | | **+100 basis points** | |
| **2015** *Financial Assets* | **$000** | **Surplus $000** | **Equity $000** | **Surplus $000** | **Equity $000** |
| Cash and cash equivalents | 1,953 | (19) | (19) | 19 | 19 |
| Restricted cash and cash equivalents | 82,678 | (826) | (826) | 826 | 826 |
| **Total Increase/(Decrease)** |  | **(845)** | **(845)** | **845** | **845** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Carrying amount** | **-100 basis points** | | **+100 basis points** | |
| **2014** *Financial Assets* | **$000** | **Surplus $000** | **Equity $000** | **Surplus $000** | **Equity $000** |
| Cash and cash equivalents | 878 | (8) | (8) | 8 | 8 |
| Restricted cash and cash equivalents | 72,607 | (726) | (726) | 726 | 726 |
| **Total Increase/(Decrease)** |  | **(734)** | **(734)** | **734** | **734** |

**Fair value**

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

1. Remuneration of members of the accountable authority and senior officers

**Remuneration of members of the accountable authority**

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
| $ |  |  |
| 0 – 10,000 | 2 | 2 |
| 10,001 – 20,000 | 3 | 3 |
| 30,001 – 40,000 | 1 | 1 |
|  |  |  |
| Base remuneration and superannuation | 83 | 86 |
| **The total remuneration of members of the accountable authority** | **83** | **86** |

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the accountable authority.

No members of the Accountable Authority are members of the Pension Scheme.

**Remuneration of senior officers**

The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
| $ |  |  |
| 10,001 – 20,000(a) | 1 | - |
| 20,001 – 30,000(a) | 1 | - |
| 50,001 – 60,000(a) | 1 | - |
| 60,001 – 70,000(a) | 1 | - |
| 70,001 – 80,000(a) | - | 1 |
| 80,001 – 90,000(a) | - | 1 |
| 100,001 – 110,000(a) | 1 | 2 |
| 160,001 – 170,000(a) | 1 | - |
| 170,001 – 180,000 | 1 | 2 |
| 180,001 – 190,000 | 1 | - |
| 190,001 – 200,000 | 1 | - |
| 240,001 – 250,000 | - | 1 |
|  | **$000** | **$000** |
| Base remuneration and superannuation | 1,038 | 951 |
| Annual leave and long service leave accruals | (80) | 6 |
| Other benefits | - | 7 |
| **The total remuneration of senior officers** | **958** | **964** |

(a) Five senior officers resided in these remuneration bands due to part-year occupancy and total remuneration being below $160,000.

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pensions Scheme.

1. Remuneration of auditor

Remuneration payable to the Auditor General for the reporting period is as follows:

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| Auditing the accounts, controls, financial statements and key performance indicators | 83 | 82 |
|  | **83** | **82** |

1. Workers’ Compensation & Injury Management Trust Account

The purpose of the Trust Fund is to hold funds paid into the custody of the Authority pursuant to Section 110 of the *Workers' Compensation and Injury Management Act 1981* . These funds are not consolidated as they are funds that are administered on behalf of dependants of deceased workers.

|  |  |  |
| --- | --- | --- |
| *Income* |  |  |
| Amounts paid to the custody of the Authority | 266 | 281 |
| Interest on investments | 25 | 33 |
|  | **291** | **314** |
| *Expenditure* |  |  |
| Payments by the Authority | 366 | 299 |
| Administration fee | 9 | 12 |
|  | **375** | **311** |
|  |  |  |
| Surplus/(Deficit) | (84) | 3 |
| Balance July 1 | 1,086 | 1,083 |
| **Balance June 30** | **1,002** | **1,086** |
| *Balance of funds held represents:* |  |  |
| Cash and cash equivalents | 1,002 | 1,086 |
|  | **1,002** | **1,086** |

1. Supplementary financial information

**Potential Claims Recoveries Written Off**

In relation to the General Account, WorkCover WA may have a statutory obligation to pay a workers' compensation claim. For uninsured claims where the employer has not maintained a workers' compensation insurance policy, or the employer is not able to be identified or located or an employer is in breach of the insurance contract, WorkCover seeks to recover the costs of the claims from the employer.

