



WorkCoverWA



Annual Report 2015/2016

A workers' compensation and injury management scheme that works for all

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Good Governance Guide Checklist
on pages 78-79.

About this report

Welcome to our 2015/16 Annual Report

This report provides a comprehensive account 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 7. For detailed information refer to section(s):

1. Agency in focus » p. 11
2. Scheme performance » p. 34
3. Report on operations » p. 40
4. Opportunities and challenges » p. 61
5. Disclosures and legal compliance » p. 68
6. Key Performance Indicators » p. 87
7. Financial statements and notes » p. 102

This report is consistent with the Public Sector Commission's Western Australian Public Sector Annual Reporting Framework for the 2015/16 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, ensuring printed copies are limited. Every report is subsequently published on the WorkCover WA website www.workcover.wa.gov.au. The report conforms to State Government requirements for accessibility and readability, and can be viewed in PDF format as a whole, in sections or in an accessible Microsoft Word format. Alternative formats are available on request.

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 2016.

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
26 August 2016



Michelle Reynolds
Chief Executive Officer
WorkCover WA
26 August 2016

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



As WorkCover WA embarks on its new 2015–2018 Strategic Plan we know we must have the right culture, systems and processes in place to enable us to deliver the best possible workers' compensation and injury management outcomes for the Western Australian community.

- Michelle Reynolds, CEO WorkCover WA

About us

Our profile

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

Our role includes:

- providing strategic policy advice to Government regarding workers' compensation
- regulating employers and service providers, and monitoring compliance with the *Workers' Compensation and Injury Management Act 1981* (the Act)
- educating workers, employers and others about workers' compensation and injury management
- providing an independent dispute resolution service for workers' compensation issues.

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 about workers' compensation and injury management and return to work practices
- active, responsive and transparent management of the scheme
- focused information, education and compliance activities
- fair and timely dispute resolution
- a strong service focus.

Our vision

A workers' compensation and injury management scheme that works for all.

Our strategic direction

This year marked the commencement of WorkCover WA's *2015–2018 Strategic Plan* (see page 18). The *2015–2018 Strategic Plan* sets out three goals directing WorkCover WA's activities:

Goal 1: Strategic scheme management

We will ensure the sustainability and strong performance of the scheme.

Goal 2: Leadership

We will lead continuous improvement of the scheme.

Goal 3: Agile & innovative organisation

We will strive to ensure WorkCover WA has the right people, culture, systems and processes.

Our values

Service

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

Excellence

- 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

Case Study 1: Living our values

Each year the four staff working on our Advice and Assistance line respond to an average of over 20,000 external requests for information.

Almost all calls come from workers and employers navigating sometimes complex and often unfamiliar workers' compensation and injury management issues. Providing trustworthy, accurate and impartial advice is the defining attribute of the Advice and Assistance Unit's work.

"We never forget that we are dealing with real people experiencing real situations and that every case is different," said Team Leader Linda Paisley.

Listening to our callers and being responsive to their needs allows the Agency to continually improve services and respond to what might be issues within our scheme.

In 2015/16 WorkCover WA proactively examined 24 months of call data from Advice and Assistance to help us understand how we could improve the service. This effort directed us to improve our website and to identify and respond to frequently asked questions in a consistent manner.

For more information about the call data analysis refer to 'Call data mining' on page 53 in *Section 3: Report on Operations*.



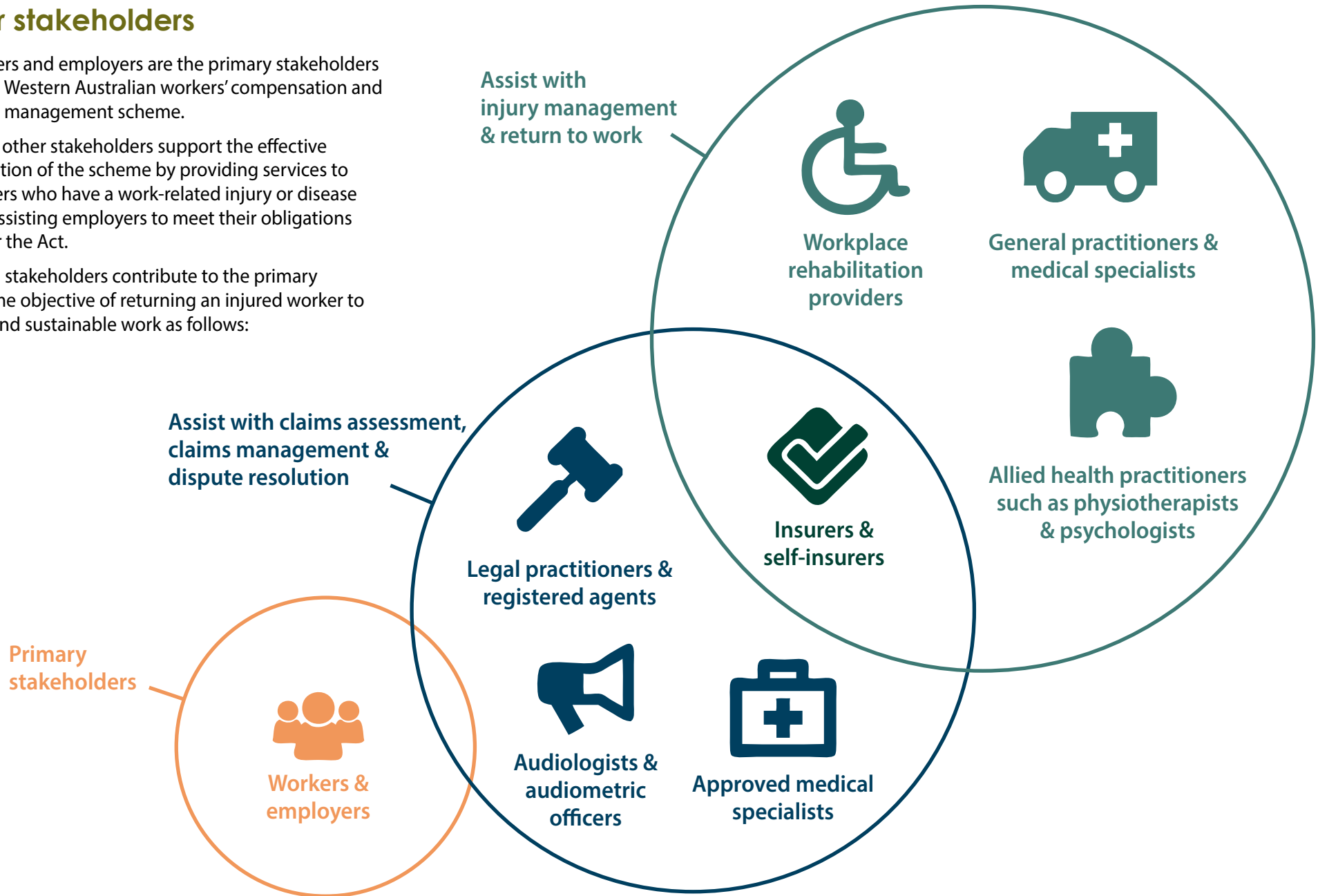
Team Leader Advice and Assistance Linda Paisley and Senior Registration Officer Brett Rothwell.

Our stakeholders

Workers and employers are the primary stakeholders of the Western Australian workers' compensation and injury management scheme.

Many other stakeholders support the effective operation of the scheme by providing services to workers who have a work-related injury or disease and assisting employers to meet their obligations under the Act.

These stakeholders contribute to the primary scheme objective of returning an injured worker to safe and sustainable work as follows:





Greg Joyce
Chairman



Michelle Reynolds
CEO

Year in review

WorkCover WA Chairman and CEO report

This financial year marked the commencement of the WorkCover WA *2015–2018 Strategic Plan*. The Strategic Plan positions us to meet the challenges ahead with renewed purpose, through a focused approach to strategic scheme management, leadership and innovation. Refer to *Section 1: Agency in focus* on page 11 for more information.

Our commitment to these goals during 2015/16 ensured WorkCover WA continued to lead a workers' compensation and injury management scheme that 'works for all' Western Australians. Nearly three quarters of scheme costs were expended on services and payments to the more than 30,000 workers who lodged a claim for a work-related injury or disease within this period. The WA scheme has consistently maintained one of the lowest standardised average premium rates in Australia and a positive funding ratio that is critical to scheme viability. The healthy state of the scheme is reflected in the analysis of *Section 2: Scheme performance* from page 34.

In the pursuit of continued excellence WorkCover WA reviewed a number of operational areas in 2015/16, which involved:

- refining the Agency's regulatory approach by enhancing the Employer Compliance Framework and Enforcement Criteria. These policy tools ensure a consistent and fair regulatory response to all employers who are found to be uninsured for workers' compensation. For more information refer to Strategic Initiative 1 on page 19 in *Section 1: Agency in focus*.
- commissioning an independent evaluation of WorkCover WA's Conciliation and Arbitration Services in 2015/16. The review found the Agency's dispute resolution services are meeting their objectives of timeliness, cost effectiveness, fairness and accessibility. Refer to Strategic Initiative 2 on page 20 for more details.
- embarking on a 'Digital First' information technology plan to deliver the required infrastructure to support Agency operations. For more information refer to Strategic Initiative 4 on page 21.

These initiatives highlight WorkCover WA's whole-of-Agency approach to innovation and improvement. To support this approach, staff participated in workshops designed to increase their understanding and capability around innovative thinking and practice. This learning is outlined in more detail in *Section 1: Agency in focus* on page 33.

WorkCover WA displayed its leadership credentials on a national front by assuming the role of chair of the Heads of Workers' Compensation Authorities from 1 January 2016. For more information refer to 'National collaboration' on page 59 in *Section 3: Report on operations*.

As the Agency consolidates its strategic direction into the new financial year the Western Australian community can remain confident we have the right people, systems and processes in place to continue to deliver excellent workers' compensation and injury management outcomes for all stakeholders.

Year in numbers

10,083
enquiries

into expired policies,
cancellations and
lapsed/expired policies



757
investigations

into potential breaches
of the Act



220
infringement
notices &
prosecutions

issued or completed
against non-compliant employers



4,327
registrations

of Memoranda of
Agreement for
finalising workers' compensation
claims via settlement



2,171
conciliations

and
521 arbitrations
completed



11,350
publications

mailed to workers,
employers and service
providers



273,081
visits

to the
WorkCover WA website



21,928
requests

for advice and
assistance handled by
the Advice and Assistance Unit



2,990 hours
of staff training
completed



Year in dollars

The majority of funding (78 percent) for WorkCover WA's activities is derived from insurer contributions, 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 102 for more detailed analysis and disclosure.

Table 1: WorkCover WA totals for 2015/16

Revenue	\$27.397 million
Expenditure	\$23.094 million

Wages and salaries and associated employee benefit expenditure, accounts for the majority of Agency expenditure. The remaining funds were expended on uninsured claims, supplies and services, accommodation and other expenses.

Refer to Figure 2 for a breakdown of expenditure.

Full financial analysis and disclosures available at:

- Report on funds management » p. 69
- Financial statements and notes » p. 102

Figure 1: WorkCover WA income for 2015/16

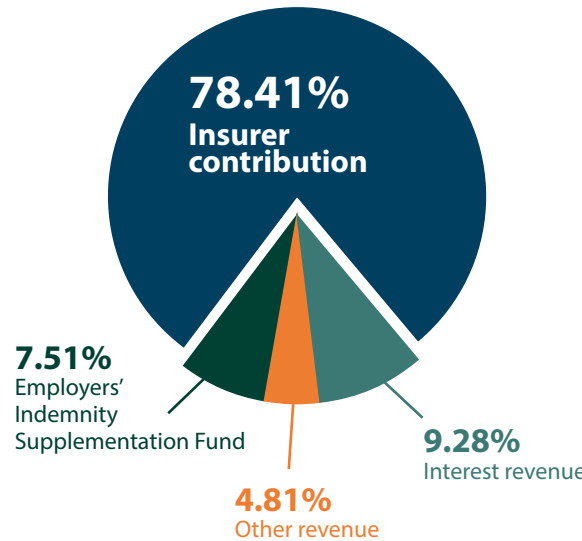
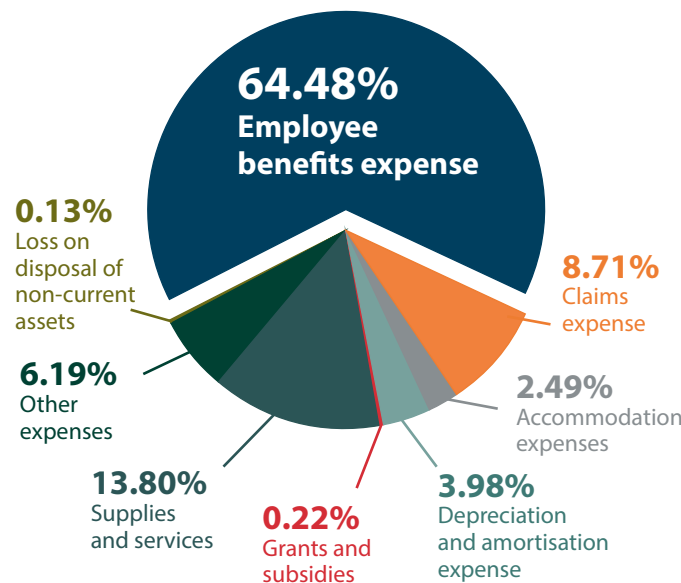


Figure 2: WorkCover WA expenditure 2015/16



Year scorecard

2015/16 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 2015/16 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 under each indicator in Tables 2 and 3.

Figure 3 summarises the delivery of our 2015/16 Strategic Initiatives.

Table 2: Indicators of effectiveness snapshot

Description		2015/16 Target (T) and Result (R)
1.1 Ref. p. 92	Number of non-compliance events identified as a result of a claim on the General Account	T = 7 R = 9
1.2 Ref. p. 94	Proportion of conciliations completed within eight weeks	T = 97.0% R = 96.2%
1.3 Ref. p. 94	Proportion of disputes resolved within six months	T = 90.0% R = 86.8%

Table 3: Indicators of efficiency snapshot

Description		2015/16 Target (T) and Result (R)
1.1 <i>Ref. p. 96</i>	Average cost per employer compliance activity	T = \$299 R = \$281
1.2 <i>Ref. p. 97</i>	Average cost per approved and monitored service provider	T = \$3,581 R = \$3,472
1.3 <i>Ref. p. 98</i>	Average cost per client contact to provide information and advice	T = \$101 R = \$106
2.1 <i>Ref. p. 99</i>	Average cost to complete a conciliation	T = \$1,993 R = \$2,095
2.2 <i>Ref. p. 100</i>	Average cost to complete an arbitration	T = \$10,100 R = \$10,084
2.3 <i>Ref. p. 101</i>	Average cost to process a Memorandum of Agreement	T = \$369 R = \$339

Figure 3: Delivery of 2015/16 Strategic Initiatives



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Agency brief

The Western Australian context

The Western Australian (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 other associated costs.

The WA scheme is:

- based on a 'no-fault' principle. This means an injured worker does not need to establish anyone was at fault or negligent to make a claim
- the largest privately underwritten workers' compensation scheme in Australia, with insurance coverage provided by eight approved insurers and 25 self-insurers.

WorkCover WA regulates the scheme in accordance with the *Workers' Compensation and Injury Management Act 1981* (the Act).

The primary objective is to ensure work-related injuries are actively managed by employers, insurers and service providers to assist injured workers to achieve a safe and sustained return to work.

The Act requires employers to maintain current workers' compensation insurance coverage for all their workers, including workers engaged on casual, part time, contract and sub-contract arrangements. WorkCover WA provides advice and education to assist employers to comply with their obligations.

The WA workers' compensation and injury management scheme also includes entitlements and processes related to noise induced hearing loss, assessment of permanent impairment, and claims finalised through settlement by lump sum. WorkCover WA regulates, monitors and approves a range of health and service providers which support injured workers to recover and return to work.

Refer to Section 2: Scheme performance from page 34 for an analysis of the workers' compensation environment in the Western Australian context.

Organisational structure

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.

Administration



The day-to-day administration of WorkCover WA is delegated by the WorkCover WA Board to the Chief Executive Officer (CEO), who directs the Agency's operations.

Board responsibilities are outlined in *Section 5: Disclosures and legal compliance* on page 77.

Agency funding



Funding 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 exempt from holding a conventional workers' compensation policy of insurance (self-insurers).

Organisational structure



WorkCover WA is comprised of four divisions as outlined in the following divisional descriptions and organisational chart.

Divisions and direction

Conciliation and Arbitration Services

The Conciliation and Arbitration Services (CAS) Division is responsible for resolving 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).

Legislation and Scheme Information

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

- robust, evidence-based policy and legislation development
- collection, quality assurance and analysis of data provided by insurers and self-insurers to assist in the setting of recommended premium rates.

The Division also has a strategic focus on activities to assist the Board and Government to effectively manage the workers' compensation scheme.

Corporate Resources

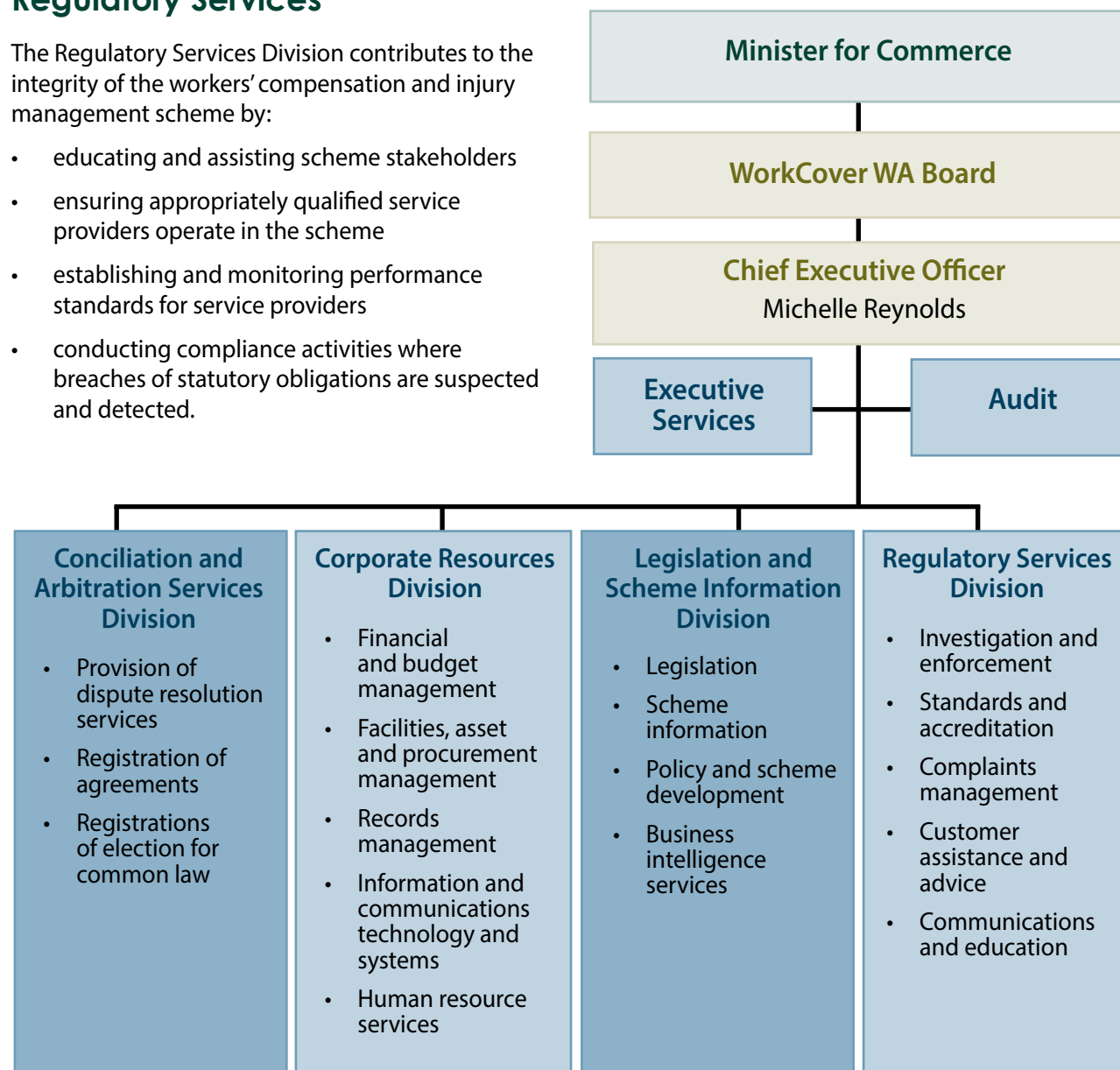
The Corporate Resources Division provides business services that ensure human, financial, technological, information and physical resources are available to support WorkCover WA's operations.

Regulatory Services

The Regulatory Services Division contributes to the integrity of the workers' compensation and injury management scheme by:

- educating and assisting scheme stakeholders
- ensuring appropriately qualified service providers operate in the scheme
- establishing and monitoring performance standards for service providers
- conducting compliance activities where breaches of statutory obligations are suspected and detected.

Organisational chart



Leadership

WorkCover WA Board

The WorkCover Western Australia Authority (the Board) is responsible for the governance of the Agency; the provision of independent advice to the Minister; and the approval of certain service providers. The Act provides for the Board to operate under the name 'WorkCover WA'.

The CEO, 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 CEO and all other staff of WorkCover WA are employed under the provisions of the *Public Sector Management Act 1994*.

Chairman



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

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.

Member



Member – Chief Executive Officer of WorkCover WA

Michelle Reynolds has served as CEO of WorkCover WA since 25 December 2008. Since commencing in the role, Ms Reynolds has successfully delivered a legislative reform agenda resulting 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 15 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).

Member



*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**

Anne Driscoll is the Director General Department of Commerce. Ms Driscoll is a member of the WorkCover WA Board by virtue of office.

**Ms Driscoll replaced Mr Brian Bradley PSM, former Director General of the Department of Commerce. Mr Bradley served as Chairman of the former Workers' Compensation and Rehabilitation Commission from 2000 to 2005, and was a member of the WorkCover WA Board from 2005 to his subsequent retirement from the public sector effective 1 August 2015.*

Member



*Member – Experienced in employers' interests**

Warren Edwardes is the General Manager Workplace Consulting at the Chamber of Commerce and Industry WA. Mr Edwardes was appointed to the WorkCover WA Board on 30 December 2015 for a three year term.

**Mr Edwardes replaced Ms Karin Lee as the nominee member experienced in employers' interests. Ms Lee was appointed a member of the WorkCover WA Board on 22 February 2011, and was reappointed for a further three year term on 4 January 2014. Ms Lee resigned as a member of the WorkCover WA Board effective 22 July 2015.*

Member



Member – Experienced in insurance matters

Steven Burns was reappointed 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, Australian Capital Territory and New Zealand.

Member



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



Member – Experienced in accounting and financial management

Victoria Wilmot was appointed to the WorkCover WA Board on 4 January 2005, and was reappointed for a further three year term from 4 January 2014. She previously had a 24 year career at the University of Western Australia where she held various roles including Business Manager Finance and Resources, Associate Director Treasury and Investments, and the Deputy Director Financial Services. 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 Graduate of the Institute of Company Directors.

Table 4: Board meeting attendance

Member	Number of meetings eligible to attend	Number of meetings attended
Greg Joyce	11	11
Michelle Reynolds	11	11
Brian Bradley	1	1
Anne Driscoll	10	9
Karin Lee	1	0
Warren Edwardes	5	3
Steven Burns	11	10
Owen Whittle	11	10
Victoria Wilmot	11	9

Senior Officers

The Corporate Executive is WorkCover WA's senior management team who work with the CEO to lead the Agency's corporate and business operations through:

- collaboratively achieving WorkCover WA's vision and purpose
- sharing information across divisions
- modelling desired values and behaviours
- ensuring compliance across the Agency with relevant government directives, guidelines and legislation
- developing and monitoring the Agency's operational budget
- developing, implementing and monitoring organisational performance outcomes
- evaluating the effectiveness of corporate policies.

The Corporate Executive held 13 formal meetings during 2015/16.

Chief Executive Officer



Michelle Reynolds has served as CEO of WorkCover WA since 25 December 2008. Ms Reynolds chairs Corporate Executive meetings and sets the organisational direction on behalf of the WorkCover WA Board. Refer to Ms Reynolds' full entry under 'WorkCover WA Board' for further details on her experience and qualifications.

General Manager, Legislation and Scheme Information



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

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



Wendy Attenborough is General Manager Conciliation and Arbitration Services. Ms Attenborough joined WorkCover WA in July 2008 and has since undertaken a number of Corporate Executive roles including General Manager Scheme Development and General Manager Regulatory Services. 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 Conciliation and Arbitration Services; Director, Conciliation.*

General Manager, Regulatory Services*



Stephen Psaila-Savona commenced at WorkCover WA in May 2016 as Acting General Manager Regulatory Services and is seconded from the Health and Disability Services Complaints Office. Mr Psaila-Savona has been employed in the public sector for 22 years, and has previously worked at the Public Sector Commission, the Department of the Premier and Cabinet, WorkCover WA (2005-2007) and the Disability Services Commission.

Mr Psaila-Savona holds a Bachelor of Psychology, Diploma in Education and Graduate Diploma in Business.

** During the reporting period Wendy Attenborough also undertook the role of the General Manager Regulatory Services.*

General Manager, Corporate Resources*; Chief Finance Officer



John Hull commenced with WorkCover WA as Chief Finance Officer in July 2010 and was Acting General Manager Corporate Resources as at 30 June 2016. 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 Certified Practising Accountant and has a Bachelor of Business in Finance and Accounting.

** During the reporting period Lara Bandarian also undertook the role of the General Manager Corporate Resources.*

Registrar, Arbitration



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

Strategic planning

WorkCover WA's operations are guided by strategic planning.

The WorkCover WA 2012–2015 Strategic Plan concluded last year. The 2015–2018 Strategic Plan (the Plan) took effect on 1 July 2015.

Strategic goals and themes

The Plan articulates three redefined strategic goals from which strategic projects are identified and delivered.

These goals provide opportunities to make Western Australia's workers' compensation and injury management scheme the best in Australia and to further strengthen WorkCover WA's performance. The three goals are:



CEO Michelle Reynolds leads a discussion at a monthly Corporate Executive meeting.



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

1. Strategic scheme management

We will achieve this by:

- implementing a risk-based approach to regulation
- continuing delivery of effective and timely dispute resolution services
- remaining a high-performing scheme as measured by national benchmarks
- empowering scheme participants through advice and education
- promoting effective injury management

2. Leadership

We will achieve this by:

- delivering a contemporary workers' compensation legislative framework
- influencing national and local workers' compensation policy and scheme design
- extending our business intelligence to support informed decision making
- engaging with stakeholders to improve the scheme
- continuing to positively influence stakeholder behaviour

3. Agile and innovative organisation

We will achieve this by:

- investing in technology to improve service delivery
- developing innovative responses to organisational and scheme challenges
- enhancing the expertise of our staff through focused professional development
- strengthening governance and risk management frameworks
- maintaining a customer focus

Report against 2015/16 Strategic Initiatives

In 2015/16 WorkCover WA committed resources towards achieving a number of Strategic Initiatives aligned with the *2015–2018 Strategic Plan*.

WorkCover WA's performance against these initiatives in the first year of the *2015–2018 Strategic Plan* is detailed below. 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 31 of this report.

Initiative 1: Employer Compliance Strategy

The following initiative is aligned with WorkCover WA strategic goal:

- 1 - Strategic scheme management
- 3 - Agile & innovative organisation

WorkCover WA continually seeks to refine and improve its approach to the regulation of key stakeholder groups and this initiative focused on employer compliance.

Refinements were made to the Employer Compliance Framework to more clearly define the Agency's overall approach to employer regulation. This included improving the Enforcement Criteria to ensure it provides an objective assessment of enforcement response (letters of caution, infringement notices and prosecution).

Given the changing economic environment and consequent changes in industry and workforce arrangements, the project also identified a need to better forecast industry sectors that are most likely to be the source of claims and present a higher rate of non-compliance with workers' compensation obligations.

In order to target high-risk industries WorkCover WA developed a tool that identifies industries, geographical areas and employer profiles most likely to be associated with non-compliance and high claims frequency. This tool is now a vital component of our regulatory approach.

Outcome delivered



Key points:

- Employer Compliance Framework and Enforcement Criteria have been successfully updated and will continue to be implemented in 2016/17



Initiative 2: Conciliation and Arbitration Services Evaluation

The following initiative is aligned with WorkCover WA strategic goal:

- 1 - Strategic scheme management
- 3 - Agile & innovative organisation

A new model for CAS was established in 2011. To evaluate its success, the Australian Centre for Justice Innovation (ACJI) at Monash University was engaged to undertake an evaluation of the services in 2015/16.

ACJI focused on the extent to which the services are:

- cost effective
- fair
- accessible
- operate in a timely manner.

Feedback was collected from stakeholders who use the services via focus groups and individual interviews.

The evaluation found CAS meets core objectives and are timely, cost effective, fair and accessible when compared with similar workers' compensation arrangements across Australia. The review also found that the vast majority of stakeholders consider CAS works well overall.

The following recommendations made by the ACJI will be further considered in 2016/17:

- use technology to increase access for people outside the metropolitan area
- develop further tools to assist parties to better understand the processes of conciliation and arbitration as well as outcomes
- establish performance protocols for arbitrators regarding timeframes for the delivery of reasons for decision
- improve mechanisms to understand the needs of those who use CAS.

Outcome delivered



Key points:

- CAS meets core objectives
- Stakeholders are satisfied with CAS services

Initiative 3: GP Clinical Guidelines for Mental Health Compensation Claims (Stage 1)

The following initiative is aligned with WorkCover WA strategic goal:

- 1 - Strategic scheme management
- 2 - Leadership


In 2015/16 WorkCover WA and other injury compensation jurisdictions around Australia participated in a national research project to develop clinical guidelines to assist GPs with the management of mental health claims.

The research, which will run over a three year period, is being coordinated by the Institute for Safety Compensation and Recovery Research (ISCRR), a research-policy partnership between WorkSafe Victoria, the Victorian Transport Accident Commission and Monash University. The research output of ISCRR has been instrumental in injury and disability management policy development across the country.

Research into the role of GPs in workers' compensation has indicated best practice clinical guidelines will assist GPs, and enhance return to work outcomes for injured workers, employers and government compensation authorities.

A Steering Committee consisting of representatives from the Commonwealth Department of Employment, Comcare, Department of Justice and Attorney General, NSW State Insurance Regulatory Authority and Return to Work SA will oversee the project and ensure it follows an established and rigorous methodology for clinical guideline development, which includes extensive consultation and collaboration with stakeholders and end-users.

This initiative is due to be completed in 2018/19.

Outcome delivered 	Key points: <ul style="list-style-type: none"> • WorkCover WA participated in a national research project which will deliver clinical guidelines to assist GPs with the management of mental health claims • This initiative is due to be completed in 2018/19
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Initiative 4: Standard Operating Environment and Infrastructure Replacement Program (Stage 1 and 2)

The following initiative is aligned with WorkCover WA strategic goal:
3 - Agile & innovative organisation

The Standard Operating Environment (SOE) and Infrastructure Replacement Program was successfully completed in 2015/16. Key objectives of this initiative were to:

- complete a whole-of-Agency desktop refresh to ensure desktops, laptops and servers are operating within a supported software and hardware environment
- provide a flexible licensing and maintenance structure
- develop a user friendly and robust desktop environment that will reduce long term infrastructure costs.


Delivered in two stages, the first phase involved procurement of a suitable SOE and reliable infrastructure. This was managed via a Request for Quotation process. The awarding of contracts was informed by the development of a detailed technical design requirements document. To complete phase one, a small pilot of virtual desktops was conducted.

The second phase commenced in July 2015 and consisted of a complete infrastructure refresh and SOE replacement across the Agency. WorkCover WA's legacy Windows XP computers were also replaced with Windows 10 operating systems which run in a virtual desktop environment.

At the commencement of this phase, staff were asked to outline their specific computing requirements. To ensure a smooth transition to the new software, 132 staff were provided SOE training which was tailored to their specific operational needs.

As well as the technological improvements, it is expected that this initiative will deliver significant power savings for WorkCover WA over the course of the next few years.

The SOE Infrastructure and Replacement Program was completed in June 2016.

Outcome delivered 	Key points: <ul style="list-style-type: none"> • New server infrastructure implemented successfully • Whole-of-Agency desktop refresh completed
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Outlook for the future

Aligned with the three goals of the 2015–2018 Strategic Plan, WorkCover WA's Strategic Initiatives for 2016/17 are outlined below.

2016/17 Strategic Initiatives

Goals	Strategic Initiative
1	<p>Legislative Review 2016/17</p> <p>During 2016/17 WorkCover WA will continue the development of modernised workers' compensation laws. We aim to conclude public consultation on a draft Bill and associated regulations in preparation for consideration by Parliament.</p>
1	<p>Self-Insurance Review</p> <p>This project will examine the scheme's longstanding self-insurance provisions to identify potential improvements to the legislative framework and performance standards.</p>
2	<p>Future of Work – Implications for Workers' Compensation</p> <p>WorkCover WA will undertake research into technological, demographic and economic trends impacting on work and employment. We will use this research to anticipate and respond to implications for the workers' compensation and injury management scheme.</p>
3	<p>Digital First</p> <p>WorkCover WA will commence a three year program to transform its business processes to take advantage of digital technologies. Through an Agency wide Digital First program we will progressively make all our client services accessible online through the WorkCover WA Online portal. In 2016/17, key insurer online services will be redesigned and transitioned to a new online services platform.</p>

Enabling legislation

The WorkCover Western Australia Authority is constituted under 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 meet specific legislative obligations, an Audit Committee, Costs Committee and Medical Committee are established. These committees provide objective administration and advice on discreet elements of the WA workers' compensation and injury management scheme.

As part of governance arrangements, these committees are supported by:

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

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 WorkCover WA Board member, Ms Victoria Wilmot and meet bi-monthly or as required.

Refer to page 80 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 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.

The Costs Committee is chaired by the WorkCover WA CEO and meets as required.

Refer to page 80 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 primarily to provide guidance on permanent impairment assessments and other matters of a medical nature relevant to the Western Australian workers' compensation scheme.

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

Refer to page 81 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, all chaired by a member of the Corporate Executive. The committees include staff members with relevant skills, knowledge or insights from across the Agency. These arrangements provide leadership and oversight from an executive level, whilst offering avenues for all staff to engage with senior officers about policy and operational matters.

Equity and Diversity Committee

The Equity and Diversity Committee supports the delivery of 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.

This Committee meets quarterly and develops and monitors policies relating to equity and diversity in employment, 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 2015/16, the Committee:

- monitored progress against the Agency's Reconciliation Action Plan
- recommended appointment of an Aboriginal Trainee in 2016
- developed the *Aboriginal Mentorship Guidelines* to assist indigenous employees to share knowledge with a mentor, encourage the formation of networks and work towards future goals

- promoted the procurement of goods and services from businesses operated by indigenous persons
- monitored progress against the Agency's Disability Access and Inclusion Plan (DAIP)
- reviewed the DAIP in association with a Committee member who is a person with disability and undertook seven actions to remedy some of the ongoing difficulties experienced in the workplace by people with disability
- held a "lunch and learn" session on the International Day for Persons with Disability. An external presenter and two staff members with a disability provided an informative and insightful presentation on the experiences of people with disability
- undertook a *Universal Access Review Audit* to provide an independent review of accessibility compliance aspects of the WorkCover WA building and surrounds in order to verify that the design satisfies contemporary design requirements
- promoted the procurement of goods and services from businesses operated by persons with disability
- ensured the Agency met all diversity targets.

Emergency Planning Committee

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

The EPC meets bi-annually or as required.

During 2015/16 there was an unplanned evacuation of the premises. It was noted that:

- the evacuation of the building was completed in a timely and efficient manner
- the evacuation was conducted in accordance with WorkCover WA's emergency response procedures.

Following the evacuation, in February and March 2016, the EPC reviewed the actions taken during the evacuation and as a result identified areas for improvement within the procedures. This included the appointment of a second deputy chief warden and an additional warden.

In May, the EPC coordinated a review and update of the Emergency Evacuation Management Plan for WorkCover WA to ensure continued compliance with Australian Standard AS 3745-2010.

During the year the EPC also provided refresher training for all emergency response team members. The training was delivered at WorkCover WA's premises by the Industrial Foundation for Accident Prevention. All members successfully completed the training, ensuring they possess the necessary skills and knowledge to undertake the duties outlined in the emergency response procedures.

Innovation Committee

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

The functions of the Committee are to:

- oversee the operation of WorkCover WA's Innovation Framework
- promote innovation as part of our normal business
- work with staff to develop their ideas
- review idea submissions and recommend supported ideas to the relevant General Manager for progression
- report on innovation and outcomes to the Corporate Executive.

The Committee meets monthly or as required under the direction of the Committee Chair. In 2015/16 the Committee met 10 times.

In 2015/16 the Committee conducted:

- a staff innovation training program to further promote WorkCover WA's innovation strategies and equip staff with innovative thinking techniques to assist workplace reform (refer to page 33 for more detail)
- an evaluation of the Innovation Framework which identified opportunities for enhancement (see page 63 for more information).

Joint Consultative Committee

The Joint Consultative Committee (JCC) 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 2015/16 the JCC was involved in:

- revising WorkCover WA's Code of Conduct
- the appointment of occupational safety and health representatives
- consulting on the 'Christmas/New Year reduced services' period
- providing improvements to the performance development agreement process
- developing and implementing corporate policies.

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
- developing and implementing measures to prevent workplace accidents and injuries.

The OSH 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 comprised of a Human Resources Branch delegate, the Business Services Administration Officer, and five elected employee representatives who meet on a quarterly basis.

In 2015/16, the OSH Committee was involved in a number of initiatives including:

- revising the Occupational Safety and Health manual which sets out the policies, principles and procedures WorkCover WA observes to manage OSH in accordance with the *Occupational Safety and Health Act 1984*
- reviewing the OSH Risk Register
- developing and implementing a new OSH Management Plan for the triennial period 2016–2018
- consulting with employees on safety and health matters and performing quarterly workplace inspections to ensure staff members work in a safe and hazard free environment
- refresher and resuscitation training for First Aid Officers
- manual handling training for staff involved in setting up events
- ensuring all new staff members completed online OSH induction training
- ensuring workstations of all new employees were ergonomically assessed
- refresher training for Fire Wardens.

OSH remains a standing agenda item for all meetings of the Agency's Corporate Executive, ensuring a direct link to the Agency's senior management team.

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 consists of the Corporate Executive and relevant staff. The Committee meets quarterly or as required. The Committee ensures the Agency complies 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 Key Performance Indicators (KPIs) with operational processes to ensure KPIs are regarded as integral to the Agency's reporting framework.

The Committee met four times in 2015/16. WorkCover WA received a Best Practice acknowledgement from the Auditor General for the management and reporting of its 2014/15 finances and KPIs. For the second concurrent year the Agency also received the CPA Australia Specialist Award for Performance Reporting at the Institute of Public Administration's 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:

- identifies, monitors and reviews Agency risks (both strategic and operational)
- encourages and promotes greater awareness and understanding of risk management throughout all levels of the Agency
- provides guidance on risk management to the Agency.

During 2015/16 the RMRG continued to build on the work undertaken last financial year to grow risk management knowledge, awareness and adoption across the Agency. This was achieved through:

- quarterly meetings to monitor risk management activities
- oversight of changes to risks and controls within the risk management register
- integration of risk, planning and project management systems
- ensuring risk owners monitor and review risks in accordance with set schedules
- reporting regularly to the Corporate Executive, Audit Committee and Board.





*In 2015/16 the number of complaints compared to 2014/15 was **reduced by 69 percent** and the number of **compliments almost tripled**.*

Complaints handling

Customer First Feedback policy and procedures

WorkCover WA recognises feedback from customers is the most immediate and effective measurement of public perception of its performance.

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

This increases WorkCover WA's understanding of customer needs and expectations and identifies opportunities for organisational improvement. Customer feedback is reported regularly to the Agency's Corporate Executive to identify trends and implement positive change.

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 provided within 10 working days. More complex complaints are expected to be resolved within 30 working days.

All customer feedback received in 2015/16 was actioned within the specified deadlines and signed off by the WorkCover WA CEO.

2015/16 outcomes are:

20 Compliments

5 Complaints

4 Suggestions

Complaints against service providers

WorkCover WA (as the scheme regulator) places great importance on investigation of complaints about service providers who participate in the scheme. Management of these complaints during 2015/16 is detailed in *Section 3: Report on operations* under 'Regulating service providers':

- Complaints against approved insurers and self-insurers – p. 45
- Complaints against registered agents – p. 46
- Complaints against approved workplace rehabilitation providers (WRPs) – p. 46
- Complaints against approved audiometric officers, audiometrists and audiologists – p. 46
- Complaints against approved medical specialists (AMS) – p. 46

Communications policies

In 2015/16 WorkCover WA ensured Agency staff complied with policies which govern internal communications between 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.

A schedule ensures each policy is periodically 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 when dealing with WorkCover WA. 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 under 'Complaints handling – policy and procedures' on page 28.

Communications Protocol

In accordance with 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 as matters of priority. Detailed procedures exist to assist all officers involved in ministerial communication.

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

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:

- communication approvals and authority (including authorisation to make public comment on behalf of WorkCover WA)
- the extent of what should be communicated
- confidentiality considerations.

Public Interest Disclosure

WorkCover WA is committed to the objectives of the *Public Interest Disclosure Act 2003* which provides protection of sensitive, public interest information for those who disclose and those who are the subject of disclosures.

The Agency's intranet and external website contains information on what can be considered a matter of public interest for disclosure, the information to be included in the disclosure, how to make the disclosure, and to whom.

There were no public interest disclosures in 2015/16.

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.

WorkCover WA has published a Freedom of Information (FOI) Statement outlining the Agency's processes and timelines for responding to Freedom of Information requests which is accessible on the Agency's external website.

There were 166 FOI requests in 2015/16.

Additional communications policies

WorkCover WA has the following additional policies:

- External Data Release Policy to govern the supply of data to government agencies, researchers, stakeholders and the general public.
- Restriction of Communications Policy which 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 to ensure all personal information concerning WorkCover WA staff remains strictly confidential unless a staff member has given written consent for its disclosure.



Risk management policies

Risk Management Framework

WorkCover WA aims to anticipate and mitigate risks to the Agency and the sustainability of the scheme. The Agency's Risk Management Framework provides an Agency wide approach and commitment to the way we manage risk. WorkCover WA uses risk management and planning tools to:

- integrate risk with key business strategies and scheme viability objectives
- align risk management with strategic and business planning.

In 2015/16 auditors conducted a review of the maturity of our risk management framework with consideration given to:

- risk strategy and appetite
- risk governance
- risk assessment and measurement
- risk reporting and insights
- data and technology
- risk culture.

The findings noted WorkCover WA was compliant with ISO31000 and identified minor process improvements to increase the Agency's risk management maturity level.

Other policies and procedures

Other policies and procedures involving risk management include:

- business continuity plans
- annual review of performance against the Public Sector Commission Good Governance Guide for Agencies
- an Occupational Safety and Health manual (incorporating the Occupational Safety and Health Policy and Occupational Safety and Health Procedures)
- an Occupational Safety and Health Management Plan
- an Occupational Safety and Health Risk and Legal Register
- an IT Policy Suite (incorporating the Information Security Policy, IT Management Policy and Acceptable Use of Technology Policy)
- a Fraud and Corruption Prevention Policy.

These policies are reviewed on an annual or bi-annual basis.

Performance Management Framework

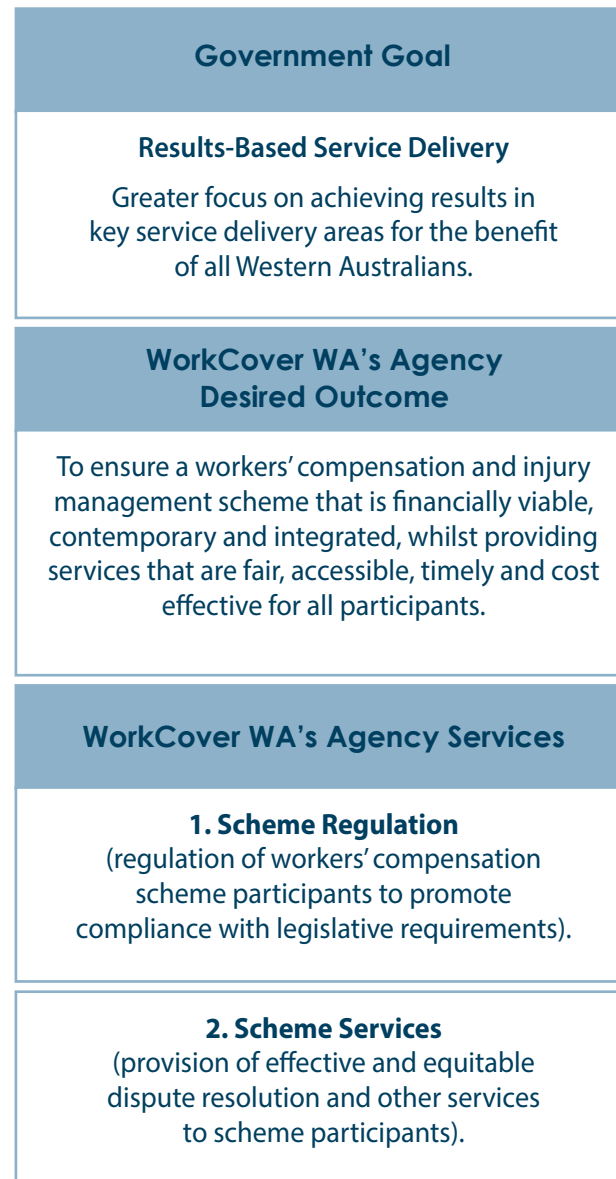
Outcome Based Management structure

The workers' compensation scheme delivers services to minimise the social and economic impact of work-related injury and illness on workers, employers and the Western Australian community. WorkCover WA is the regulator of that scheme.

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'.

Figure 4 outlines the WorkCover WA OBM structure, including the Agency Desired Outcome and Agency Services.

Figure 4: WorkCover WA Outcome Based Management Structure



Other government goals

WorkCover WA also contributes to the following State Government goals:

- **Goal 2 – Financial and economic responsibility**
By maintaining a cost/benefit balance in managing a viable workers' compensation system.
- **Goal 4 – Stronger focus on the regions**
By providing information, education and services to employers and injured workers in regional areas.
- **Goal 5 – Social and environmental responsibility**
By ensuring the workers' compensation scheme 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 2015/16.



Figure 5: 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

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' compliance with legislative and other requirements.
- **Service 2: Scheme Services**
Provision of effective dispute resolution and other services to scheme participants.

Key Performance Indicators

WorkCover WA's services are linked to effectiveness and efficiency KPIs which indicate the extent to which WorkCover WA achieved its Agency Desired Outcome (refer to Figure 5).

Refer to *Section 6: Key Performance Indicators* on page 87 for all the KPI information.

Changes to Key Performance Indicators in 2015/16

WorkCover WA did not make any changes to its OBM and KPIs in 2015/16.

People

Workforce profile

The following figures summarise WorkCover WA's 2015/16 workforce profile. WorkCover WA's complete FTE profile is disclosed on page 71 under 'Employment and industrial relations' in *Section 5: Disclosures and legal compliance*.

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 engagement

Building an innovative culture

During the year, an innovation training program was delivered to staff across WorkCover WA. More than 100 employees attended the training sessions, representing almost 75 percent of the workforce.

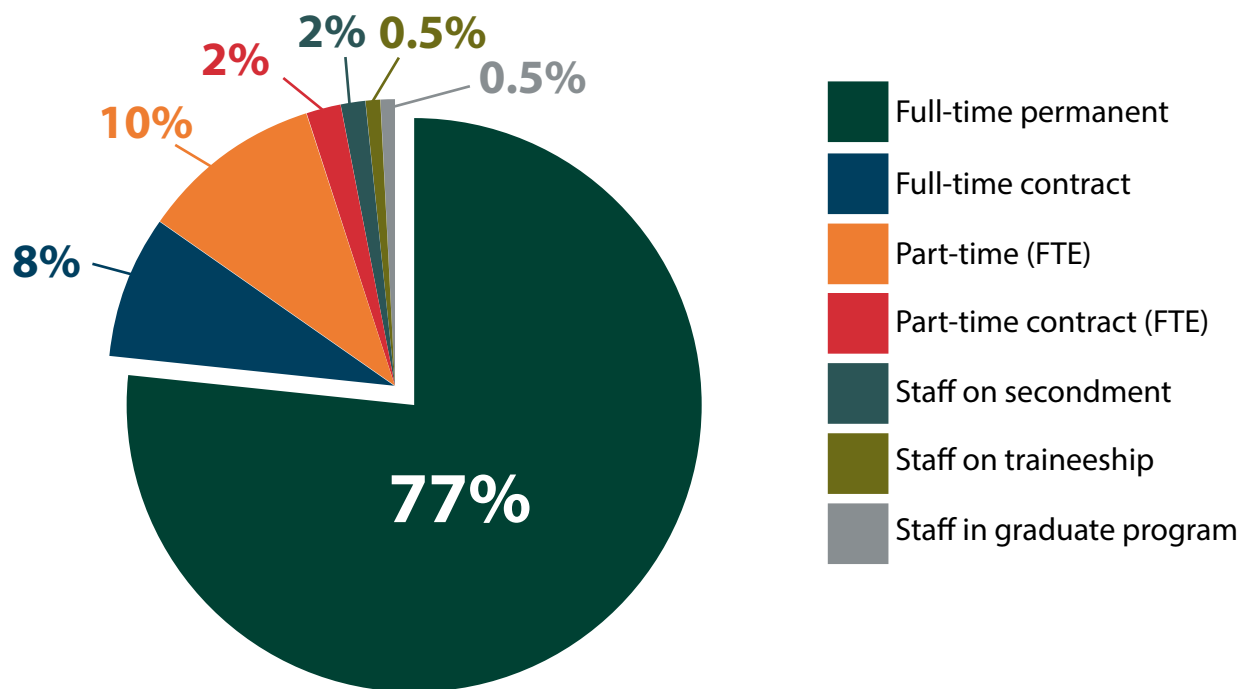
The training formed part of WorkCover WA's approach to building an innovative workplace culture by providing staff with techniques for integrating innovation into their daily work.