Potential recoveries receivable are assessed with regard to the ability of the debtors to meet their obligation. These recoveries have not been recognised as income because the amount to be recovered could not be reliably measured and consequently the write-off of these debts have not been charged as an expense in the Statement of Comprehensive Income.

The General Account Uninsured debt write-offs outlined below are net of recoveries received from employers.

In accordance with Section 48(2) of the *Financial Management Act 2006*, potential recoveries were written off from the following fund:

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| *Write-offs* |  |  |
| General account uninsured claims | 138 | 33 |
| Fines and penalties | 48 | 19 |
|  | **186** | **52** |
|  | **2015** | **2014** |
| Number of individual recovery write-offs with values between: |  |  |
| $0 – 100,000 | 4 | 7 |
| $100,001 – 150,000 | 1 | - |
|  | 2015 $000 | 2014 $000 |
| *Losses Through Theft, Defaults And Other Causes* |  |  |
| Losses of public money and public and other property through theft, default, and other causes | - | - |
| Amount recovered | - | - |
|  | **-** | **-** |

1. Related bodies

The Authority does not have related bodies.

1. Affiliated bodies

The Authority does not have affiliated bodies.

1. Indian Ocean Territories

The Commonwealth Government has a Service Delivery Arrangement with the Authority for the provision of services to Indian Ocean Territories (Christmas Island and Cocos-Keeling Island).

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
|  | $000 | $000 |
| Opening balance | (2) | - |
| Funding received from the Commonwealth | 16 | - |
| Revenue received from insurers | 13 | 10 |
|  | **27** | **10** |
| *Payments by Program Area* |  |  |
| Regulatory Services | 4 | 4 |
| Conciliation and Arbitration Services | 5 | 5 |
| Legislation and Scheme Information | 3 | 3 |
|  |  |  |
| **Total Payments** | **12** | **12** |
| **Balance carried forward** | **15** | **(2)** |

1. Schedule of income and expenses by service

|  |  |  |  |
| --- | --- | --- | --- |
|  | Scheme Regulation | Scheme Services | Grand Total |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2015** | **2014** | **2015** | **2014** | **2015** | **2014** |
| *Income* | **$000** | **$000** | **$000** | **$000** | **$000** | **$000** |
| Insurer contributions | 10,086 | 10,075 | 11,405 | 11,434 | 21,491 | 21,509 |
| Interest revenue | 1,297 | 1,137 | 1,466 | 1,290 | 2,763 | 2,427 |
| Other revenue | 518 | 365 | 586 | 415 | 1,104 | 780 |
| Employers’ Indemnity Supplementation Fund | 4,457 | 4,687 | 5,039 | 5,318 | 9,496 | 10,005 |
| Decrease in claims liability | 2,077 | - | 2,348 | - | 4,425 | - |
| **Total Income** | **18,435** | **16,264** | **20,844** | **18,457** | **39,279** | **34,721** |
| *Expenses* |  |  |  |  |  |  |
| Employee benefits expense | 6,551 | 6,582 | 7,408 | 7,470 | 13,959 | 14,052 |
| Supplies and services | 1,556 | 1,362 | 1,759 | 1,546 | 3,315 | 2,908 |
| Depreciation and amortisation expense | 497 | 414 | 561 | 470 | 1,058 | 884 |
| Accommodation expenses | 317 | 275 | 357 | 312 | 674 | 587 |
| Claims expense | 593 | 3,672 | 670 | 4,168 | 1,263 | 7,840 |
| Loss on disposal of non current assets | 6 | 14 | 6 | 16 | 12 | 30 |
| Other expenses | 603 | 696 | 682 | 790 | 1,285 | 1,486 |
| **Total Expenses** | **10,123** | **13,015** | **11,443** | **14,772** | **21,566** | **27,787** |
|  |  |  |  |  |  |  |
| **Profit before grants and subsidies from State Government** | **8,312** | **3,249** | **9,401** | **3,685** | **17,713** | **6,934** |
| Services received free of charges | 99 | 108 | 112 | 122 | 211 | 230 |
| **Profit for the period** | **8,411** | **3,357** | **9,513** | **3,807** | **17,924** | **7,164** |