As part of the learning, employees completed a "thinking profile assessment". The assessment helped individuals understand their own thinking style and preferences for generating ideas, seeking clarity, analysing solutions and implementing actions. Through this process WorkCover WA has established a matrix of staff profiles that can be used to convene multi-disciplinary teams to solve business challenges and work on process improvement projects.



The most valuable part of the session was that it highlighted the importance of continuous examination of how, why and when we deliver services to our customers and the importance of teams working together to consider new or improved services.

Figure 6: WorkCover WA workforce profile



Section 2: Scheme performance

35 Open and transparent reporting

35 Comparative overview

36 2015/16 scheme performance

Open and transparent reporting

WorkCover WA closely monitors the performance of all aspects of the Western Australian workers' compensation and injury management scheme. Understanding scheme trends is vital to ensuring the ongoing stability of the scheme, and the ongoing collection and analysis of relevant data ensures that emerging issues are detected early.

WorkCover WA communicates new scheme developments through information sessions for stakeholders and regular publication of statistical information on the WorkCover WA website.





During 2015/16 the Agency published the following reports:

- 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
- Workers' Compensation Scheme Trends
- Industry Benchmark Report
- Scheme Exit Report.

WorkCover WA works with the scheme actuary to produce annual recommended premium rates and quarterly statistical summaries from an actuarial perspective; these reports are also available on the 'Statistical reports' page 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
- 
86.8 percent of claim disputes resolved within **six months**, well above the national average of 63.9 percent
- 
 a disputation rate of **3.1 percent**, the second lowest of all Australian jurisdictions



2015/16 scheme performance

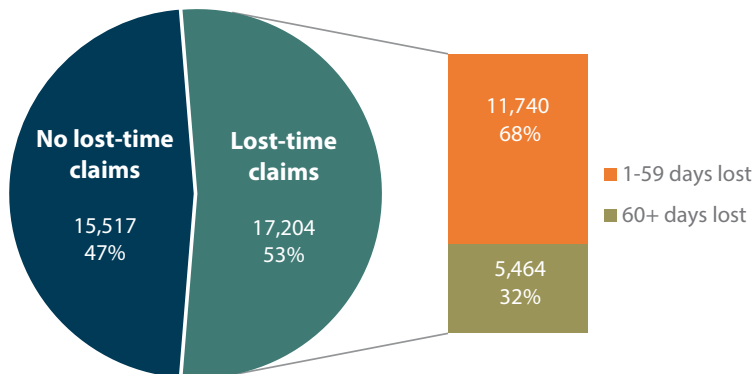
Important: Due to the nature of the processes involved in the capture, verification and analysis of claims data, information relating to time lost as a result of workers' compensation claims is only available one year retrospectively. Therefore, some information from 2015/16 was unavailable at the time of publishing this report and we have reported on information from 2014/15.

Claim numbers

In 2014/15, 32,721 claims were lodged. Of these, 53 percent involved at least one day or shift off work (claims with lost-time). Of all lost-time claims lodged in 2014/15, 32 percent of claims had 60 or more days or shifts lost (long duration claims).

Further information on scheme performance is available from workcover.wa.gov.au under 'Resources – Research, evaluation and statistics'.

Figure 7: Claim numbers 2014/15

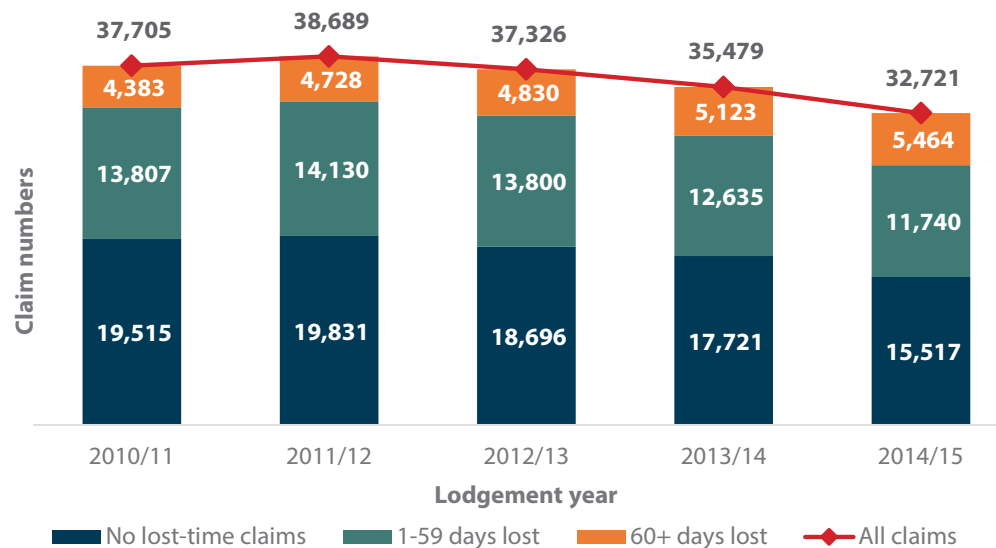


Claim trends

From 2010/11 to 2014/15, the annual number of claims lodged in the workers' compensation scheme of WA decreased by 13 percent from 37,705 to 32,721.

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.

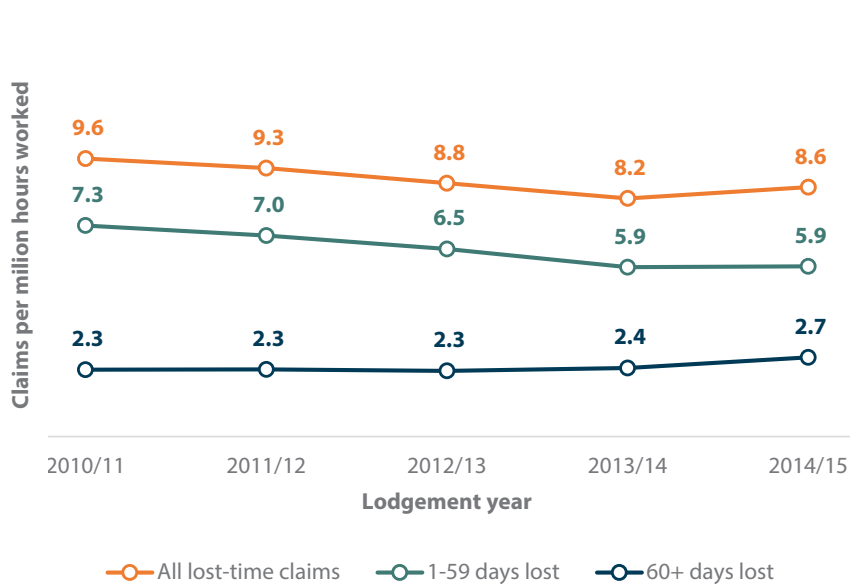
Figure 8: Claim trends



Frequency rates

The number of lost-time claims per million hours worked (frequency rate) decreased by 10 percent between 2010/11 and 2014/15. However, the frequency rate of longer duration claims increased for this reporting period.

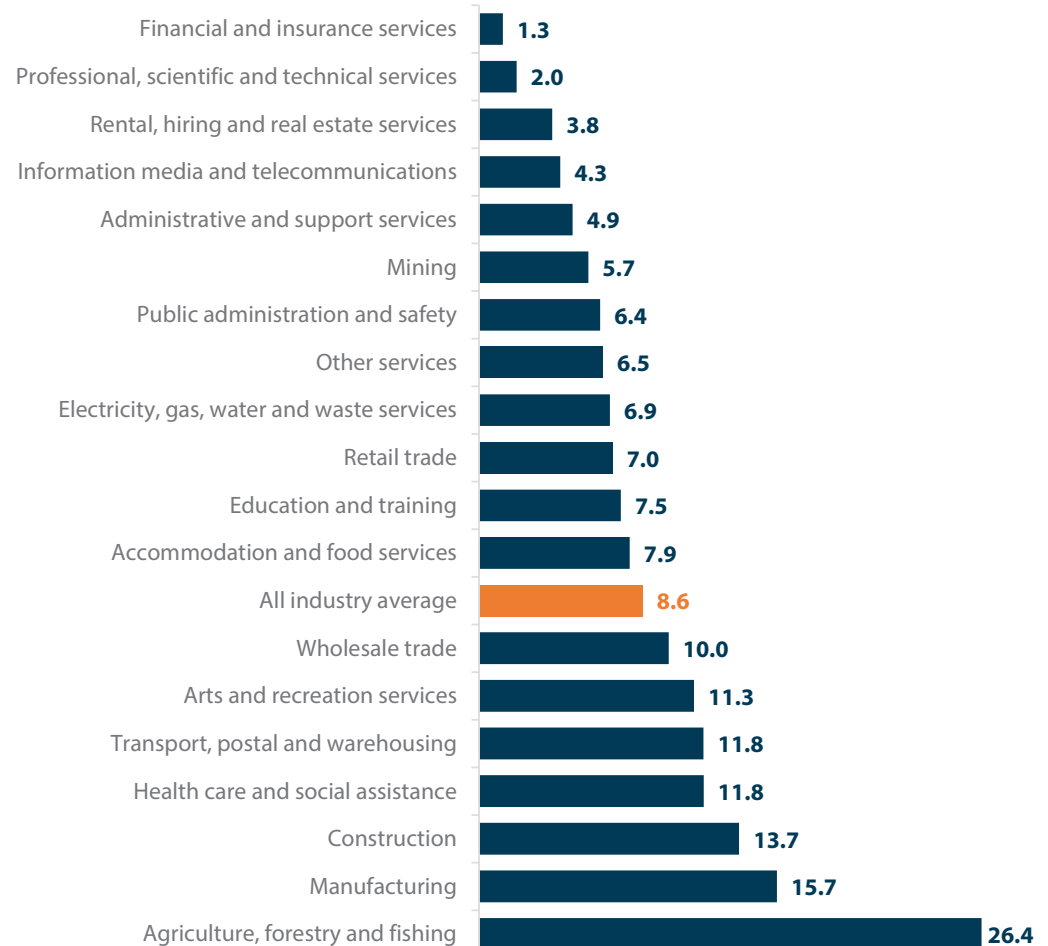
Figure 9: Frequency rates



Frequency of lost-time claims by industry

In 2014/15, the industries with the highest lost-time claim frequencies were agriculture, forestry and fishing; manufacturing; construction; health care and social assistance; and transport, postal and warehousing.

Figure 10: Frequency of lost-time claims by industry 2014/15



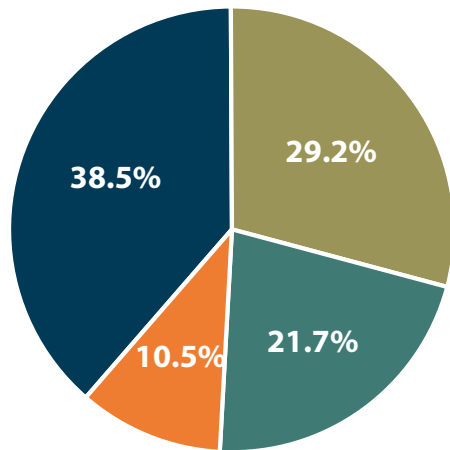


ff The average recommended premium rate has reduced by **20 percent** since **2007/08**.

Scheme payments 2015/16

During 2015/16, 67.7 percent of scheme payments were paid directly to workers in the form of income payment and common law and lump sum payouts, while 21.7 percent of payments were made for treatment services such as medical, allied health and vocational rehabilitation services. 10.5 percent of payments were related to legal and other services.

Figure 11: Scheme payments 2015/16



■ **Income payments**

\$371.8 million

■ **Common law and lump sums**

\$282.1 million

■ **Treatment services**

\$209.5 million

■ **Legal and other services**

\$101.5 million

Average recommended premium rates

WorkCover WA publishes annual recommended premium rates for workers' compensation insurance for each industry. The average recommended premium rate for 2016/17 represents a decrease of 0.3 percent on the previous rate, down from 1.483 percent of total wages to 1.478 percent of total wages.

The decrease in premium rates for 2016/17 was largely driven by:

- a decrease in the claim numbers for 2014/15 and in the half year to 31 December 2015
- decreases in the future rate of inflation and changes in market discount rates
- reduction in allowance for long duration claims.

The average recommended premium rate has reduced by 20 percent since 2007/08. High wages growth, improved occupational health and safety performance and strong rates of return for insurers over the last 10 years are the main drivers of this reduction.

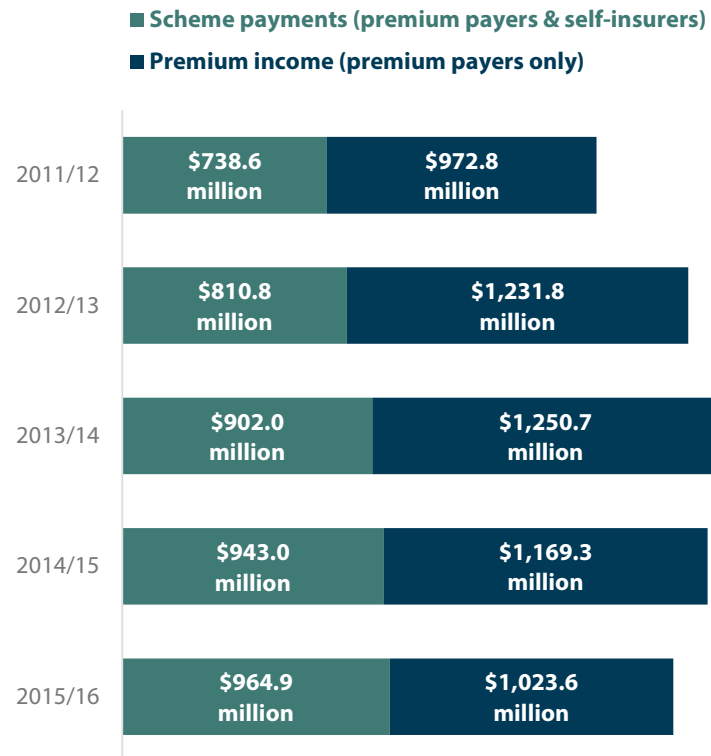
Figure 12: WA average recommended premium rates



Scheme payments and premium income

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

Figure 13: Scheme payments and premium income

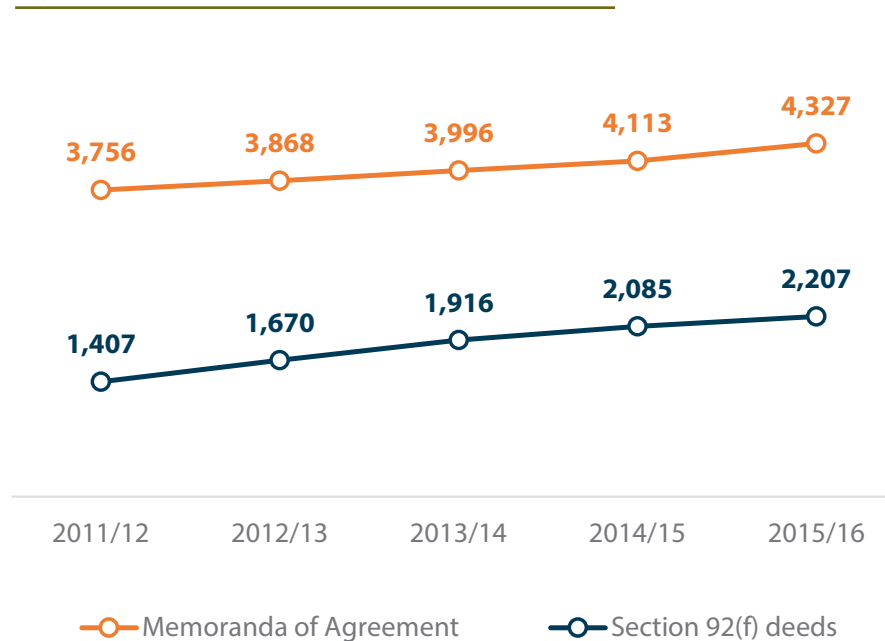


Settlements

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 2011/12 and 2015/16.

Figure 14: Number of settlements





Section 3: Report on operations

41 Service 1: Scheme Regulation

50 Service 2: Scheme Services

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):

3 - Results-Based Service Delivery

Also:

4 - Stronger focus on the regions

5 - Social and environmental responsibility

WorkCover WA strategic goal:

1 - Strategic scheme management

Employer compliance with obligations under the *Workers' Compensation and Injury Management Act 1981* (the Act) is fundamental to the ongoing integrity and success of the scheme. WorkCover WA devotes significant attention to employers through the application of an Employer Compliance Framework.

During 2015/16 the Regulatory Services Division further refined the Employer Compliance Framework which defines:

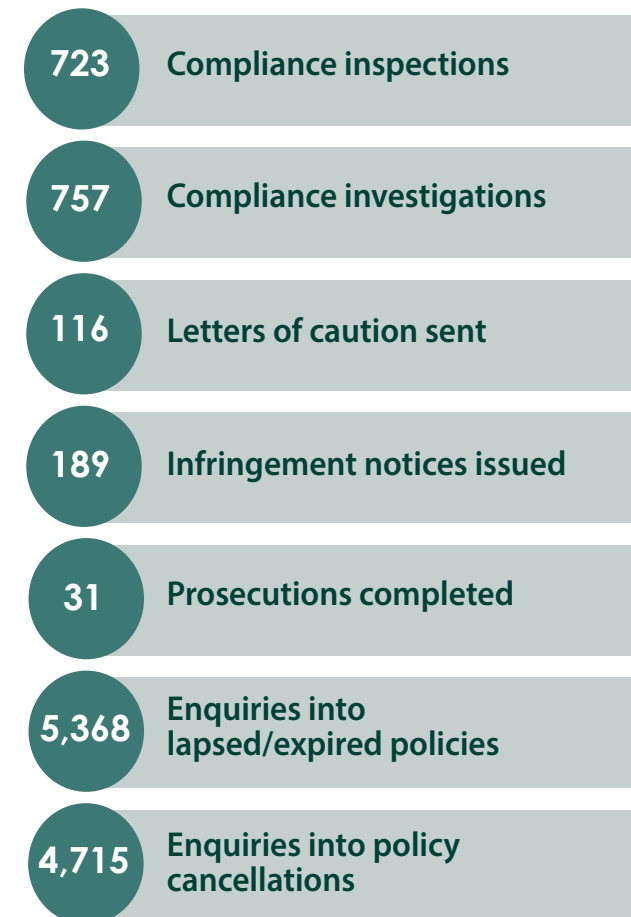
- WorkCover WA's risk-based approach to compliance activities
- methods used to detect instances of non-compliance
- core strategies used to encourage compliance: education, engagement and enforcement.

The refinements made to the Employer Compliance Framework resulted in:

- clearer definition of the Agency's overall approach to employer regulation, including the development of new enforcement processes
- improved Enforcement Criteria to more objectively determine appropriate enforcement action (letters of caution, infringement notices, prosecution). Development of statistical methods of detecting non-compliant employers via a predictive tool which uses analytical intelligence as explained on page 53.

Figure 15 outlines the outcomes of the Agency's 2015/16 employer regulatory activities.

Figure 15: 2015/16 compliance outcomes



Targeted regulatory education

Scheme trends inform the delivery of regulatory education for all stakeholders. In the employer context, educational activities are targeted at industries that have presented a higher risk of non-compliance with the duty to maintain workers' compensation insurance.

To ensure that regulatory education campaigns are targeted at high risk industries, a predictive intelligence tool was developed in 2015/16. For more information on the tool, refer to 'WorkCover WA Communications Strategy 2016-18, Predicting industry compliance' on page 53.

Regional compliance visits

WorkCover WA contributes to **Government Goal 3** (Results-Based Service Delivery) and **Government Goal 4** (Stronger focus on the regions) by conducting educational and employer compliance visits to regional areas. WorkCover WA's regional compliance activity is recorded below.

Christmas and Cocos (Keeling) Island

WorkCover WA has a biennial Service Delivery Agreement with the Commonwealth Government. This Agreement ensures compliance obligations are being met in the Indian Ocean Territories, and education and advice is available to local employers and injured workers.

In November 2015, two WorkCover WA inspectors visited the Christmas and Cocos (Keeling) Islands for 10 days to educate stakeholders about workers' compensation and promote employer compliance with the Act.

Activities undertaken during the visit included:

- increasing stakeholder knowledge and understanding of workers' compensation, injury management, return to work practices and noise induced hearing loss (NIHL). Employers and medical practitioners formed the primary focus for these activities
- meeting injured workers and employers to respond to specific enquiries about workers' compensation.

A total of 125 compliance inspections were also completed and 97 businesses were confirmed to be employers. Following the inspections, enforcement action was taken against 15 employers.

Vietnamese and Chinese Business Communities Plan

Recent compliance inspections of 178 acrylic nail businesses across Perth identified that one in four employers within this industry did not hold the required insurance. As a result these employers were issued infringement notices.

Targeted communication activities were developed to raise awareness of the legal requirement to have workers' compensation insurance within this industry. As many of these employers did not speak English as their first language and conveyed difficulty understanding their requirements as employers, this involved publishing translated advertisements and articles within Vietnamese and Chinese community newspapers, and translating resources on the WorkCover WA website.

The results of the targeted regulatory education campaign will be available in the next financial year.



Geraldton

Two WorkCover WA inspectors visited Geraldton for five days in June 2016 to educate stakeholders about workers' compensation and injury management, and promote employer compliance with the Act.

The visit focused on:

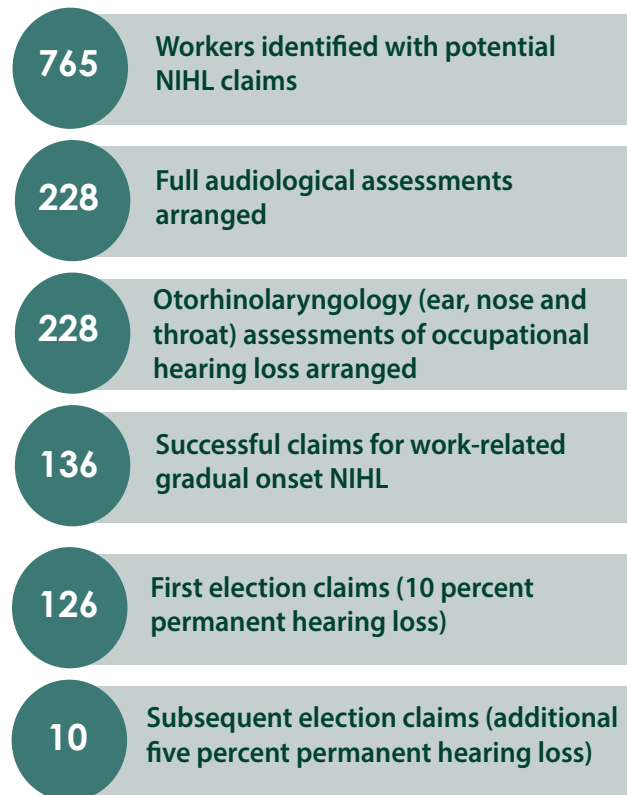
- improving employers' and insurance brokers' knowledge and understanding of workers' compensation, injury management and return to work practices
- targeted inspections of workplaces in the building and construction industry in and around Geraldton, to promote compliance with the Act.

There were 88 inspections completed and 58 businesses were confirmed to be employers. Following the visit, five businesses are the subject of further investigation.

Noise induced hearing loss

In 2015/16, WorkCover WA continued to offer advice and guidance to workers and employers across the State with regards to NIHL related tests and claims. Figure 16 outlines the Agency's activities to monitor and manage NIHL claims.

Figure 16: Involvement in noise induced hearing loss





Regulating service providers

This scheme service contributes to, and is aligned with:

Government Goal(s):

3 - Results-Based Service Delivery

Also:

5 - Social and environmental responsibility

WorkCover WA strategic goal:

1 - Strategic scheme management

2 - Leadership

WorkCover WA continued to approve and monitor service providers in 2015/16 to ensure compliance with the Act and the delivery of appropriate standards of service. Service providers include

approved insurers and self-insurers, registered agents, approved workplace rehabilitation providers (WRPs), approved medical specialists (AMS), approved audiometric officers, audiologists and audiometrists.

Regulation of service providers in 2015/16 included:

- approval and monitoring of service providers (Table 5)
- annual review of the performance of approved insurers and self-insurers to measure compliance and identify areas for service improvement
- audits of workplace rehabilitation providers, insurers and self-insurers
- investigation of complaints against service providers (Table 6)
- provision of training and workshops to groups of service providers about their roles and the role of WorkCover WA
- regular meetings with service providers and representative bodies to ensure open and collaborative responses to issues.

Table 5: Approved and monitored service providers

Type of service provider	Approved in 2014/15	Approved in 2015/16	Monitored as at 30/6/2016*
Insurers	0	0	9
Self-insurers	1	0	25
Registered agents	200	261	243
Workplace rehabilitation providers	8	41	45
Approved medical specialists	16	27	278
Audiometric officers, audiologists & audiometrists	79	50	502
Totals	304	379	1,102

*Reflects the total number of approved service providers in the scheme as at 30 June 2016.

Table 6: Complaints against service providers

Type of service provider	2012/13	2013/14	2014/15	2015/16
Insurers	17	4	11	7
Self-insurers	1	0	0	2
Registered agents	6	1	7	2
Workplace rehabilitation providers	7	1	2	7
Approved medical specialists	1	5	2	0
Audiometric officers, audiologists & audiometrists	0	0	0	0
Total complaints	32	11	22	18

Insurers and self-insurers

WorkCover WA monitors approved insurers and self-insurers to ensure compliance with performance indicators and statutory requirements.

Annual performance review

The performance of all approved insurers is reviewed annually by the WorkCover WA Board (the Board). The *Annual Review Report 2014/15* was considered by the Board in November 2015. The report provided an assessment of approved insurer performance with a focus on:

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

Biennial audit

WorkCover WA conducted audits of insurers and self-insurers in 2015/16 to ensure compliance with performance indicators and legislative requirements. Audits are also an effective means of identifying service issues and fostering a culture of continuous improvement. The audits indicated overall good compliance and provided insurers and self-insurers with specific improvement goals.

Complaints against approved insurers and self-insurers

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

In 2015/16 there were seven complaints against approved insurers, compared with 11 in the previous year. Of these complaints, one was substantiated, one was proven to be unsubstantiated, two were resolved by the parties and two were outside WorkCover WA's jurisdiction. One complaint remains under investigation as at 30 June 2016.

In 2015/16 there were two complaints against self-insurers, compared with none in the previous year. One complaint was substantiated and one withdrawn.

WorkCover WA encourages the use of the insurer's internal dispute resolution process to resolve complaints and disputes in the first instance.

Registered agents

WorkCover WA registers agents who may represent parties in proceedings in the Workers' Compensation Conciliation and Arbitration Services (CAS).

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.

In 2015/16, WorkCover WA approved 261 registered agents, of which six were independent registered agents.

Complaints against registered agents

There were two complaints about registered agents in 2015/16, both of these relate to independent registered agents. One complaint was withdrawn and one remains under investigation.

Workplace rehabilitation providers

Approved WRPs assist injured workers to return to work through various activities including workplace visits, vocational assessment, host employment placements and redeployment.

WRP approvals are valid for three years. In 2015/16 WorkCover WA renewed 31 existing WRPs and approved 10 new WRPs.

Complaints against workplace rehabilitation providers

There were seven complaints against WRPs in 2015/16, compared to two in the previous financial year. None of the complaints were substantiated.

Audiometric officers, audiometrists and audiologists

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.

In 2015/16 WorkCover WA approved 50 AAOs to operate within the scheme.

Complaints against approved audiometric officers, audiometrists and audiologists

There were no complaints recorded against AAOs in 2015/16.

Approved medical specialists

WorkCover WA designates medical practitioners as AMS qualified to assess an injured worker's degree of permanent impairment.

WorkCover WA will implement the National Permanent Impairment Guidelines based on the American Medical Association 5th edition Guides in 2016/17. WorkCover WA is currently working with other jurisdictions to develop and adopt a consistent approach to meet the training needs of AMS.

For more information refer to 'Implementation of National Guidelines for the Evaluation of Permanent Impairment' on page 48.

In 2015/16 WorkCover WA approved 27 AMS.

Complaints against approved medical specialists

There were no complaints recorded against AMS in 2015/16.

Improving scheme performance

This scheme service contributes to, and is aligned with:

Government Goal(s):

3 - Results-Based Service Delivery

Also:

2 - Financial and economic responsibility

5 - Social and environmental responsibility

WorkCover WA strategic goal:

1 - Strategic scheme management

2 - Leadership

A key goal of WorkCover WA is to ensure the stability and fairness of the workers' compensation scheme by ensuring worker entitlements, premium rates and provider fees are fair and reasonable.

During 2015/16 WorkCover WA made indexed adjustments to:

- the entitlement limits of injured workers
- recommended premium rates for workers' compensation insurance policies
- fees payable to medical and health providers operating in the workers' compensation scheme.

Permanent impairment assessment framework

In 2015/16, attention was focused on the permanent impairment assessment framework. Permanent impairment assessment is a key element of the WA scheme used by workers to access lump sum benefits and to support an election to pursue a common law claim.

Two projects were undertaken during this financial year:

- internal review of the permanent impairment assessment framework
- preparation for implementation of National Guidelines for the Evaluation of Permanent Impairment.

Review of permanent impairment assessment framework

In 2015/16 a detailed internal review of the legislative and operational aspects of the permanent impairment assessment framework was completed. The review examined opportunities to improve administrative systems and governance arrangements.

The assessment framework review was cognisant of legislative review recommendations affecting permanent impairment assessment, and work underway to implement a standard national permanent impairment guidelines and training package for impairment assessors across Australia.

The assessment framework review identified a number of potential changes to the framework in areas such as:

- status of non-specialists
- impairment assessment training
- AMS competency
- complaints procedures.

The recommendations arising from the assessment framework review will be further considered as part of developing and implementing a new workers' compensation and injury management statute.





Implementation of National Guidelines for the Evaluation of Permanent Impairment

The *WorkCover WA Guides for the Evaluation of Permanent Impairment* (WA Guides) is a regulated publication used to guide the evaluation of an injured worker's degree of permanent impairment by medical practitioners.

WorkCover WA has been working with other workers' compensation jurisdictions, under the auspices of Safe Work Australia, to develop a nationally consistent impairment assessment guide and a training package for assessors.

During 2015/16 WorkCover WA finalised appropriate modifications to the national guides to accommodate the specific requirements of the WA legislative regime. The proposed new WA Guides have been endorsed by the Board and Medical Committee. Subject to formal approval by the Minister for Commerce the new WA Guides will be published and come into effect in Western Australia in late 2016.

The implementation of the new WA Guides will follow a training program for AMS and other stakeholders. The WA Guides will also be supported by revised Guidance Notes, administrative forms and fact sheets.

Targeting injury management and return to work practices

WorkCover WA continues to explore ways to improve injury management and return to work outcomes and practices for workers and employers.

In 2015/16 the Agency participated in a national, multi-year project undertaken by Monash University to develop clinical guidelines to assist general practitioners (GPs) in assessing, diagnosing and managing work related mental health conditions.

The project brings together two injury management focus areas for the Western Australian workers' compensation and injury management scheme:

- the engagement of GPs in injury management and return to work processes
- minimising the impact of psychological injury and mental health conditions.

Recent and ongoing efforts in 'injury management' and 'return to work' will also be showcased at WorkCover WA's Return to Work Conference 2017. For more information about the upcoming Conference refer to 'Consultation and engagement with stakeholders' on page 59.

Data quality framework for claim and policy data

Claim and policy data provided by insurers and self-insurers underpins a range of WorkCover WA activities including insurance compliance, development of recommended premium rates and provider performance monitoring. Access to high quality data is essential.

During 2015/16 WorkCover WA focused its data quality approach by establishing a Data Quality Framework to:

- define and document the quality of claim and policy data
- set relevant benchmarks for best practice.

The Data Quality Framework will assist in a transition from spreadsheet based data collection to an approach based solely on unit record data.

The Data Quality Framework was developed in consultation with insurers and includes specifications for pre and post production activities to support improved data quality.

In addition to documenting the Framework, reporting tools were developed to measure and report on existing data quality and identify emerging data quality issues.

During 2016/17 the elements of the Framework will be progressively operationalised within business practices and systems.

Transition to ANZSIC 2006 for recommended premium rates

During 2015/16 WorkCover WA continued to work with stakeholders to transition premium rating classifications (PRC) based on the Australian and New Zealand Standard Industry Classification (ANZSIC) 1993 to classifications based on the ANZSIC 2006 standard.

During 2015/16 WorkCover WA commissioned the scheme actuary to produce indicative premium rates based on the new industry classifications. These indicative rates were used to assess the likely impact of the new classifications on industry classes and employers.

A transition plan will be implemented in 2016/17 to:

- address any data or actuarial issues associated with the implementation of the new classifications
- inform employers and other relevant stakeholders of the premium rating classification changes.

The transition to premium rate classifications based on ANZSIC 2006 is planned to take place in the 2017/18 financial year.

Progressing legislative reform

This scheme service contributes to, and is aligned with:

Government Goal(s):

3 - Results-Based Service Delivery

Also:

2 - Financial and economic responsibility
5 - Social and environmental responsibility

WorkCover WA strategic goal:

1 - Strategic scheme management

2 - Leadership

Definition of industrial award

In April 2016 a new regulation was effected which expanded the definition of 'industrial award' in the Act.

The regulation clarified workers covered by Commonwealth industrial instruments are 'award' workers for the purpose of calculating weekly compensation payments under the Act.

Legislative Review Phase 2

In October 2014 the WA Government approved the drafting of a bill to repeal and replace the Act. This followed extensive consultation with stakeholders. Drafting instructions are currently with the Parliamentary Counsel's Office.

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):

3 - Results-Based Service Delivery

Also:

2 - Financial and economic responsibility

WorkCover WA strategic goal:

1 - Strategic scheme management

2 - Leadership

WorkCover WA's CAS provide a fair and cost effective system to resolve disputes that:

- is timely
- 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 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 finalised 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 matters.

The Conciliation Service registered 4,327 Memoranda of Agreement in 2015/16.

CAS initiatives to improve service delivery in 2015/16 included:

- an external evaluation of the effectiveness of CAS
- introduction of a Pre-Arbitration Conference Pilot Program
- ongoing enhancement of the core business management system (Dispute Case Management System)
- continuation of the Conciliation Officer Development Program.

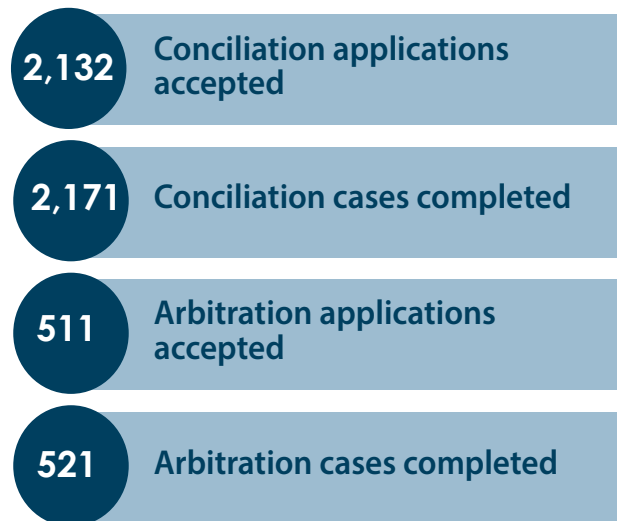
Initiatives to build on relationships and collaborate with stakeholders in 2015/16 included:

- delivery of targeted advocacy training (refer to Case Study 2 on page 52)
- establishing processes for the development, consultation and communication of Arbitration Service Practice Directions
- consultation via the Dispute Services Users Group (Users Group).

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 figure and table illustrates WorkCover WA's achievement of these objectives, including numbers of applications accepted and cases completed. In Table 7, KPI effectiveness indicator 1.2 relates to Conciliation Services and 1.3 to Conciliation and Arbitration Services combined.

Figure 17: 2015/16 CAS applications and cases*



* The figures for conciliation and arbitration cases 'completed' include some applications which were accepted for lodgement in previous financial years.

Table 7: 2015/16 KPI effectiveness indicators related to CAS	
Description	2015/16 Target (T) and Result (R)
1.2 Ref. p. 94 Proportion of conciliations completed within eight weeks	T = 97.0% R = 96.2%
1.3 Ref. p. 94 Proportion of disputes resolved within six months	T = 90.0% R = 86.8%

Dispute Services Users Group

The Users Group was established as a means of engaging and consulting with key stakeholders involved with CAS including legal practitioners and registered agents. It provides an effective forum for the two-way exchange of information regarding the operations of CAS and workers' compensation dispute resolution matters in general.

In 2015/16 the Users Group met on two occasions and considered a range of initiatives and issues including:

- the Advocacy Training Program
- Arbitration Service Practice Directions
- attempts to resolve disputes prior to lodging a conciliation application
- pre-arbitration conferences
- security within CAS.

Pre-arbitration conferences

A pilot program of pre-arbitration conferences commenced in 2016 in response to frequent discontinuance or settlement of arbitration matters just prior to a scheduled arbitration hearing. As part of the pilot, parties agree to participate in a conference (on a voluntary basis) held one month prior to the scheduled arbitration hearing. This is intended to narrow the issues in dispute prior to the arbitration date, and to minimise the resource impact of late discontinuance of matters.

The pilot program is still in its early stages and a review of its effectiveness will be undertaken in 2016/17.

Conciliation Officer Development Program

The Conciliation Officer Development Program was first established in April 2014 to develop a pool of suitably skilled WorkCover WA staff to undertake the role of Conciliation Officer. This is a graduated program which builds skills and knowledge over a 13 week period, in a supportive environment.

The Program continued throughout 2015/16 with one staff member successfully completing the 13 week program and another joining the program in May 2016. This has increased the capacity of the Conciliation Service to maintain appropriate staffing levels and service delivery.

Arbitration Service practice note

Practice notes are a common tool used in courts and tribunals. Practice notes are typically descriptive procedural documents that relate to a specific issue.

The Act authorises the Registrar, Arbitration to issue practice notes about the practice and procedure of arbitrators. The purpose of this project was to establish the processes for the development, consultation and communication of practice notes. The project was also used to introduce an initial practice note.

The initial practice note relates to interlocutory applications, procedures and consultation requirements and is available on the WorkCover WA website.

The processes used to create and implement the practice notes were effective and future practice notes will be issued.

Review of the Rules

Amendments to the *Workers' Compensation and Injury Management Conciliation Rules 2011* and the *Workers' Compensation and Injury Management Arbitration Rules 2011* (the Rules) took effect from 1 July 2015. The amendments followed a 2014/15 review which sourced feedback from stakeholders regarding the operation of the Rules.

Changes to the Rules have resulted in improved operational practices and increased efficiency in conciliation and arbitration, particularly:

- more timely filing of documents by parties across both services
- more consistent filing of notices consenting or opposing interlocutory applications prior to hearing, enabling the Arbitrator to anticipate and prepare for the parties' respective arguments
- confirmation that (in most cases) the written statement of a witness would stand as his or her evidence in chief, significantly reducing the instances where evidence is sought to be adduced orally and in turn reducing hearing times.

Advocacy Training Program

On 8 March 2016, 60 legal practitioners and registered agents attended the Advocacy Training Program held in the conference suite at WorkCover WA.

The delivery of an Advocacy Training Program engaged and consulted stakeholders involved with CAS.

Refer to Case Study 2 for more detail.

Case Study 2: Engagement with stakeholders of WorkCover WA's Conciliation and Arbitration Services

Arbitration is an important dispute resolution service provided by WorkCover WA. A recent review identified that good advocacy skills can significantly improve outcomes at arbitration. In response to these findings WorkCover WA developed and delivered an Advocacy Training Program in March 2016.

Aimed at legal practitioners and registered agents who regularly appear before the Arbitration Service, the training program attracted 60 attendees.

Program content

Delivered over a half day, the Advocacy Training Program was divided into three sessions and was accredited to provide Continuing Professional Development points.

Session one, presented by Principal Registrar Melville of the District Court of Western Australia, provided practical advice and real-life examples of the issues facing those preparing matters for arbitration.

In the second session, Member Quinlan (State Administrative Tribunal), presented on written advocacy, highlighting how the investment of time, effort and forethought to produce good written statements and submissions, will place clients in the best possible position with a decision maker.

The final session, presented by His Honour Justice Chaney, Supreme Court of Western Australia, covered the elements and importance of good oral advocacy.

Evaluation

Evaluation results from the Advocacy Training Program showed that attendees strongly agreed the training improved their knowledge about what is required of them when appearing before the Arbitration Service. As a result their confidence in effectively presenting evidence (oral and written) and making submissions before the Arbitration Service increased.

Feedback suggested participants found the program practical and useful. The insights and perspectives of decision makers was well received, as were the practical case extracts, information handouts, tips and examples provided.

"A particular highlight was hearing insights from Justice Chaney. His presentation and sense of humour made for an excellent listening experience."

"The training was a great opportunity to come together with my peers and learn some new skills in the art of advocacy. All of the presentations were very relevant, helpful and practical."



Future training

Due to the success of the Advocacy Training Program further training will be considered in 2016/17.

Education and information

This scheme service contributes to, and is aligned with:

Government Goal(s):

3 - Results-Based Service Delivery

Also:

4 - Stronger focus on the regions

WorkCover WA strategic goal:

1 - Strategic scheme management

2 - Leadership

WorkCover WA offers education, advice and assistance to workers, employers and all other stakeholders via a range 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.

WorkCover WA Communications Strategy 2016–18

In 2015/16 WorkCover WA developed the *External Communications Strategy 2016–2018* (the Strategy). The Strategy outlines the basis for the delivery of activities against the following themes of the *WorkCover WA 2015–2018 Strategic Plan*:

- empower scheme participants through advice and education
- continue to positively influence stakeholder behaviour.

The following projects were completed to assist in the development and implementation of the Strategy.

Project 1: Digital optimisation

The WorkCover WA website was assessed in 2015/16 to gauge whether the Agency's main educational resource continues to meet the needs of stakeholders. Scenario-based qualitative exercises were conducted with employers and workers to test the useability of the website.

Results were positive with the site found to be user-friendly and easy to navigate. The final report made recommendations for minor improvements, which were implemented in 2015/16. These included:

- adjusting the colour of web links so they are more visible
- revising content explaining technical processes to be more easily understood.

Project 2: Call data mining

Two years of telephone call data from the WorkCover WA Advice and Assistance Unit was also analysed to identify any trends in incoming queries from injured workers, employers and other stakeholders. The report provided opportunities to improve the way queries are recorded to increase the usefulness of this intelligence source, and highlighted areas that needed new or improved educational material.

Project 3: Predicting industry compliance

Understanding where best to place resources is critical to delivering good regulatory outcomes.

In 2015/16 a predictive intelligence tool was developed which allows WorkCover WA to identify which industries present both a high risk of non-insurance and a high risk of claims. The tool uses data drawn from a number of known risks and behavioural factors. Completed in April, the first Industry Compliance Matrix Report identified the following industries present a higher risk of future non-compliance and/or claims:

- building construction
- construction services
- road transport.

An education campaign is in development to raise awareness of workers' compensation and injury management obligations within these priority industries in 2016/17.

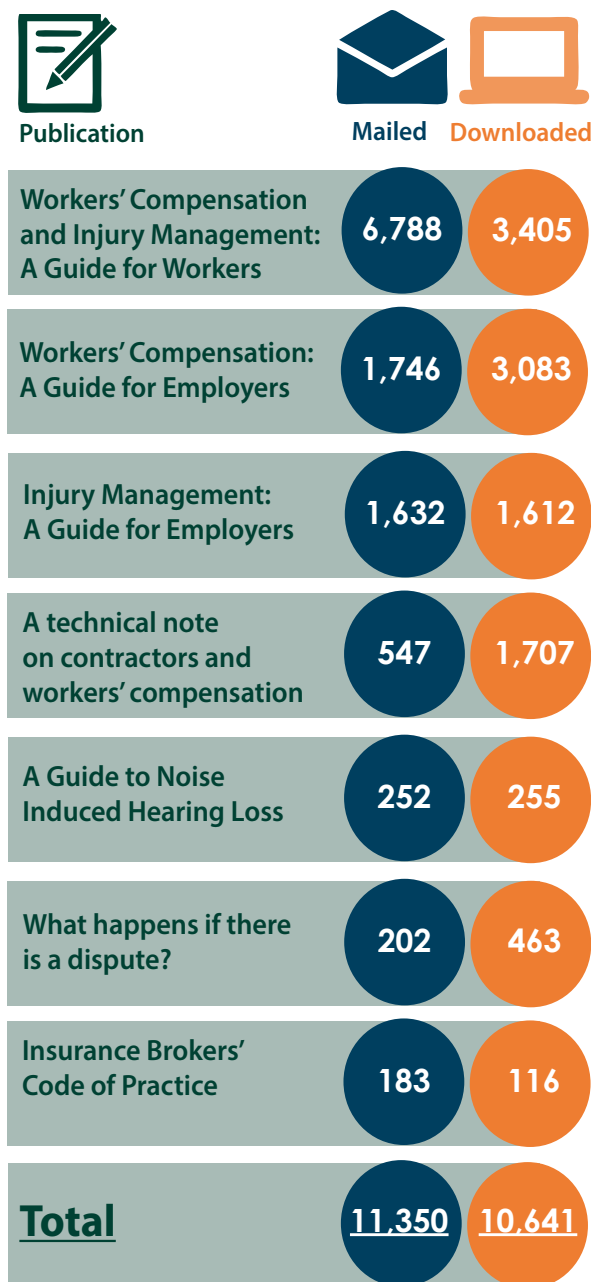
Publications

WorkCover WA publishes a range of educational materials providing workers, employers and service providers with relevant and comprehensive sources of information.

In 2015/16 the *Workers' Compensation and Injury Management: A Guide for Workers* (Workers' Guide) was again the most requested publication by mail, comprising 60 percent of all publications ordered. The Workers' Guide was also the most downloaded publication, recording 32 percent of all downloads.

WorkCover WA publications can be downloaded from the resources section on the WorkCover WA website – www.workcover.wa.gov.au/resources/forms-publications

Figure 18: Publication distribution



Website

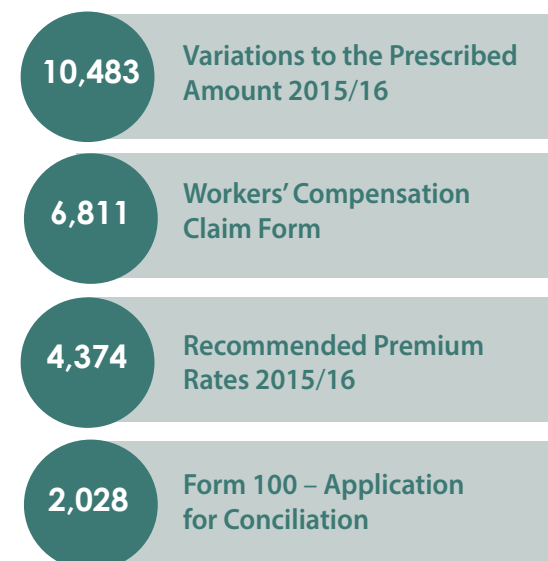
The Agency maintained an informative internet presence throughout 2015/16, presenting information about stakeholders' rights and responsibilities and WorkCover WA's services and expertise. These are all presented in an accessible, accurate and user-friendly format. This included the distribution of 25 latest news articles to 1,192 WorkCover WA website subscribers.

Other website outcomes for 2015/16 are outlined below.

Downloads

There were a total of 103,560 unique downloads of publications, forms, reports and other information in 2015/16. This is a nine percent increase from 2014/15 and can be largely attributed to the improved usability of the WorkCover WA website.

Figure 19: Top downloads 2015/16



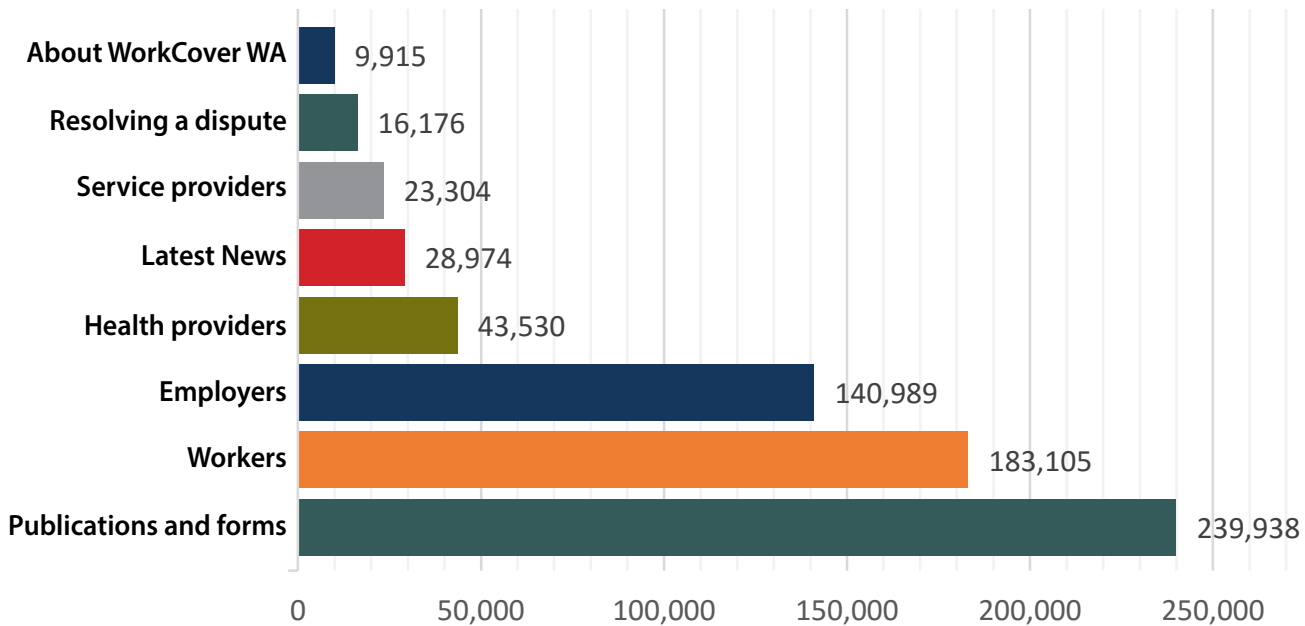


General website statistics

Figure 20: Site visits



Figure 21: Views by WorkCover WA website channels



gpsupport website

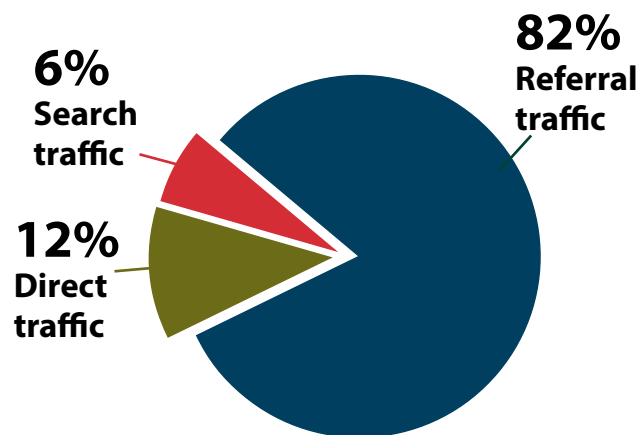
WorkCover WA developed the **gpsupport** website (gpsupport.workcover.wa.gov.au) last financial year to provide a centralised educational resource for GPs involved with treating injured workers and assisting them through the return to work process.

In 2015/16, the **gpsupport** website was redesigned to match the WorkCover WA website's style and functionality. The website is now more user-friendly and easier to navigate. The content was refined, enhancing the quality of our GP resources. Feedback about the revised site has been very positive. Through latest news articles on the site, and promotion at relevant events, WorkCover WA will continue to encourage use of the site as a key injury management and return to work resource for GPs.

Figure 22: gpsupport site visits



Figure 23: gpsupport traffic sources



Twitter

WorkCover WA uses 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 comprehensive information.

During 2015/16 WorkCover WA 'tweeted' 61 times and accumulated 287 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 service providers who require immediate guidance related to workers' compensation and injury management matters.

A call recording functionality that was implemented in 2014/15 enabled WorkCover WA to improve the quality of this service and identify specific training needs in 2015/16.

This year the Unit responded to 21,701 requests for advice and assistance by email, letters and over the phone from a broad cross section of stakeholders (predominantly workers and employers) and 227 onsite queries received at the WorkCover WA reception desk. Topics covered included the claims process, injury management, return to work, weekly compensation rates and entitlements, workplace rehabilitation entitlements and dispute resolution.

Advice and Assistance staff received ongoing training focused on managing calls to provide timely and practical information and assisting callers who are experiencing difficult and stressful situations.

Training and seminars

During 2015/16 WorkCover WA delivered a range of events in the form of seminars, information sessions and presentations. The activities informed stakeholders and the general public about issues surrounding workers' compensation and injury management. These engagement 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 attendees an opportunity to discuss individual queries and concerns with experienced divisional heads.

WorkCover WA conducted four seminars in 2015/16, informing and educating 206 stakeholders about the scheme.

In December 2015, a review of the format and content of the Welcome to WorkCover WA seminar presentation was conducted. An outcome from this review included developing a more substantial section within the presentation on injury management and return to work information.

Feedback on the seminars in 2015/16 has been positive, with the revised injury management and return to work section receiving high praise in recent event evaluation forms.

Insurance Brokers' Breakfast Seminar

The 2015 Insurance Brokers' Breakfast Seminar was held on 10 December at Crown Perth. This was the sixth seminar since the commencement of the series in 2006, continuing WorkCover WA's commitment to engaging with insurance brokers in collaboration with the National Insurance Brokers Association.

Including a keynote presentation about the 'changing face of work', the purpose of the seminar was to enable insurance brokers to:

- learn more about WorkCover WA and the Western Australian workers' compensation scheme
- better understand WorkCover WA's regulatory role
- hear about the latest scheme trends and developments.



General Manager Conciliation and Arbitration Services Wendy Attenborough delivering a presentation at the 2015 Insurance Brokers' Breakfast Seminar.

Approved medical specialist training

AMS are medical practitioners approved by WorkCover WA to carry out particular medical assessments.

AMS play an integral role in the scheme by assessing injured worker permanent impairment as part of the claims process. In order to be approved as an AMS, medical practitioners must complete formal training in permanent impairment assessment, including a WA specific session.

There were 27 new AMS registered in 2015/16 and one training session about the WA permanent impairment regime for prospective AMS was delivered.

Future AMS training initiatives will align with the National Permanent Impairment Guidelines which will be implemented in 2016/17.

Presentations

Presentations on request

WorkCover WA delivers a range of tailored external presentations to stakeholders upon request.

During 2015/16 the Agency delivered 13 external presentations including small business owners, universities and health providers. These presentations focused on:

- employer obligations and the roles played by different parties (relevant to the audience)
- injury management and return to work information for health providers such as GPs, medical staff and occupational therapy students.

Conferences and seminars

In 2015, WorkCover WA presented a variety of external events including:

- Australian Insurance Law Association Seminar 2015. This seminar was entitled 'WorkCover WA – How they see things' and gave WorkCover WA the opportunity to present latest scheme trends and issues, CAS updates and practice experiences
- Fluoro Conference 2015 hosted by IFAP. This Conference gave WorkCover WA the opportunity to reinforce workers' compensation and injury management obligations with reference to the current challenges faced by Australian businesses, employers and safety leaders
- Injury Schemes Seminar 'Road to Recovery' hosted by the Actuaries' Institute. This seminar provided an opportunity for actuaries, scheme administrators, and injury and disability specialists to better understand the experiences, challenges and opportunities for injury schemes across Australasia. WorkCover WA presented a Western Australian scheme update at the seminar.



Advisory Officer Daniel McBride at the Perth Franchising Expo.

Consultation and engagement with stakeholders

Small business events

Small business employers are a focus area for communication activities and in 2015/16 WorkCover WA participated in the following targeted education events:

Perth Franchising Expo

WorkCover WA exhibited at the Perth Franchising Expo held at Crown Perth in May 2016. Following a number of prosecutions of WA franchisees over the past two years, attending the expo formed part of WorkCover WA's ongoing efforts to engage with existing and prospective franchise business owners about workers' compensation and injury management obligations.

There were over 900 visitors at the Expo and the WorkCover WA stand was well attended. The majority of queries received were from prospective franchisees who were unaware of workers' compensation and injury management obligations. WorkCover WA also encouraged franchisors to incorporate the WA workers' compensation and injury management scheme requirements into their inductions for new franchisees.

ATO Business Conversations

WorkCover WA exhibited at the ATO Business Conversations in June 2016. This event provided WorkCover WA with the opportunity to network with small business owners and answer queries in relation to workers' compensation insurance, various working relationships, and claims processes. More than 75 small business owners were in attendance at the event.

Bizlinks

WorkCover WA presented at the BizLinks seminar in May 2016. The event was hosted by the Small Business Development Corporation and nine government agencies presented to 61 attendees. The event provided WorkCover WA with the opportunity to educate small business owners on their workers' compensation and injury management rights and obligations. The event was a success with a number of attendees remarking that prior to the seminar they were unaware they were legally obligated to have workers' compensation insurance.

Return to Work Conference 2017

Planning and coordination of the WorkCover WA Conference 2017 commenced in 2015/16. The Conference will build on the success of the inaugural 2015 Injury Management Conference. The Conference forms part of WorkCover WA's commitment to promoting and influencing best practice in injury management and return to work.

The Conference will also provide an important educational platform to drive the ongoing achievement of positive return to work outcomes for injured workers. Outcomes will be reported in the 2016/17 Annual Report.

Collaboration

The Agency collaborates with others to contribute to the effective management of the workers' compensation and injury management scheme. Such collaboration is aimed at ensuring ongoing improvement of workers' compensation outcomes in WA and nationally.

National collaboration

Heads of Workers' Compensation Authorities

On 1 January 2016, WorkCover WA assumed the role of chair of the Heads of Workers' Compensation Authorities (HWCA). HWCA comprises the Chief Executives (or their representatives) of the peak bodies responsible for the regulation of workers' compensation in Australia and New Zealand. This includes Australia's 10 workers' compensation authorities and the New Zealand Accident Compensation Corporation.

HWCA's vision is to promote and implement best practice in workers' compensation arrangements in Australia and New Zealand in the areas of policy and legislative matters, regulation and scheme administration. HWCA also liaises with Safe Work Australia on workers' compensation matters.

As chair of HWCA, WorkCover WA will provide executive and policy level support for meetings and national projects. WorkCover WA will also maintain an active role in driving a strategic policy agenda and change.

Strategic Issues Group – Workers’ Compensation

WorkCover WA’s Chief Executive Officer is Western Australia’s representative on the Safe Work Australia Strategic Issues Group – Workers’ Compensation (SIG-WC). SIG-WC is a forum for workers’ compensation authorities and social partners to discuss national policy issues. SIG-WC has a strategic focus and develops initiatives to improve workers’ compensation arrangements across Australia.

Some of the key activities progressed in 2015/16 by SIG-WC include:

- work to implement nationally consistent arrangements for the assessment of permanent impairment
- publication of key benchmark reports including the Comparative Performance Monitoring Report and the *Comparison of Workers’ Compensation Arrangements in Australia and New Zealand*.

Personal Injury Education Foundation

WorkCover WA is a member of the Personal Injury Education Foundation (PIEF, www.pief.com.au) and continued to support programs developed by PIEF during 2015/16.

In 2015/16, PIEF provided return to work and case management training for professionals working with people with injuries (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, the Department of Commerce, RiskCover, the 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 2015/16 by providing 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 2015/16, 10 free IFAP seminars were delivered to 77 injured workers.

Commission for Occupational Safety and Health

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

Healthier Workplace WA

WorkCover WA has been working with Healthier Workplace WA (HWWA) to help promote better employee health through decreases in smoking and alcohol intake and increases in physical activity and healthy eating. WorkCover WA is a long standing member of the Advisory Group which provides ideas, feedback and support to HWWA to disseminate information about the program.

WorkCover WA’s own Safety, health and wellbeing initiatives are detailed in *Section 4: Opportunities and challenges* on page 65.





Section 4: Opportunities and challenges

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- 65 Safety, health and wellbeing**
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Opportunity and accessibility

Workforce development

The following initiatives are aligned with, and contribute to WorkCover WA strategic goal:

3 - Agile & innovative organisation

Employee capability

WorkCover WA invests in building the capability of staff. Professional development strategies are identified through the Performance Development Agreement (PDA) process. Refer to page 63 for more details on the PDA process.

Blended Learning Program

A Blended Learning Pilot Program was trialled in October 2015 to build the competency of staff through the development of specific, tailored, individual, learning plans. The blended learning strategy is based on the “Embedding 70:20:10” paper published by the Public Sector Commission which proposes a learning philosophy based on:

- 70 percent action learning (on-the-job)
- 20 percent relationship learning (learning from others)
- 10 percent formal learning (structured programs).

The pilot program focused on the development of individual development plans for level 1–3 staff in the Regulatory Services Division and the Records Branch of the Corporate Resources Division. Sixteen staff and four supervisors participated in the pilot which determined that ‘on-the-job’ or ‘learning from others’ were the preferred methods of learning new skills. The blended learning approach has since been implemented with all remaining level 1–3 staff across the Agency.

The next phase of the Program involves implementing the ‘blended learning’ approach for all level 4–7 staff.

Leadership development

The leadership development program continued to build leadership capability within all divisions across WorkCover WA.

The leadership program was delivered to a total of 20 leaders across the range of leadership tiers.

Leadership development plans were included in the performance development agreement document. A separate assessment of leadership capability, with the intention of detailing specific development objectives, responsibilities and timelines for each leader was also introduced.

Staff training

In 2015/16, all WorkCover WA staff attended professional development programs. The programs covered areas including leadership development, innovation, executive writing and policy development, team building and skills development in the use of information technology products.

During the year staff also attended in-house programs on records management, dealing with difficult clients, occupational safety and health (OSH) and first aid training, project management and customer service.

The total hours of general staff training in 2015/16 were:





Employee development

Performance Development Agreement process

WorkCover WA's employee development process is supported through our Performance Development Agreement (PDA) system. All staff participate in two formal PDA meetings each year with their supervisor to discuss performance, provide feedback and identify development opportunities.

During 2015/16 the PDA form was enhanced to capture the individual development goals negotiated with those staff members who participated in the leadership development and blended learning programs.

Attraction and retention

Graduate Program

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

On 1 February 2016, a new graduate commenced employment with WorkCover WA in the Program. During the reporting period the graduate completed placements in the Conciliation and Arbitration Services and Regulatory Services divisions. As part of each placement, graduates are exposed to a range of each division's activities while completing a project related to the business of the host area.

The graduate also completes the Public Sector Commission's Graduate Future Leaders Program as part of the Program.

Workplace consultation

Innovation Framework review

WorkCover WA's Innovation Framework provides a high-level approach to fostering 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 increase efficiencies and improve performance and service delivery.

2015/16 outcomes from the Innovation Framework can be found under 'Innovation Committee' in *Section 1: Agency in focus* on page 26.

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:

3 - Agile & innovative organisation

Disability Access and Inclusion Plan

Through the implementation of its Disability Access and Inclusion Plan (DAIP), WorkCover WA recognises and commits to the inclusion of people with disabilities (both internal and external to the Agency) 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 initiatives included in the DAIP.

During the year WorkCover WA utilised the website, intranet and internal "lunch and learn" sessions to promote its commitment to the DAIP to people with disabilities, internal staff and external contractors.

For more details about the Equity and Diversity Committee's achievements under the DAIP in 2015/16, refer to page 25 under 'Workplace Consultation'.

Traineeship program

Primarily targeted at youth under the age of 25, WorkCover WA's traineeship program also emphasises engagement with young Aboriginal and Torres Strait Islander Australians.

Trainees are supported in completing 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. One of the trainees was a finalist in the Central Institute's Student of the Year award and was acknowledged with a certificate of high commendation.

In December 2015, WorkCover WA engaged a new trainee who is currently undertaking the program.

Reconciliation Action Plan

WorkCover WA has a Reconciliation Action Plan (RAP) to raise awareness about the culture and values of Aboriginal and Torres Strait Islander Australians.

All intended RAP initiatives were completed in 2015/16, including:

- engaging with Aboriginal and Torres Strait Islander businesses on procurement of goods and services
- educating staff about Aboriginal culture through the use of articles on the intranet and celebrating NAIDOC week
- continued attendance and contribution to the quarterly Commonwealth State Aboriginal and Torres Strait Islander Network Meetings
- 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:

3 - Agile & innovative organisation

Occupational Safety and Health Management Plan

In 2015/16, WorkCover WA developed a new OSH Management Plan in line with the WorkSafe Plan. The OSH Management Plan 2016–18 will assist in ensuring that a systematic and consistent approach to OSH management is adopted and will allow WorkCover WA greater transparency and accountability to manage OSH.

The OSH Management Plan seeks to ensure that our documented OSH requirements, management processes, and other activities contribute to improving and maintaining proactive OSH outcomes. The development of the OSH Management Plan is in accordance with the *OSH Act 1984*, the *OSH Regulations 1996*, the *Public Sector Occupational Safety and Health Code of Practice 2007* and the *WorkSafe Plan 2014*.

The next audit of the Plan against the WorkSafe Plan assessment tool is scheduled for 2018.

Health and wellness

WorkCover WA supports and contributes to the health and wellbeing of its employees by offering a Health and Wellness Program.

In 2015/16, the Program offered a range of wellness initiatives to staff including:

- Healthy Heart Checks
- skin cancer screening
- flu vaccination
- Global Corporate Challenge
- HBF Run for a Reason
- ‘lunch and learn’ sessions on topics such as living with a disability, and stress management.

In 2015/16, the Agency also developed a Mental Health Action Plan (MHAP) using “Heads up” resources, produced by BeyondBlue and the Mentally Healthy Workplace Alliance. A number of initiatives were delivered to staff in accordance with the MHAP including ‘R-U-OK Day’, a stress management session and a morning tea for ‘Odd Socks Day’ to promote mental health awareness.



Agency challenges

Strategic management of the scheme

WorkCover WA acknowledges a number of current and future technological, demographical, and economic challenges to the workers' compensation and injury management scheme that are being managed on a strategic level.

Refer to 'Strategic planning' on page 18 in *Section 1: Agency in focus* for a description of the *WorkCover WA 2015–2018 Strategic Plan*, and details of the Strategic Initiatives which aim to proactively and strategically address scheme challenges on a short and long term basis.

Electronic Document & Records Management System

Following the implementation of an Electronic Document and Records Management System (EDRMS) in 2014/15, an audit was conducted by KPMG in February 2016 to assess implementation and adoption.

The review focused on the design, access security, document retention and disposal, and regulatory compliance of the EDRMS. Consideration was also given to the degree of uptake by staff of the EDRMS across the Agency.

One low risk finding and four improvement opportunities were identified, and strategies to address these are in place to further enhance the Agency's recordkeeping practices.

Review of Risk Management Framework

In accordance with the Public Sector Commissioner's (PSC) Circular 2015-03 and Treasurer's Instruction 825, all public sector bodies must practise 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.

Outcomes of the Agency's 2014/15 review of its Risk Management Framework were implemented in 2015/16 including:

- a new cloud based risk management tool that integrates with the Agency's planning and reporting systems
- a revised hierarchical risk management framework linking planning outcomes and viability elements of the Western Australian workers' compensation scheme to Agency strategic and operational risks
- an enterprise wide Risk Management Framework Guide, based on the Australian Standard for Risk Management (AS/NZS ISO 31000: 2009) and compliant with Western Australian Government requirements; and a comprehensive structure to ensure risk is managed effectively, efficiently and consistently across the organisation

- a revised set of strategic and operational risks, aligned to the revised hierarchical structure and reporting framework; capturing high level strategic risks associated with long-term organisational objectives and operational controls that address Agency threats or opportunities at a day to day business level.

In 2015/16, WorkCover WA changed its risk program and review periods to align with a revised risk assessment to ensure higher rated risks are reviewed more frequently. The risk escalation process was also amended with major or catastrophic consequence risks included in the process.

Review of Freedom of Information policy

In 2015/16, WorkCover WA developed and implemented a new procedures manual to improve the processes associated with Freedom of Information (FOI) requests. This initiative follows a review of the Agency's FOI policy in 2014/15.

The manual assists with the delivery of a streamlined and consistent approach for addressing FOI related matters.

Review of corporate policies and procedures

In March 2016, WorkCover WA completed a comprehensive review of its corporate policies and procedures to minimise and simplify them, and remove those considered redundant.

The review consolidated various related policies and reduced the overall number by 26. This reduction was achieved by:

- combining related policies and procedures
- including policies within the OSH and Information Technology manuals
- amalgamating policies with similar intent
- adopting an existing public sector policy instead of duplicating this with an additional WorkCover WA policy.

Information technology initiatives

IT Plan 2015–2018

The IT Strategic Plan 2015–2018 ensures WorkCover WA has a modern technology environment and can offer contemporary business approaches to our stakeholders.

IT initiatives commenced in 2015/16 include:

- the establishment of an Online Services Platform
- Standard Operating Environment and Infrastructure Replacement
- a review of core business systems.

During 2015/16, work progressed to support WorkCover WA's Digital First strategy. 'Digital First' provides an overarching approach to organisation and technology development across WorkCover WA. Over the coming years, the Agency will progressively transition its manual and paper based processes to digital formats to make all client services accessible online and ensure all business processes take advantage of digital services.

Late in 2015, a review of the IT Plan commenced due to the increasing importance of a Digital First approach. A consultant was engaged to work with senior managers and the Executive to review WorkCover WA's IT requirements over the next four years. A revised IT Plan for 2016–2020 was subsequently developed and approved by the Corporate Executive in May 2016.

The revised Plan incorporates greater planning and design analysis for all IT projects, with increased business involvement to ensure innovation and organisational change projects are delivered more effectively, and to ensure alignment with the Digital First program.



Section 5:

Disclosures and legal compliance

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Report on funds management

Workers' Compensation and 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 2015/16 year of 2.33 percent 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 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, 31 potential claims on the General Account were investigated compared with 30 last year.

There were nine new claims this financial year in which payments were made from the General Account and 23 continuing claims from previous financial years. In addition, eight General Account debts were finalised or paid in full this financial year. The net cost of new claims was \$181,746 and ongoing claims net amounted to \$1,452,277.

At 30 June 2016, the total outstanding debt from uninsured employers was approximately \$1,634,023. Recovery action against these employers is ongoing.

Employers' 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 2015/16 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 2015/16 were nil. The Acts of Terrorism Act came into effect in 2001, but the first claim payment was not received until December 2005.

Table 8: Claim payments and receipts for Supplementation Fund

Item	HIH Insurance (\$)	Non-HIH Insurance (\$) ¹
Value of outstanding claims in Western Australia	2,044,657	391,796
Received from liquidators in 2015/16	2,044,630	12,112
Claim payments for 2015/16	707,587	559,474
Claim payments since liquidation commenced	76,948,250	15,287,565

¹ Non-HIH Insurance include claims from the following Insurers or Acts: *Bishopsgate Insurance Australia Limited Act 1983*; *Harvey Trinder*; *National Employers' Mutual General Insurance Association Limited (NEMGIAL)*; *Northumberland Insurance*; *Palmdale Insurance*; *Standard Insurance*; *Acts of Terrorism Act*; *Waterfront Workers (Compensation for Asbestos Related Disease) Act 1986*.

Debts and investments

At 30 June 2016, there were 76 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act, with debts outstanding of \$551,490. In 2015/16, the weighted average rate of return on General Account investments was 2.93 percent.

Table 9: Actual results vs budget results

Item	2015/16 Target \$000	2015/16 Actual \$000	Variation \$000
Total Revenue (sourced from Statement of Comprehensive Income)	27,329	27,397	(68) ^a
Total Expenses (sourced from Statement of Comprehensive Income)	24,856	23,094	1,762 ^b
Total Equity (sourced from Statement of Financial Position)	95,404	99,136	(3,732) ^c
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows)	(257)	8,577	(8,834) ^d
Approved full-time equivalent (FTE) staff level	137	133	4

Further explanations are also contained in Note 35 'Explanatory statement' to the financial statements.

- a. Revenue is consistent with budget expectations.
- b. The variance is mainly due to lower than expected uninsured workers' compensation claims, combined with a reduction in professional services.
- c. The variation is due to higher than expected cash recoveries from the liquidator of HIH Insurance, combined with a decrease in actuarially assessed claims liabilities for the Supplementation Fund and General Account.
- d. The variance is due to higher than expected cash recoveries received from the liquidator of HIH Insurance 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*.

Internal workers' compensation

There were no workers' compensation claims made by WorkCover WA staff in 2015/16.

Table 10: WorkCover WA FTE Status

Employment type	2013	2014	2015	2016
Full-time permanent	109	109	112	105
Full-time contract	15	14	10	11
Part-time measured on an FTE basis	12.09	11.2	13.4	16.84
Total	136.09	134.2	135.4	132.84
Staff on secondment	7	5	2	2
Staff on traineeship	2	2	1	1
Staff in Graduate Program	1	0	2	1

Board remuneration

In accordance with 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. In accordance with government policy, Board members who are public service officers are not entitled to payment.

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 a breach 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 2015 to 16 May 2016, was \$13,392.50 and, in accordance with the Board's policy, members of the Board and Corporate Executive made individual contributions towards the total premium.

Table 11: 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	\$30,762
Member	Michelle Reynolds	N/A - Public Service	Virtue of office	Nil
Member	Brian Bradley*	N/A - Public Service	Virtue of office	Nil
Member	Anne Driscoll	N/A - Public Service	Virtue of office	Nil
Member	Karin Lee	Annual	04/01/14 to 22/07/15	\$1,291
Member	Steven Burns	Annual	01/10/13 to 30/09/16	\$16,081
Member	Owen Whittle	Annual	30/12/14 to 29/12/17	\$38,039**
Member	Victoria Wilmot	Annual	04/01/14 to 03/01/17	\$16,081
Member	Warren Edwardes	Annual	30/12/15 to 29/12/18	\$8,137
TOTAL				\$110,391

* Mr Brian Bradley resigned on 1 August 2015.

** Mr Owen Whittle was paid fees retrospective for the period 01/02/14–30/10/15. The payment of these arrears occurred following changes to UnionsWA policy.

Committee remuneration

Costs Committee

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*	N/A
Member	Marcus Cocker	Per meeting	01/03/09 to 01/10/16	Nil
Member	David Bruns	Per meeting	01/08/09 to 01/10/16	Nil
TOTAL				Nil

* Ms Karin Lee resigned from her position on the WorkCover WA Board in August 2015. Her membership of the Costs Committee concluded accordingly.

Medical Committee

Position	Name	Schedule	Period of membership	Gross/actual remuneration
Chair	Michelle Reynolds	N/A - Public Service	Virtue of office	N/A
Member	Dr Marcus Adonis	Per meeting	15/10/14 to 14/10/17	\$1,148
Member	Dr Heather Campbell	Per meeting	15/10/14 to 17/07/17	Nil
Member	Dr Alan Home	Per meeting	15/10/14 to 14/10/17	\$1,148
Member	Dr Neil Ozanne	Per meeting	15/10/14 to 14/10/17	\$1,148
Member	Mr David Colvin	Per meeting	15/10/14 to 14/10/17	Nil*
Member	Mr Paul Taylor	Per meeting	15/10/14 to 14/10/17	\$759
TOTAL				\$4,203

* Mr David Colvin has requested not to receive remuneration for the Medical Committee.



Capital works projects

WorkCover WA's expenditure on capital works for 2015/16 is outlined in the table below.

Table 14: 2015/16 Expenditures

Capital Works Project	Total spent \$000'	YTD \$000'
Standard Operating Environment (SOE) & Infrastructure Replacement	1,060	1,060

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 2015/16 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 2015/16 financial year.

Table 15: 2015/16 Advertising expenditure

Type	Organisation	2015/16 Expenditure (\$)
Advertising agencies	AdCorp Australia Limited	4,088
Direct mail organisations	Quickmail	5,897
Market research organisations	Nil	Nil
Media advertising organisations	CareerHub	180
	Australian Chinese Daily Pty Ltd	1,426
	Perth Vietnamese News Pty Ltd	590
Polling organisations	Nil	Nil
TOTAL		12,181

Annual estimates

In accordance with Treasurer's Instruction 953, statutory authorities not operating as divisions of the Consolidated Account are required to include annual estimates for the current financial year in the annual report of the preceding year. The following estimates have been submitted and approved by the Minister for Commerce for 2016/17.

Table 16: Statement of Comprehensive Income

	2016 \$000	2017 \$000
INCOME		
Revenue		
Insurer contributions	21,481	19,945
Interest revenue	2,785	2,839
Other revenue	1,913	1,311
Employers' Indemnity Supplementation Fund	1,150	-
Total Revenue	27,329	24,095
Gains		
Decrease in claims liability	-	-
Total Gains	-	-
Total Income	27,329	24,095
EXPENSES		
Expenses		
Employee benefits expense	15,290	15,634
Supplies and services	3,631	3,799
Depreciation and amortisation expense	933	1,093
Accommodation expenses	458	430
Grants and subsidies	-	-
Claims expense	2,807	2,364
Loss on disposal of non-current assets	-	-
Other expenses	1,737	1,521
Total Expenses	24,856	24,841
Profit/(Loss) before grants and subsidies from State Government	2,473	(746)
Services received free of charge	215	215
Profit/(Loss) for the period	2,688	(531)

Table 17: Statement of Financial Position

	2016 \$000	2017 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	8,429	7,454
Restricted cash and cash equivalents	83,696	84,079
Receivables	1,157	1,120
Other financial assets	13,405	13,358
Total Current Assets	106,687	106,011
Non-Current Assets		
Property, plant, equipment & vehicles	21,649	21,392
Intangible assets	2,368	2,181
Total Non-Current Assets	24,017	23,573
Total Assets	130,704	129,584
LIABILITIES		
Current Liabilities		
Payables	2,213	2,244
Provisions	4,943	5,009
Total Current Liabilities	7,156	7,253
Non-Current Liabilities		
Provisions	28,144	27,458
Total Non-Current Liabilities	28,144	27,458
Total Liabilities	35,300	34,711
NET ASSETS	95,404	94,873
EQUITY		
Reserves	17,500	17,500
Retained earnings	77,904	77,373
Total Equity	95,404	94,873

Table 18: Statement of Cash Flows

	2016 \$000	2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Supplementation Fund receipts	1,150	-
Insurer contributions	21,481	19,946
Provision of services	46	38
Interest received	2,802	2,829
GST receipts on sales	-	-
GST receipts from taxation authority	-	-
Other receipts	383	936
Payments		
Workers' Compensation claim payments	(2,807)	(2,364)
Employee benefits	(16,254)	(15,924)
Supplies and services	(3,547)	(3,518)
Accommodation	(458)	(430)
Grants and subsidies	-	-
GST payments on purchases	-	-
Other payments	(1,656)	(1,440)
Net cash provided by operating activities	1,140	73
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Proceeds from sale of non-current physical assets	-	-
Payments		
Purchase of non-current physical assets	(1,397)	(665)
Investments in term deposits	-	-
Net cash used in investing activities	(1,397)	(665)
Net increase in cash and cash equivalents	(257)	(592)
Cash and cash equivalents at the beginning of the period	92,382	92,125
Cash and cash equivalent at the end of the period	92,125	91,533

Ministerial directives

No Ministerial directives were received during the financial year.

Governance disclosures

Board policies

The Agency has a Board Charter and Evaluation Framework, Code of Conduct, meeting procedures and governance policies to guide the actions of the Board and ensure statutory responsibilities are met.

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:

- setting the Agency's strategic direction
- establishing 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.

In July 2015, a comprehensive review was undertaken into the Boards' governance policies and induction material. Governance material was developed into a manual to better align content with Public Sector Standards and provide a formal induction process for new Board members.

The Board also introduced a formalised Board Evaluation Framework to cover both annual and triennial review requirements as determined in the Board Charter and recommended by the Public Sector Commission. A triennial self-assessment was conducted in December 2015 by the Australian Institute of Company Directors with results presented to the Board. A gap analysis of the Board Evaluation Framework was conducted by the Agency's Internal Auditors in June 2016 with positive results.

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.

Board Member Steven Burns has declared he is the Manager Underwritten States of QBE Insurance (Australia) Pty Ltd, a licenced insurer administered under WorkCover WA. Mr Burns also declared employment with the same insurer in 2014/15.

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* 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 the CEO's Performance Agreement WorkCover WA conducted an annual review of its performance against the Public Sector Commission's Good Governance Guide (GGG) for public sector agencies.

The review has led to further enhancement of the Agency's performance and levels of compliance against the operational elements of the nine principles of the GGG, as well as confirmed annual report references for each of these requirements.

Applying Good Governance

The GGG includes nine key governance principles which have guided WorkCover WA's delivery and reporting of the Agency's organisational performance.

The following checklist references the sections within this report that highlight how WorkCover WA applies those principles in practice and complies with relevant requirements.

Good Governance Guide Checklist

1 Government and public sector relationship

- 1.1 - Enabling legislation ([p. 23](#))
- CEO Performance Agreement ([p. 77](#))
- Performance Management Framework ([p. 31](#))
- 1.2 - Governance policy:
Official communication ([p. 29](#))
- Communications protocol ([p. 29](#))
- 1.3 - Ministerial correspondence ([p. 29](#))



3 Organisational structure

- 3.1 - Performance Management Framework ([p. 31](#))
- 3.2 - Workforce development ([p. 62](#))
- Divisions and direction ([p. 13](#))
- 3.3 - Year in review - Year scorecard ([p. 9](#))



2 Management and oversight

- 2.1 - WorkCover WA Board ([p. 14](#))
- Senior Officers ([p. 16](#))
- 2.2 - Governance - Delegation of authority ([p. 24](#))
- Governance disclosures ([p. 77](#))
- Workplace consultation ([p. 25](#))
- 2.3 - 2015-2018 Strategic Plan ([p. 18](#))
- 2.4 - Performance Management Framework ([p. 31](#))
- Outlook for the future ([p. 22](#))
- Section 3: Report on operations ([p. 40](#))
- 2.5 - Organisational structure ([p. 12](#))
- 2.6 - Outlook for the future ([p. 22](#))
- Section 6: Key Performance Indicators ([p. 87](#))



4 Operations

- 4.1 - Enabling legislation ([p. 23](#))
- 4.2 - Section 3: Report on operations ([p. 40](#))
- 4.3 - Information technology initiatives ([p. 67](#))
- Workforce development ([p. 62](#))
- Website ([p. 54](#))
- 4.4 - Report against 2015/16 Strategic Initiatives ([p. 19](#))
- CEO Performance Agreement ([p. 77](#))
- Section 6: Key Performance Indicators ([p. 87](#))
- 4.5 - Section 2: Scheme performance ([p. 34](#))
- Section 6: Key Performance Indicators ([p. 87](#))
- 4.6 - Section 6: Key Performance Indicators ([p. 87](#))
- KPI Performance Reporting Committee ([p. 27](#))
- Senior Officers ([p. 16](#))



5 Ethics and integrity

- 5.1 - Our values ([p. 5](#))
- Legal compliance ([p. 82](#))
- 5.2 - Workforce development ([p. 62](#))
- Equality and inclusion ([p. 64](#))
- 5.3 - WorkCover WA Code of Conduct ([p. 82](#))
- 5.4 - Workplace consultation ([p. 25](#))
- Public Interest Disclosure ([p. 29](#))
- Freedom of Information ([p. 29](#))
- 5.5 - Customer Service Charter ([p. 29](#))
- Complaints handling ([p. 28](#))
- Performance Development Agreement Process ([p. 63](#))



7 Finance

- 7.1 - Report on funds management ([p. 69](#))
- Year in dollars ([p. 9](#))
- Outlook for the future ([p. 22](#))
- 7.2 - Audit Committee (Section 5) ([p. 80](#))
- Risk Management Review Group ([p. 27](#))
- Risk management policies ([p. 30](#))
- 7.3 - *Section 7: Financial Statements and Notes* ([p. 102](#))
- 7.4 - *Section 7: Financial Statements and Notes* ([p. 102](#))
- 7.5 - Key Performance Indicators of Efficiency ([p. 95](#))



9 Risk Management

- 9.1 - Risk management policies ([p. 30](#))
- 9.2 - Risk Management Review Group ([p. 27](#))
- 9.3 - Risk management policies ([p. 30](#))
- 9.4 - Risk management policies ([p. 30](#))



6 People

- 6.1 - Attraction and retention ([p. 63](#))
- 6.2 - Legal compliance ([p. 82](#))
- Equality and inclusion ([p. 64](#))
- 6.3 - Workforce development ([p. 62](#))
- 6.4 - Performance Development Agreement Process ([p. 63](#))
- 6.5 - Performance Development Agreement Process ([p. 63](#))
- Workplace consultation ([p. 25](#))



8 Communications

- 8.1 - Communications policies ([p. 29](#))
- Complaints handling ([p. 28](#))
- 8.2 - Communications policies ([p. 29](#))
- 8.3 - Communications policies ([p. 29](#))
- Complaints handling ([p. 28](#))
- External Communications Strategy ([p. 53](#))
- 8.4 - Communications policies ([p. 29](#))
- 8.5 - Communications policies ([p. 29](#))




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.

To assist with succession planning and improve the effectiveness of the Committee, changes to the Committee composition were introduced during 2015/16. These include:

- increasing the minimum number of members with accounting or related financial management experience and an understanding of public sector accounting and auditing standards to two
- seeking the Minister’s approval to appoint independent external members to the Committee.

In 2015/16 WorkCover WA conducted eight internal and three external audits.

The eight internal audits identified three medium and three low level findings and twelve performance improvement opportunities. All findings have been reported to the Audit Committee and actioned by management. Of the three external audits conducted there were no findings identified in the first audit and reports from the other two continued to be progressed.

Table 19: Audit Committee attendance

Audit Committee Member	No. of meetings eligible to attend	No. of meetings attended
Victoria Wilmot (Chair)	3	3
Greg Joyce	3	3
Steven Burns	3	3

Costs Committee

The Costs 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.

Last financial year the Costs Committee amended the Costs Determination with the *Workers’ Compensation (Legal Practitioners and Registered Agents) Costs Determination 2015* which came into effect on 1 July 2015. Accordingly there was no requirement for the Committee to meet in 2015/16.

Ms Karin Lee resigned from her position as a member of the WorkCover WA Board in August 2015. As such Ms Lee’s membership on the Committee also concluded in August 2015. The appointment of a new member to the Costs Committee will be addressed in the first half of 2016/17.

Table 20: Costs Committee attendance

Costs Committee Member	No. of meetings eligible to attend	No. of meetings attended
Michelle Reynolds (Chair)	Nil	Nil
Karin Lee	Nil	Nil
Marcus Cocker	Nil	Nil
David Bruns	Nil	Nil



Medical Committee

The Medical 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 designating and monitoring of approved medical specialists (AMS) providing impairment assessments
- the role of AMS within the scheme.

In 2015/16, the Medical Committee recommended 27 medical practitioners for designation as an AMS. The applicants were subsequently added to the AMS register. The Committee was also active in providing advice on the proposed new WA Guides (4th Edition) and associated training programs. On 17 July 2015, Dr Heather Campbell resigned as a WorkCover WA Medical Committee member.

Table 21: Medical Committee attendance

Medical Committee Member	No. of meetings eligible to attend	No. of meetings attended
Michelle Reynolds (Chair)	3	3
Dr Marcus Adonis	3	3
Dr Heather Campbell	1	0
Dr Alan Home	3	3
Dr Neil Ozanne	3	3
Mr David Colvin	3	1
Mr Paul Taylor	3	2

Industrial Diseases Medical Panel

Industrial Diseases Medical Panels (IDMP) are convened 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 disease(s)
- 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.

Two new members were added to the panel in 2015/16. During the financial year the panel convened on 20 occasions and made 45 determinations.

Table 22: Number of IDMP applications

Applications	2011/12	2012/13	2013/14	2014/15	2015/16
New	42	38	42	49	35
Reviewed	7	2	11	10	0
Total	49	40	53	59	35

Table 23: Industrial Diseases Medical Panel Members

2015/16 Industrial Diseases Medical Panel Chairman (Rotating)	Members
Prof E Gabbay	Dr D Bucens
Dr M K Tandon	Dr P Psaila-Savona
Dr K C Wan	Dr J Wrobel
Dr M Musk	Dr M Prichard*
Dr J Sim	Prof A Musk**

* Dr M Prichard joined the panel in April 2016.

** Prof A Musk joined the panel in May 2016.

Legal compliance

Public Sector standards and ethical codes

WorkCover WA has policies, procedures and guidelines in place to ensure the Agency meets all obligations 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. 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 2015/16.

Public Sector Code of Ethics

There were no claims lodged in 2015/16 relating to the Public Sector Code of Ethics.

WorkCover WA Code of Conduct

In 2015/16, a major review of the WorkCover WA Code of Conduct was completed that included consultation with the Joint Consultative Committee and key stakeholders. The review resulted in the streamlining of the document to enhance its accessibility and readability.

There were no claims lodged in 2015/16 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 2015/16.

Table 24: Number of diseases determinations

Disease	2011/12	2012/13	2013/14	2014/15	2015/16
Pneumoconiosis	12	12	18	28	14
Pneumoconiosis & Diffuse Pleural Fibrosis	5	3	4	4	8
Pneumoconiosis & Lung Cancer	1	0	0	2	0
Pneumoconiosis, Diffuse Pleural Fibrosis & Lung Cancer	0	0	0	0	2
Diffuse Pleural Fibrosis	1	2	5	0	7
Mesothelioma	20	13	12	6	3
Lung Cancer	5	6	9	1	2
Sub total	44	36	48	41	36
Determinations where disease not present or disease present but a 0% level of impairment	5	4	5	6	9
Total	49	40	53	47	45

Grievance Resolution Standard

There were no breaches of standard claims against the Grievance Resolution Standard in 2015/16.

Unauthorised use of credit cards

WorkCover WA had no instances of unauthorised credit card use in 2015/16.

Disability Access and Inclusion Plan

The Agency's Disability Access and Inclusion Plan is outlined on page 64 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 was reviewed and updated in June 2015 to reflect the Agency's improved recordkeeping practices resulting from the implementation of an Electronic Document and Records Management System (EDRMS). The RKP was approved by the State Records Commission in August 2015. WorkCover WA has actively used the State Records Commission standards and principles to govern best practice recordkeeping across the Agency. The records management framework provides appropriate service delivery to our customers and stakeholders.

The diagram below explains WorkCover WA's approach to records management.



Table 25: WorkCover WA Record Figures

Record Type	2013/14	2014/15	2015/16
Documents created	23,578	65,800	184,452
Files created	7,353	16,145	14,048
Storage boxes created	1,537	707	797

Electronic Document and Records Management System

Implementation of an EDRMS at WorkCover WA was completed last financial year.

WorkCover WA's recordkeeping program has undergone a significant progression from a paper based records management environment to managing records electronically. Achievements include:

- software purchased and implemented on all multifunctional scanners across the Agency to enable staff to scan documents directly to EDRMS, HP TRIM
- the use of HP TRIM document queues to scan incoming paper mail to 'electronic' mailboxes within TRIM directly to the relevant business unit
- capture of all paper based case management records from the Dispute Case Management System (DCMS) directly into HP TRIM
- introduction of a stand-alone recordkeeping training program to further enhance staff understanding of their individual recordkeeping responsibilities
- significant increases in the capture of electronic records since completion of the EDRMS implementation in June 2015.

Records created in TRIM over the last three financial years indicate steady ongoing use of the recordkeeping system across the Agency.

Report against WorkCover WA Recordkeeping Plan

1

Evaluation of the efficiency and effectiveness of the organisation's recordkeeping systems

Following the implementation of WorkCover WA's EDRMS, an internal audit was conducted by KPMG in February 2016. The audit focused on the design of the EDRMS, security, retention and disposal of records, regulatory compliance and staff use.

The internal audit noted the following observations:

- policies and procedures governing WorkCover WA's recordkeeping responsibilities were recently updated and discussions with employees indicated current practices are aligned with the updated policies and procedures
- WorkCover WA's RKP has been approved by the State Records Commission as 'demonstrating progress towards better practice recordkeeping'
- staff at WorkCover WA feel satisfied with the level of support and training provided by the Records Management team.

2

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 and through a stand-alone records management course. Completion of the induction program and stand-alone course are compulsory for all new staff.

The Records Management Policy and supporting documentation is available on the Agency's intranet. Further support is provided by Records staff and from "Power Users" in each division who act as the first point of escalation for any EDRMS issues within their teams.

3

Review of the efficiency and effectiveness of the recordkeeping training program

Training initiatives and materials are reviewed regularly to ensure information provided to WorkCover WA staff meets requirements and complies with relevant legislation and standards.

In 2015/16, the WorkCover WA's Records Management training module was reviewed and updated.

A new stand-alone records management course was also developed and implemented.

4

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 and stand-alone records management course address employee roles and responsibilities to ensure compliance with the RKP and the *State Records Act 2000*. The training module and stand-alone course are regularly reviewed to ensure employees are aware of current compliance requirements as relevant to their roles.

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 64 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 65 of this report.

OSH and injury management performance

WorkCover WA's OSH and injury management data for this reporting period is disclosed in Table 26. Comparative data has been included where possible.

Table 26: 2015/16 OSH performance data

OSH indicator	2011/12	2012/13	2013/14	2014/15	2015/16 Target	2015/16 Actual
Number of fatalities	0	0	0	0	0	0
Lost-time injury/disease incidence rate*	0	0	0.75%	0	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%	N/A**	100%	N/A**
% injured workers returned to work within 26 weeks	100%	N/A**	100%	N/A**	100%	N/A**
% managers trained in occupational safety, health and injury management responsibilities	92%	92%	92%	99%	100%	100%

* 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, 2014/15, 2015/16.

OSH training for staff

All WorkCover WA staff undertake online OSH training which aims to provide them with an understanding of their OSH responsibilities. The OSH training includes five modules:

- WorkCover WA OSH Management System
- OSH Management and OSH Law
- Hazard Identification and OSH Risk Management
- Managing Hazards in an Office Environment
- OSH Incident and Injury Management.

In 2015/16, all new staff completed the online OSH Training successfully. Completion rates are reported to the Corporate Executive on a quarterly basis.

Government Building Training Policy

WorkCover WA does not issue contracts within the scope of the Government Building Training Policy.



Section 6: Key Performance Indicators

88 Additional Key Performance Indicator information

90 Key Performance Indicators

Additional Key Performance Indicator information

Certification of KPIs

We hereby certify the key performance indicators 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 2016.



Greg Joyce
Chairman
WorkCover WA
26 August 2016



Michelle Reynolds
Chief Executive Officer
WorkCover WA
26 August 2016

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.

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 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 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 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:

- **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.

The following figure shows the WorkCover WA Outcome Based Management (OBM) Structure.

Figure 24: WorkCover WA's links to Government Goals through its Agency Desired Outcome and Services

Government Goal
<p style="text-align: center;">Results-Based Service Delivery</p> <p style="text-align: center;">Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.</p>
WorkCover WA's Agency Desired Outcome
<p style="text-align: center;">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.</p>
WorkCover WA's Agency Services
<p>1. Scheme Regulation - regulation of workers' compensation scheme participants for compliance with legislative requirements.</p>
<p>2. Scheme Services - provision of effective and equitable dispute resolution and other services to scheme participants.</p>

Changes to the Outcomes Based Management Structure

WorkCover WA did not make any changes to its OBM in 2015/16. The last changes were made in 2014 and were included in our 2014/15 Annual Report.



Key Performance Indicators

Table 27: 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			2. 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

Key Performance Indicators of Effectiveness

Table 28: Key Performance Indicators of Effectiveness

#	Indicator	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
1.1	The number of non-compliance events identified as a result of a claim on the General Account	5	3	4	3	9	7
1.2	The proportion of conciliations completed within 8 weeks	96.7%	97.8%	96.8%	96.3%	96.2%	97.0%
1.3	The proportion of disputes resolved within 6 months	86.8%	92.3%	89.5%	88.8%	86.8%	90.0%

Key Performance Indicators of Efficiency

Table 29: Key Performance Indicators of Efficiency

#	Indicator	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
1.1	Average cost per employer compliance activity	\$235	\$265	\$198	\$255	\$281	\$299
1.2	Average cost per approved and monitored service provider	\$3,087	\$2,871	\$3,047	\$3,250	\$3,472	\$3,581
1.3	Average cost per client contact to provide information and advice	\$133	\$120	\$120	\$120	\$106	\$101
2.1	Average cost to complete a conciliation	\$2,412	\$2,579	\$2,268	\$1,966	\$2,095	\$1,993
2.2	Average cost to complete an arbitration	\$13,803	\$13,014	\$11,153	\$10,042	\$10,084	\$10,100
2.3	Average cost to process a Memorandum of Agreement	\$381	\$373	\$389	\$342	\$339	\$369

Key Performance Indicators of Effectiveness

WorkCover WA measures its success in achieving its outcome through effectiveness indicators. Effectiveness indicators provide information on the extent to which the Agency desired outcome has been achieved, or contributed to, through the delivery of services.

The indicators relate directly to the two services provided by WorkCover WA: Scheme Regulation and Scheme Services.

Indicator 1.1

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

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
5	3	4	3	9	7

Description

WorkCover WA is responsible under the Act to ensure all employers are insured for workers' compensation for their full liability.

Effectiveness indicator 1.1 indicates the number of new claims with payments made from WorkCover WA's General Account (as a safety net payment) to workers, due to employers not having the required insurance to cover such payments (non-compliance).

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”*.

Claims involving asbestos and industrial disease are made years after the causal exposure. Accordingly, these are excluded from the definition of an 'event' as they bear no reflection on the current insurance levels of employers.

Common law damages claims paid from the General Account due to insurers declining to indemnify the claim are also excluded. This exclusion is limited to claims where a court finds the insured employer breached their insurance policy by recklessly disregarding the risk to the worker.

The number of claims in the scheme was consistent at approximately 40,000 per annum for many years. A benchmark of two uninsured claims per 10,000 claims was established and has seen the target set at eight for a long time. A decline in the overall number of insured claims (36,878 in 2013/14 and 34,155 predicted in 2014/15) has resulted in the target for 2015/16 being reduced to seven.

The information to inform this indicator is derived from two Agency information systems. The total number of claims is reported from the Q2 database which captures details of all claims as reported by approved insurers and self-insurers.

The number of General Account claims is derived from the Agency Financial Management Information System (FMIS) which reports the commencement of any payments to a worker or service provider made from the General Account.



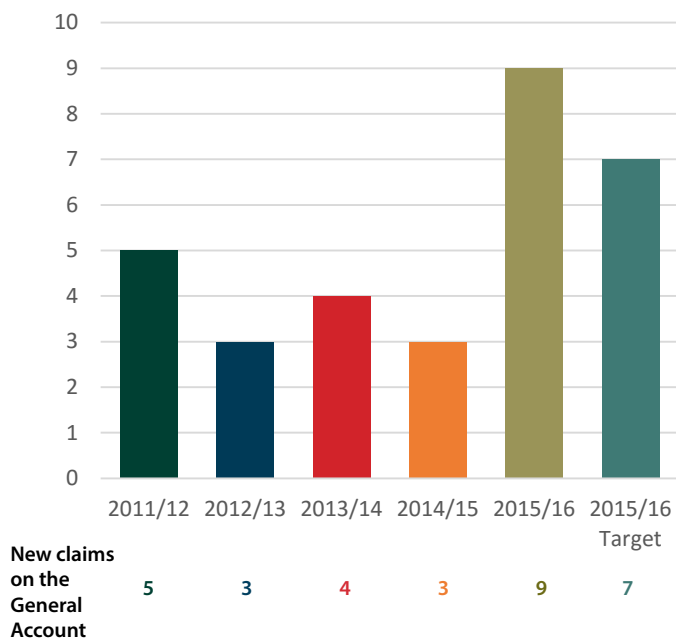
Analysis

In 2015/16 there were nine non-compliance events identified as a result of claims paid by the General Account (see Figure 25). This is two more than the target of seven and six more than in 2014/15. Whilst the number of General Account claims in 2015/16 is an increase on the previous year, it does not appear to be indicative of any particular trend. All claims have been reviewed to ensure emerging trends or issues are identified for possible remedial action. It was noted that of the nine claims paid in 2015/16, only two relate to injuries sustained in 2015/16 and a further three relate to injuries sustained in the 2015 calendar year. The other four claims paid in 2015/16 relate to injuries sustained in prior years. There is no particular trend for this delay in claim lodgement or payment and it will be monitored to determine if it was an anomaly in 2015/16.

The continued low number of claims paid by the General Account can be attributed in part to WorkCover WA's compliance activities and the consistent provision of information and education to stakeholders.

The estimated total cost of the 2015/16 claims is \$404,044. The Agency attempts recovery action against all uninsured employers.

Figure 25: New claims on the General Account



Indicator 1.2

The proportion of conciliations completed within eight weeks

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
96.7%	97.8%	96.8%	96.3%	96.2%	97.0%

Description

The *Workers' Compensation and Injury Management Conciliation Rules 2011* set the time limit for conciliation at 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.

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.

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

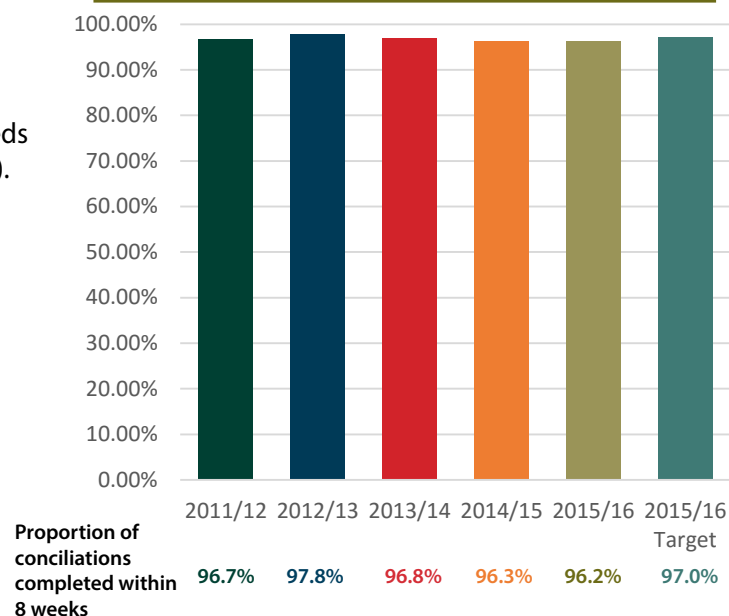
The target for this KPI has been set based on the previous year target and performance.

Analysis

In 2015/16 96.2 percent of conciliations were completed within the eight week statutory timeframe (see Figure 26). This is consistent with the target of 97.0 percent and the outcome for 2014/15.

There will always be some cases that cannot reasonably be dealt with within the initial eight week period. In these cases the Director may apply an extension of an additional eight week period. Of the 82 matters not completed within the initial eight weeks, 81 were completed within the extended timeframe. The longest matter, an asbestos related disease claim, was particularly complex and was completed eight days after the end of the extended timeframe.

Figure 26: Proportion of conciliations completed within 8 weeks



Indicator 1.3

The proportion of disputes resolved within six months

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
86.8%	92.3%	89.5%	88.8%	86.8%	90.0%

Description

This KPI measures the proportion of disputes completed within a six month timeframe from the day an application for conciliation is accepted through to the day they are completed, either via conciliation or arbitration. For those disputes progressing to arbitration the 28 day statutory gap (or portion of) in which an application for arbitration can be made is not included in the timeframe.

Data for this KPI is drawn from the DCMS, and establishes the timeframe by counting disputes from the day a dispute is registered as accepted for conciliation through to the day the dispute is either recorded as completed (for conciliation) or closed and/or final orders issued, where the matter has proceeded to arbitration.

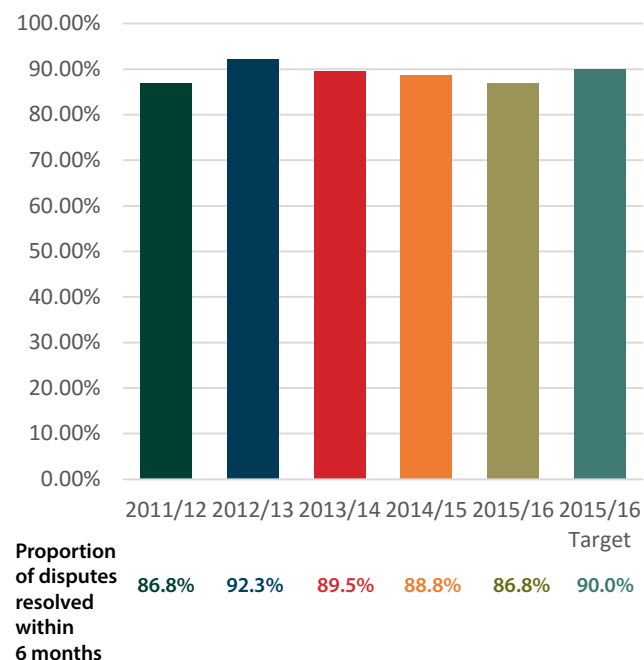
The target for this KPI has been set based on the previous year target and performance.

Analysis

In 2015/16 86.8 percent of all disputes were resolved within six months (see Figure 27). This is marginally less than both the target of 90.0 percent and the 2014/15 result.

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 with other jurisdictions. The latest available national data shows the 2013/14 National and New Zealand averages were 63.9 percent and 77.7 percent respectively.

Figure 27: Proportion of disputes resolved within 6 months



Key Performance Indicators of Efficiency

Efficiency indicators relate Agency 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 Agency services. These indicators measure the overall unit costs of delivering the core services of dispute resolution and regulation of scheme participants.

Allocation of Agency costs

To ensure accurate allocations of costs to the KPIs across the Agency, a formal Agency cost mapping model is used. The model was last reviewed in April 2015 resulting in minor changes to the mapping of activities within the CAS Division. Budget figures used in the costing model are consistent with the Agency's approved budget.

Direct costs for each activity are allocated to individual cost centres within the relevant business units in the first instance. Indirect costs (overheads) easily 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 are allocated according to the floor space specifically allocated to an area.

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 General Account and Supplementation Fund claims, which if included, would unduly skew key KPI data (for 2015/16 this represents 10 percent of the total expenditure consistent with the seven percent representation in 2014/15).

Service 1: Scheme Regulation **Indicator 1.1**

Regulation of workers' compensation scheme participants for compliance with legislative requirements

WorkCover WA is responsible for monitoring compliance of employers, insurers and others participating in or affected by the scheme.

Average cost per employer compliance activity

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
\$235	\$265	\$198	\$255	\$281	\$299

Description

WorkCover WA seeks to ensure every employer maintains a policy of insurance and complies with other obligations under the Act.

This indicator reports the average cost per employer compliance activity and is measured by dividing the full costs of the Agency's Compliance Section, including overhead allocation, by the total number of employer compliance activities.

Each employer compliance activity is recorded in the Regulatory Services Management System (RSMS) which tracks all activity for each case. The total number of employer compliance activities for 2015/16 has been extracted directly from RSMS.

The increase in the target figure for this indicator is predominantly due to an additional staff resource allocated to the area for 2015/16. Activity levels were determined based on an anticipated small increase in the overall activity consistent with trends in previous years.

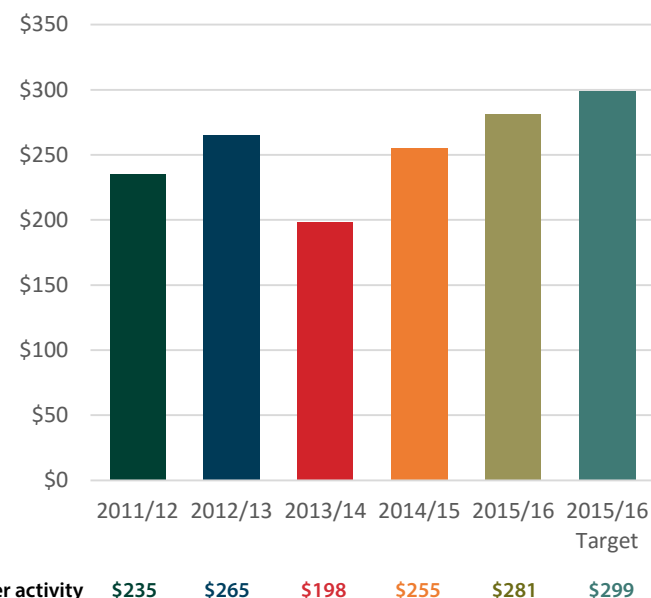
Analysis

In 2015/16 the average cost per employer compliance activity is \$281 (see Figure 28). This is 6.0 percent less than the target of \$299 and 10.2 percent higher than the previous year outcome.

The variance to target is predominantly attributable to a reduction in expenditure due to unfilled positions during the year. The variance in performance from 2014/15 is due to slightly reduced compliance activity compared to the prior year where a backlog of cases existed as well as slightly increased salary expenses.

The outcome of this indicator shows the Agency is maintaining the level of service provided with some variance in activity levels over the past five years.

Figure 28: Cost per employer compliance activity



Indicator 1.2

Average cost per approved and monitored service provider

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
\$3,087	\$2,871	\$3,047	\$3,250	\$3,472	\$3,581

Description

WorkCover WA is responsible for approving, monitoring and reviewing the performance of approved participants in the workers' compensation scheme.

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 reports 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.

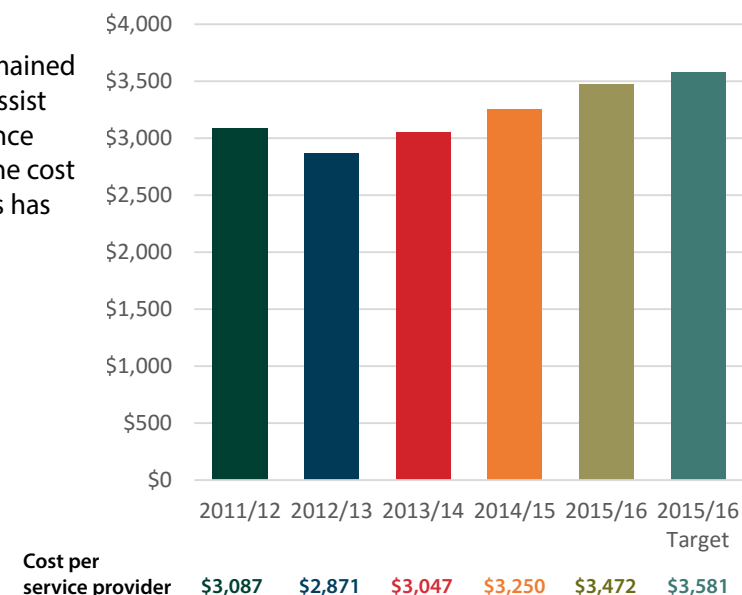
All information relevant to the approved and monitored service providers is captured in RSMS as the single data source. The data for this indicator are extracted directly from RSMS.

Analysis

In 2015/16, the average cost per approved and monitored service provider is \$3,472 (see Figure 29). This is 3.0 percent less than the target of \$3,581 and 6.8 percent higher than the 2014/15 outcome.

Whilst the number of service providers has remained stable, the resources increased in 2015/16 to assist in the delivery of a new stakeholder performance audit program. The 2015/16 outcome shows the cost of approving and monitoring service providers has increased marginally over the past two years.

Figure 29: Average cost per approved and monitored service provider



Indicator 1.3

Average cost per client contact to provide information and advice

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
\$133	\$120	\$120	\$120	\$106	\$101

Description

WorkCover WA has responsibility under the Act to promote awareness and disseminate information about the workers' compensation scheme.

This indicator reports the average cost of providing information and advice in relation to all aspects of the scheme and is measured by dividing the full costs of the Agency's Advice and Assistance Unit, including overhead allocation, by the total number of written advice notifications prepared and verbal consultations conducted for the year.

Written advice notifications and verbal consultations for the 2015/16 year are recorded in both WorkCover WA's Contact Manager System and RSMS. The Agency is in the process of changing all recording over to RSMS. This includes all inward telephone calls, in-person enquiries, appointments, and written enquiries. The total number of matters conducted is then extracted directly from the respective systems.

The target for this indicator was based on an anticipated small increase on overall expected activity and is consistent with trends in previous years.

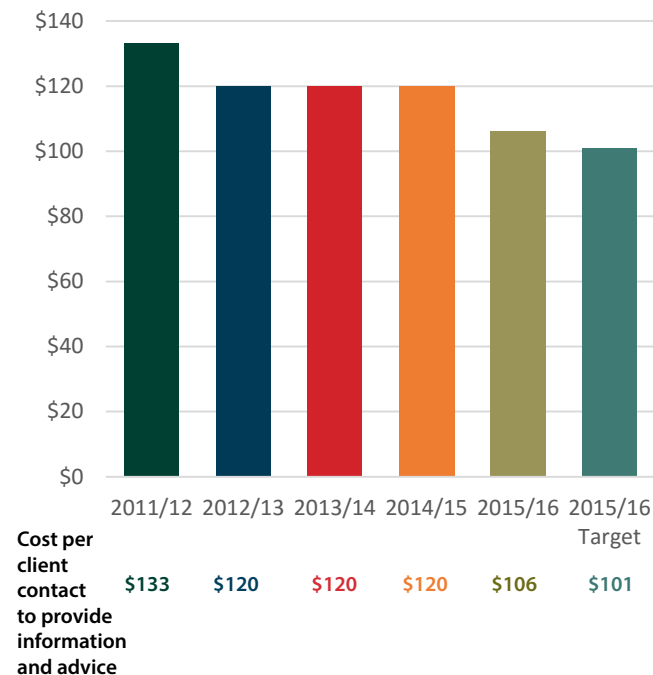
Analysis

In 2015/16, the average cost per client contact to provide information and advice is \$106 (see Figure 30). This is 4.9 percent higher than the target of \$101 and 11.7 percent less than the 2014/15 outcome.

The reduction in the average cost of providing this service is mostly due to a reduction in staffing levels which more than offset a reduction in activity.

The Advice and Assistance Unit responds to approximately 22,000 requests per annum. The estimated number of responses used to determine the 2015/16 target was calculated by applying a small increase on the prior year outcome however this increase was not realised. The number of requests for advice and assistance is down by 881 (3.9 percent) from 2014/15 mostly due to a reduction in telephone enquiries. This variance is attributed to the new WorkCover WA website launched in October 2014. The new website offers user friendly access to information and increased search capabilities. In 2015/16, the website attracted in excess of 270,000 hits.

Figure 30: Average cost per client contact to provide information and advice



Service 2: Scheme Services

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

CAS provide a fair and cost effective system for the resolution of disputes that is timely, accessible, approachable and professional, and minimises costs to parties to disputes through either conciliation or arbitration.

The Agency is also responsible for recording the finalisation of workers' compensation claims through the registration of Memoranda of Agreement (MoAs) and the processing of documents submitted in relation to settlement of common law actions initiated in the District Court.

Indicator 2.1

Average cost to complete a conciliation

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
\$2,412	\$2,579	\$2,268	\$1,966	\$2,095	\$1,993

Description

This KPI measures the average cost to complete a conciliation. It is measured by dividing the full costs of providing the conciliation process, including overhead allocation, by the total number of conciliations completed.

All conciliations are recorded in the DCMS. 'Completed' is measured as the date that a Conciliation Officer records a Certificate of Outcome at the end of a conciliation process. The data for this indicator is extracted directly from DCMS.

The target for this indicator was based on the 2014/15 outcome and trends over previous years which indicated a steady increase in conciliation activity.

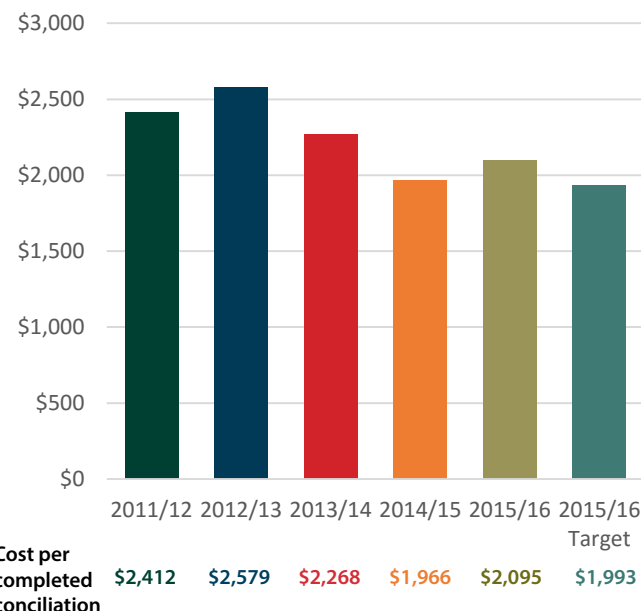
Analysis

In 2015/16, the average cost to complete a conciliation is \$2,095 (see Figure 31). This is 5.1 percent higher than the target of \$1,993 and 6.6 percent higher than the outcome of \$1,966 in 2014/15.

The number of conciliations completed for the period is 5.6 percent fewer than expected and 3.2 percent less than 2014/15.

This result shows the previous trend of increasing numbers of applications for conciliation has not continued. Whilst the cost per conciliation indicator is marginally higher than the previous year and 2015/16 target, it is less than in earlier years.

Figure 31: Average cost to complete a conciliation



Indicator 2.2

Average cost to complete an arbitration

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
\$13,803	\$13,014	\$11,153	\$10,042	\$10,084	\$10,100

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 overhead allocation, by the total number of arbitrations completed.

All arbitrations are recorded in DCMS. 'Completion of an arbitration' can mean a matter is discontinued or final orders are issued by an Arbitrator.

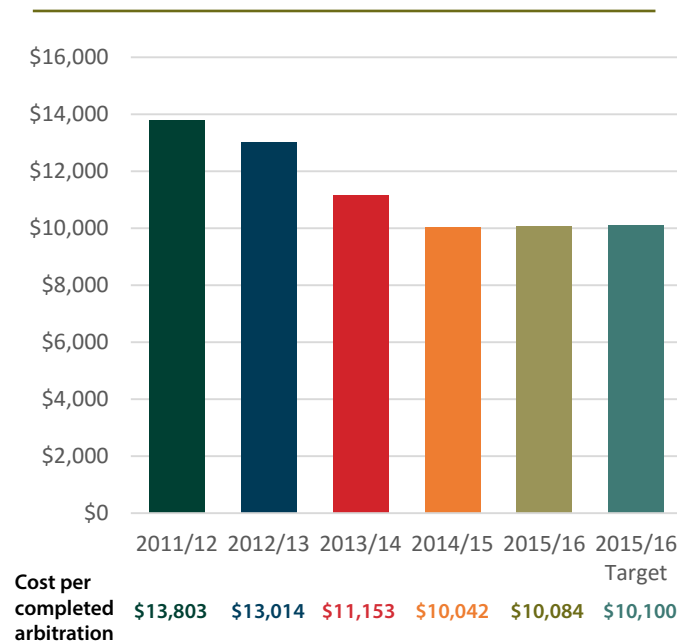
The target for this indicator is based on an anticipated slight reduction in the estimated number of arbitrations as the increase in activity seen in late 2013/14 and early 2014/15 has not continued.

Analysis

In 2015/16, the average cost to complete an arbitration is \$10,084 (see Figure 32). This is consistent with the predicted target of \$10,100 and the outcome for 2014/15 of \$10,042.

This indicator shows efficiencies realised through the continued employment of sessional arbitrators, and active management of case allocations to both in-house and sessional arbitrators.

Figure 32: Average cost to complete an arbitration



Indicator 2.3

Average cost to process a Memorandum of Agreement

2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Target
\$381	\$373	\$389	\$342	\$339	\$369

Description

WorkCover WA is responsible for registering 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 permanent impairment.

This KPI measures the average cost to complete a MoA and is measured by dividing the full costs of providing the MoA process, including overhead allocation, by the total number of MoAs completed.

Each MoA registered is recorded in the MoAs database which forms part of DCMS. The data for this KPI is extracted directly from this system.

The target for this KPI was set based on the previous year's actual outcome and trends over previous years.

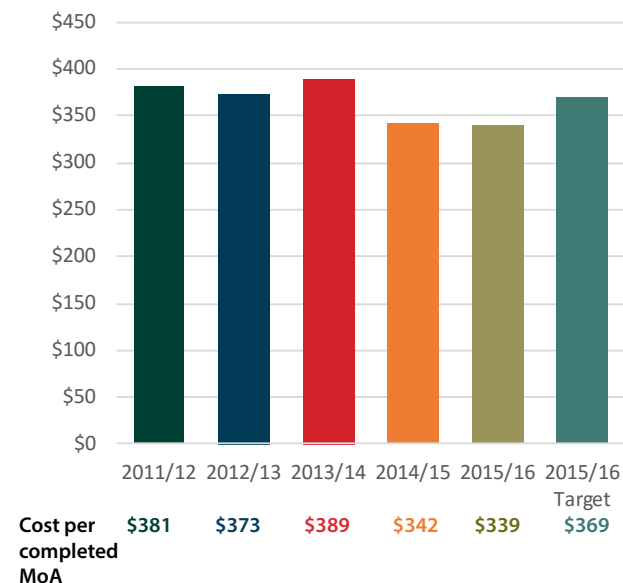
Analysis

The average cost to process a MoA for 2015/16 is \$339 (see Figure 33). This is 8.3 percent less than the target of \$369 and close to the 2014/15 outcome.

The variance to target is primarily due to lower than expected direct costs associated with staff vacancies within the business unit, combined with a reduction in transcription costs.

Additionally, WorkCover WA had a number vacant positions across the Agency which contributed to a lower than expected corporate overhead allocation. The 2015/16 outcome shows the average cost of providing this service has remained relatively constant over the past five years (see Figure 33).

Figure 33: Average cost to complete a Memorandum of Agreement





Section 7: Financial statements and notes

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107 Notes to the financial statements

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 2016 and the financial position as at 30 June 2016.

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 Western
Australia Authority

26 August 2016



Michelle Reynolds

Chief Executive Officer

WorkCover Western
Australia Authority

26 August 2016



John Hull

Chief Finance Officer

WorkCover Western
Australia Authority

26 August 2016

Independent audit opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

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 2016, 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.

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 2016 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.

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 for the Audit of the Financial Statements

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.

Page 1 of 3

7th Floor Albert Foy House 409 Wellington Street Perth WA 6000 TEL 08 6557 7500 FAX 08 6557 7600

Report on Controls

I have audited the controls exercised by the WorkCover Western Australia Authority during the year ended 30 June 2016.

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.

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Controls

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 and 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.

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 2016.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Key Performance Indicators

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.

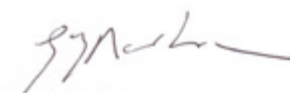
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the above audits, 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 2016 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
26 August 2016

Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
Income			
Revenue			
Insurer contributions		21,481	21,491
Interest revenue	7	2,542	2,763
Other revenue	8	1,317	1,104
Employers' Indemnity Supplementation Fund	9	2,057	9,496
Total Revenue		27,397	34,854
Gains			
Decrease in claims liability	28,31	4,029	4,425
Total Gains		4,029	4,425
Total Income		31,426	39,279
Expenses			
Expenses			
Employee benefits expense	12	14,894	13,959
Supplies and services	13	3,186	3,315
Depreciation and amortisation expense	14	919	1,058
Accommodation expenses	15	575	674
Grants and subsidies	16	50	-
Claims expense	10	2,012	1,263
Loss on disposal of non-current assets	11	29	12
Other expenses	17	1,428	1,285
Total Expenses		23,093	21,566
Profit before grants and subsidies from State Government		8,333	17,713
Services received free of charge	18	170	211
Profit for the period		8,503	17,924
Other Comprehensive Income			
Items not reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability	28	(772)	(405)
Changes in asset revaluation surplus	29	(1,310)	(2,665)
Total other comprehensive income		(2,082)	(3,070)
Total Comprehensive Income For The Period		6,421	14,854

See also note 44 '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 2016

	Note	2016 \$000	2015 \$000
Assets			
Current Assets			
Cash and cash equivalents	19	15,697	9,704
Restricted cash and cash equivalents	20	85,262	82,678
Receivables	21	1,097	1,081
Other financial assets	22	8,385	13,424
Total Current Assets		110,441	106,887
Non-Current Assets			
Property, plant, equipment & vehicles	23	20,093	20,761
Intangible assets	25	2,367	2,834
Total Non-Current Assets		22,460	23,595
Total Assets		132,901	130,482
Liabilities			
Current Liabilities			
Payables	27	635	1,238
Provisions	28	6,743	6,918
Total Current Liabilities		7,378	8,156
Non-Current Liabilities			
Provisions	28	26,386	29,610
Total Non-Current Liabilities		26,386	29,610
Total Liabilities		33,764	37,766
Net Assets		99,137	92,716
Equity			
Reserves	29	16,190	17,500
Retained earnings		82,947	75,216
Total Equity		99,137	92,716

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 2016

	Note	Reserves \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2014	29	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
Balance at 1 July 2015		17,500	75,216	92,716
Profit		-	8,503	8,503
Other comprehensive income		(1,310)	(772)	(2,082)
Total comprehensive income for the period		(1,310)	7,731	6,421
Balance at 30 June 2016		16,190	82,947	99,137

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 2016

	Note	2016 \$000	2015 \$000
Cash Flows From Operating Activities			
Receipts			
Supplementation Fund receipts		2,057	9,496
Insurer contributions		21,481	21,493
Provision of services		9	9
Interest received		2,464	2,725
GST receipts on sales		20	69
GST receipts from taxation authority		467	370
Other receipts		1,300	1,282
Payments			
Workers' Compensation claim payments		(1,320)	(852)
Employee benefits		(16,320)	(14,701)
Supplies and services		(3,266)	(2,827)
Accommodation		(582)	(677)
Grants and subsidies		(50)	-
GST payments on purchases		(483)	(471)
Other payments		(1,116)	(891)
Net cash provided by operating activities	30	4,661	15,025
Cash Flows From Investing Activities			
Receipts			
Proceeds from sale of non-current physical assets	11	55	63
Proceeds from the maturity of term deposits		5,040	-
Payments			
Purchase of non-current physical assets		(1,179)	(714)
Investments in term deposits		-	(3,516)
Net cash used in investing activities		3,916	(4,167)
Net increase in cash and cash equivalents		8,577	10,858
Cash and cash equivalents at the beginning of the period		92,382	81,524
Cash and cash equivalents at the end of the period	30	100,959	92,382

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 2016 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*. Partial exemption permitting early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside from AASB 2015-7, there has been no early adoption of any Australian Accounting Standards that have been issued or amended (but not operative) by the Authority for the annual reporting period ended 30 June 2016.

2. 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 2006* and the *Treasurer's instructions* impose 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 39 '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 de-recognition 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 27 '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 22) 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.

(f) 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 1986*.

3. Segment information

In accordance with AASB 8 and TI 1101, the Authority has provided summary information at note 44 for each of the Authority's services inclusive of the General and Supplementation Fund.

4. 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:

- 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.
- The Authority has adopted a policy of obtaining actuarial assessment of employee entitlements.

5. 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 28 '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 28 'Provisions'.

6. 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 2015 that impacted on the Authority.

AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>Part C of this 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.</p>
AASB 2014-8	<p><i>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)]</i></p> <p>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. There is no financial impact.</p>
AASB 2015-3	<p><i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i></p> <p>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.</p>
AASB 2015-7	<p><i>Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]</i></p> <p>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.</p>

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. By virtue of a limited exemption, the Authority has early adopted AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities. 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	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>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.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>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.</p>	1 Jan 2018
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019
AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>	1 Jan 2016
AASB 2010-7	<p><i>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]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>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.</p>	1 Jan 2018
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>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.</p>	1 Jan 2018

AASB 2014-3	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 mandatory application date of this standard has been amended by AASB 2015-8 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
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 2014-9	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 the Standard.	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 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i> 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 Jul 2016
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Authority has not yet determined the application or the potential impact of AASB 15.	1 Jan 2017
AASB 2015-10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128</i> This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The Authority has not yet determined the application or the potential impact of AASB 2014-10.	1 Jan 2016
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i> This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	1 Jan 2017
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Authority has not yet determined the application or the potential impact.	1 Jan 2018
AASB 2016-4	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i> This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement. The Authority has not yet determined the application or the potential impact.	1 Jan 2017

7. Interest revenue

	2016 \$000	2015 \$000
General Account	614	620
Employers' Indemnity Supplementation Account (see note 31)	1,928	2,143
	2,542	2,763

8. Other revenue

General Account

Recoveries from uninsured employers	363	155
Other ^(a)	954	949
	1,317	1,104

(a) Other is mainly comprised of fines, infringements, avoided premiums and contribution from Executive Vehicle Scheme.

9. Employers' Indemnity Supplementation Fund

Surcharge ⁽ⁱ⁾	-	2
Recovery ⁽ⁱⁱ⁾	2,057	9,494
	2,057	9,496

(i) Represents funds collected from the Supplementation Fund Levy.

(ii) Dividends received from the liquidation of HIH, CIC and FAI Insurance.

10. Claims expense

Workers' compensation claims - Employers' Indemnity Supplementation Fund (see note 28 & 31)	1,279	802
Uninsured claims - General Fund (see note 28)	733	461
	2,012	1,263

11. Net gain/(loss) on disposal of non-current assets

	2016 \$000	2015 \$000
Proceeds from Disposal of Non-Current Assets		
Vehicles	55	63
	55	63
Costs of Disposal of Non-Current Assets		
Equipment	(3)	(6)
IT hardware	(19)	-
Vehicles	(62)	(69)
	(84)	(75)
Net loss	(29)	(12)

12. Employee benefits expense

Wages and salaries ^(a)	13,386	12,514
Superannuation - defined contribution plans ^(b)	1,337	1,253
Superannuation - defined benefit plans (see note 28 'Provisions')	171	192
	14,894	13,959

(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 17 'Other expenses'. The employment on-costs liability is included at note 28 'Provisions'.

13. Supplies and services

	2016	2015
	\$000	\$000
Communications	114	144
Consultants and contractors	2,022	2,169
Consumables	737	747
Insurance	45	43
Training	168	144
Travel	48	22
Other	52	46
Total	3,186	3,315

14. Depreciation and amortisation expense

Depreciation

Plant, equipment and vehicles	219	222
Buildings	234	377
Total depreciation	453	599

Amortisation

Intangible assets	466	459
Total amortisation	466	459
Total depreciation and amortisation	919	1,058

15. Accommodation expenses

Outgoings	247	296
Repairs and maintenance	175	213
Other	153	165
Total	575	674

16. Grants and subsidies

	2016	2015
	\$000	\$000
Monash university - GP clinical guidelines project	50	-
Total	50	-

17. Other expenses

General Account

Employment on-costs (a)	829	734
Seminars	43	13
Doubtful debts expense	61	75
Sitting fees	115	84
Staff wellness programs	73	61
Audit Fees	179	187
Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims	89	55
Other	32	36

Employers' Indemnity Supplementation Fund (see note 31)

Administration fee paid to Insurance Commission of WA	7	40
Total	1,428	1,285

(a) Includes worker's 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 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

18. Services received free of charge

	2016	2015
	\$000	\$000
Services received free of charge from the State Solicitor's Office	170	211
	170	211

19. Cash and cash equivalents

Bank accounts	2,147	2,684
Cash on hand	1	1
Term deposits ^(a)	13,549	7,019
	15,697	9,704

(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.

20. Restricted cash and cash equivalents

Current

Employers' Indemnity Supplementation Fund (See note 31)

Cash balance at Treasury	85,233	82,660
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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	28	15
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Commonwealth Funding - Paid Parental Leave Scheme

Cash held	1	3
	85,262	82,678

21. Receivables

Current

General Account

	2016	2015
	\$000	\$000
Receivables	36	48
Fines and penalties	551	536
Allowance for impairment of receivables	(274)	(212)
Accrued interest	196	122
GST receivable	28	44
	537	538

Employers' Indemnity Supplementation Fund (see note 31)

Accrued interest	510	505
GST receivable	50	38
	560	543

Total current

	1,097	1,081
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Non-current

General Account

Receivables	418	418
Allowance for impairment of receivables	(418)	(418)

Total non-current

	-	-
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Total receivables

	1,097	1,081
--	--------------	--------------

Reconciliation of changes in allowance for impairment of receivables

Balance at start of period	212	185
Doubtful debts expense	62	75
Amounts written off during the period	-	(48)

Balance at end of period

	274	212
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The Authority does not hold any collateral as security or other credit enhancements relating to receivables.

22. Other financial assets

	2016	2015
	\$000	\$000
Current		
At Cost:		
Term deposits (a)	8,385	13,424
	8,385	13,424

(a) The term deposits range from 90 days to 365 days.

23. Property, plant, equipment and vehicles

Land		
At fair value (a)	15,000	15,400
	15,000	15,400

Buildings		
At fair value (a)	2,500	3,600
Accumulated depreciation	-	-
	2,500	3,600

Plant, equipment & vehicles		
At cost	3,349	2,666
Accumulated depreciation	(756)	(927)
	2,593	1,739

Work in Progress		
At cost	-	22
	-	22
	20,093	20,761

(a) Land and buildings were revalued as at 30 June 2016 by the Western Australian Land Information Authority. The property was valued on 13 June 2016. 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
2016					
Carrying amount at start of period	15,400	3,600	22	1,739	20,761
Additions	-	22	983	174	1,179
Transfers	-	22	(1,005)	983	-
Disposals	-	-	-	(84)	(84)
Revaluation Increments /(decrements)	(400)	(910)	-	-	(1,310)
Depreciation	-	(234)	-	(219)	(453)
Carrying amount at end of period	15,000	2,500	-	2,593	20,093

	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	-	-	-	-	-
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

24. Fair value measurements

Assets measured at fair value

	Level 1	Level 2	Level 3	Fair value at end of period
	\$000	\$000	\$000	\$000
2016				
Land (Note 23)	-	15,000	-	15,000
Buildings (Note 23)	-	2,500	-	2,500
	-	17,500	-	17,500
2015				
Land (Note 23)	-	15,400	-	15,400
Buildings (Note 23)	-	3,600	-	3,600
	-	19,000	-	19,000

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.

25. Intangible assets

Licences

	2016	2105
	\$000	\$000
At cost	170	170
Accumulated amortisation	(85)	(64)
	85	106

Computer Software

At cost	3,828	3,828
Accumulated amortisation	(1,546)	(1,100)
	2,282	2,728
	2,367	2,834

Reconciliations:

Licences

Carrying amount at start of period	106	75
Additions	-	52
Amortisation expense	(21)	(21)
Carrying amount at the end of period	85	106

Computer software

Carrying amount at start of period	2,728	3,098
Additions	-	67
Amortisation expense	(446)	(437)
Carrying amount at the end of period	2,282	2,728

26. Impairment of assets

There were no indications of impairment to property, plant and equipment or intangible assets as at 30 June 2016.

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 2016 have either been classified as assets held for sale or written-off.

27. Payables

	2016	2015
	\$000	\$000
Current		
General Account		
Trade payables	109	134
Accrued expenses	297	405
Accrued salaries	107	503
Other payables	33	124
Employers' Indemnity Supplementation Fund (see note 31)		
Claim payments	89	72
	635	1,238

28. Provisions

	2016	2015
	\$000	\$000
Current		
General Account		
Employee benefits provision		
Annual leave ^(a)	396	471
Long service leave ^(b)	2,337	2,257
Superannuation ^(d)	629	524
	3,362	3,252
Uninsured Workers ^(e)		
	906	1,750
	906	1,750
Other provisions		
Employment on-costs ^(c)	163	163
	163	163
Employers' Indemnity Supplementation Fund (see note 31)		
Liability for estimated future claim payments	2,312	1,753
	2,312	1,753
Total current provisions	6,743	6,918

Non-current
General Account
Employee benefits provision

	2016 \$000	2015 \$000
Long service leave ^(b)	628	627
Superannuation ^(d)	5,894	5,375
	6,522	6,002

Uninsured Workers ^(e)	5,194	7,322
	5,194	7,322

Other provisions

Employment on-costs ^(c)	37	37
	37	37

Employers' Indemnity Supplementation Fund (see note 31)

Liability for estimated future claim payments	14,633	16,249
	14,633	16,249

Total non-current provisions

- (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	382	427
More than 12 months after the end of the reporting period	14	44
	396	471

- (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	871	781
More than 12 months after the end of the reporting period	2,094	2,103
	2,965	2,884

- (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 17 'Other expenses'.

- (d) Defined benefit superannuation plans

Movements in the present value of the defined benefit obligation in the reporting period were as follows:

	Pre-transfer benefit - Gold State			
	Pension Scheme		Superannuation Scheme	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Liability at start of period	5,400	5,155	499	461
Included in profit or loss:				
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost	157	175	15	16
	157	175	15	16

Included in Other Comprehensive Income:
Remeasurements loss (gain) recognised:
Actuarial losses/(gains) arising from:

Demographic assumptions	-	-	-	-
Financial assumptions	728	326	11	(2)
Experience adjustments	39	57	(6)	24
	767	383	5	22

Contributions:

Benefits paid	(320)	(313)	-	-
	(320)	(313)	-	-

Liability at end of period

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	
	2016	2015	2016	2015
Discount rate	2.00%	3.00%	2.00%	3.00%
Pension increases	2.50%	2.50%		
Future salary increases	2.5% for the first 4 years and 4.0% thereafter	3.5% for the first year, 3% for the next 3 years, and 4.5% thereafter	2.5% for the first 4 years and 4.0% thereafter	3.5% for the first year, 3% for the next 3 years, and 4.5% thereafter

Average longevity at retirement age (65) for current pensioners (years)

Male	23.10	22.90	N/A	N/A
Female	25.60	25.50	N/A	N/A

Average longevity at retirement age (65) for current employees (years)

Male	23.10	22.90	N/A	N/A
Female	25.60	25.40	N/A	N/A

At 30 June 2016, the weighted-average duration of the defined benefit obligation was 13 years for Pension Scheme (2015: 13 years) and 5 years for Gold State Superannuation Scheme (2015: 5 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 analysis below has 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	
	2016	2015	2016	2015
	Increase \$000	Decrease \$000	Increase \$000	Decrease \$000
Discount rate (1% movement)	(728)	906	(26)	28
Future salary growth (1% movement)	N/A	N/A	26	(24)
Pension increases (1% movement)	891	(731)	N/A	N/A
Future longevity (1 year movement)	335	(280)	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 \$297K (2015: \$292K) are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$317K (2015: \$309K) 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.

	2016	2015
	\$000	\$000
Employers' Indemnity Supplementation Fund		
Liability for estimated future claim payments		
Carrying amount at start of period	18,002	21,274
Additional increase/(decrease) in provisions recognised	(112)	(2,945)
Unwinding of the discount	340	467
Payments/other sacrifices of economic benefits	(1,285)	(794)
Carrying amount at end of period	16,945	18,002

Uninsured claims

Carrying amount at start of period	9,072	10,225
Additional increase/(decrease) in provisions recognised	(2,373)	(912)
Unwinding of the discount	171	247
Payments/other sacrifices of economic benefits	(770)	(488)
Carrying amount at end of period	6,100	9,072

Employment on-costs provision

Carrying amount at start of period	200	197
Additional provisions recognised	91	91
Unwinding of the discount	4	5
Payments/other sacrifices of economic benefits	(95)	(93)
Carrying amount at end of period	200	200

(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 can not 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)**

	2016		2015	
Inflation Rate	3% for 2017 and later		3.75% for 2016 and later	
Discount Rate	2017	1.60%	2016	2.00%
	2018	1.50%	2017	2.00%
	2019	1.50%	2018	2.20%
	2020	1.70%	2019	2.60%
	2021	2.00%	2020	3.10%
	2022	2.20%	2021	3.60%
	2023	2.30%	2022	3.80%
	2024	2.40%	2023	3.90%
	2025	2.50%	2024	4.00%
	2026	2.70%	2025	4.10%
	2027	2.80%	2026	4.20%
	2028	2.90%	2027	4.30%
	2029	3.00%	2028	4.30%
	2030	3.20%	2029	4.40%
	2031	3.30%	2030	4.40%
	2032 Onwards	3.40%	2031 Onwards	4.50%
Claims Managements Expenses	10.5% for claim payments		10.5% for claim payments	
Superimposed Inflation	2.0%		2.5%	
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:

- 5% increase for claimants aged under 65 year olds; and
- 24% increase for claimants aged over 65.

This has decreased from 8% for claimants under 65 and 40% 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.
- 1.6% increase in the ARD average claim size to allow for common law claims made by employed contractors. This has reduced from 2.6% last year as the average includes a proportion of experience after the 2011 Amendment Act.
- 10% increase in the number of mesothelioma claims and 0% increase in the number of non-mesothelioma claims lodged due to behavioural change and the availability of common law access for the General Account. This has reduced from 13% last year for both mesothelioma and non-mesothelioma 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)

	2016		2015	
Inflation Rate	3% for 2017 and later		3.75% for 2016 and later	
Discount Rate	2017	1.60%	2016	2.00%
	2018	1.50%	2017	2.00%
	2019	1.50%	2018	2.20%
	2020	1.70%	2019	2.60%
	2021	2.00%	2020	3.10%
	2022	2.20%	2021	3.60%
	2023	2.30%	2022	3.80%
	2024	2.40%	2023	3.90%
	2025	2.50%	2024	4.00%
	2026	2.70%	2025	4.10%
	2027	2.80%	2026	4.20%
	2028	2.90%	2027	4.30%
	2029	3.00%	2028	4.30%
	2030	3.20%	2029	4.40%
	2031	3.30%	2030	4.40%
	2032 Onwards	3.40%	2031 Onwards	4.50%
Claims Managements 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:

- 0.36% increase in the non-ARD average claim size for the removal of age limits. This has decreased from 0.73% last year as the adopted assumptions are usually based on five years of data and four years are after the 2011 Amendment Act so include this allowance implicitly;
- 1.3% of non-ARD claims will be lodged as common law claims, with an average claim size \$0.6 million in 30 June 2016 values. This year we have applied the 1.3% 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 2015 are eligible to pursue common law damages anymore. This is the same method as last year, though the frequency has reduced from 5% as only one common law non-ARD claim has been reported to date. The average claim size from the December 2011 report is indexed by four year's superimposed inflation (2.5% per year) and wage inflation (2016: 2.5%; 2015: 2.8%, 2014: 0.6%; 2013: 6.8%); and
- 0% allowance for common law claims made by employed contractors as it is assumed to be fully allowed for in the experience, as per last year.

29. 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.

	2016	2015
	\$000	\$000
Reserves		
Asset revaluation surplus		
Balance at start of period	17,500	20,165
Net revaluation increments/(decrements):		
Land	(400)	(300)
Buildings	(910)	(2,365)
Balance at end of period	16,190	17,500
Retained earnings		
Balance at start of period	75,216	57,697
Result for the period	7,731	17,519
Balance at end of period	82,947	75,216
Total equity at end of period	99,137	92,716

30. 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:

	2016	2015
	\$000	\$000
Cash and cash equivalents	15,697	9,704
Restricted cash and cash equivalents (note 20 'Restricted cash and cash equivalents')	85,262	82,678
	100,959	92,382

Reconciliation of profit after income tax equivalent to net cash flows provided by/ (used in) operating activities

Profit after income tax equivalents	8,503	17,924
Non-cash items:		
Depreciation and amortisation expense	919	1,058
Net (gain)/loss on sale of property, plant and equipment	29	12
Remeasurements of defined benefit liability	(772)	(405)
Decrease/(increase) in assets:		
Current receivables	(20)	184
Increase/(decrease) in liabilities:		
Current payables ^(a)	(603)	375
Current provisions	(175)	615
Non-current provisions	(3,224)	(4,706)
Net GST receipts/(payments) ^(b)	4	(32)
Change in GST receivables/(payables) ^(c)	-	-
Net cash provided by operating activities	4,661	15,025

(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.

31. 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 1986*.

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

Inflation Rate

2016

2015

	2016	2015	
Inflation Rate	3% for 2017 and later	3.75% for 2016 and later	
Discount Rate			
	2017	2016	2.00%
	2018	2017	2.00%
	2019	2018	2.20%
	2020	2019	2.60%
	2021	2020	3.10%
	2022	2021	3.60%
	2023	2022	3.80%
	2024	2023	3.90%
	2025	2024	4.00%
	2026	2025	4.10%
	2027	2026	4.20%
	2028	2027	4.30%
	2029	2028	4.32%
	2030	2029	4.40%
	2031		
	2032 Onwards	2030 Onwards	4.50%

Claims Managements 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:

- 5% increase for claimants aged under 65 year olds; and
- 24% increase for claimants aged over 65.

This has decreased from 8% for claimants under 65 and 40% 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

Inflation Rate

2016 **2015**

3% for 2017 and later 3.75% for 2016 and later

Discount Rate

2016		2015	
2017	1.60%	2016	2.00%
2018	1.50%	2017	2.00%
2019	1.50%	2018	2.20%
2020	1.70%	2019	2.60%
2021	2.00%	2020	3.10%
2022	2.20%	2021	3.60%
2023	2.30%	2022	3.80%
2024	2.40%	2023	3.90%
2025	2.50%	2024	4.00%
2026	2.70%	2025	4.10%
2027	2.80%	2026	4.20%
2028	2.90%	2027	4.30%
2029	3.00%	2028	4.30%
2030	3.20%	2029	4.40%
2031	3.30%		
2032 Onwards	3.40%	2030 Onwards	4.50%

Claims Managements 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

0.00% 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 to 2016 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 also no explicit allowance to allow for the removal of age limits resulting from the 2011 Amendment Act, as it was incorporated in the experience used for the average.

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
2016	16,945

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 2016 was assessed at \$16.945 million and a provision for this amount has been included in the financial statements (see note 28).

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.



32. Commitments

2016	2015
\$000	\$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	277	523
	277	523

33. Contingent liabilities and contingent assets

Contingent Liabilities

At 30 June 2016 there was a potential uninsured worker's compensation claim estimated at \$100,000 relating to an injured worker whose employer didn't have a Workers' Compensation Insurance policy. 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.

	100	-
	100	-

Contingent Assets

There were no contingent assets in existence at 30 June 2016 and up to the date of this report.

	-	-
	-	-

34. 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.

35. Explanatory statement

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below.

Narratives are provided for selected major variances, which are generally greater than:

- 5% and \$0.43 million for the Statements of Comprehensive Income and Cash Flows; and
- 5% and \$2.6 million for the Statement of Financial Position.

Statement of Comprehensive Income

	Variance Note	Estimate 2016	Actual 2016	Actual 2015	Variance between Estimate and Actual	Variance between Actual result for 2016 and 2015
		\$000	\$000	\$000	\$000	\$000
Income						
Revenue						
Insurer contributions		21,481	21,481	21,491	-	(10)
Interest revenue		2,785	2,542	2,763	243	(221)
Other revenue	1	1,913	1,317	1,104	596	213
Employers' Indemnity Supplementation Fund	2, A	1,150	2,057	9,496	(907)	(7,439)
Total Revenue		27,329	27,397	34,854	(68)	(7,457)
Gains						
Decrease in claims liability	3	-	4,029	4,425	(4,029)	(396)
Total Gains		-	4,029	4,425	(4,029)	(396)
Total Income		27,329	31,426	39,279	(4,097)	(7,853)
Expenses						
Expenses						
Employee benefits expense	B	15,290	14,894	13,959	396	935
Supplies and services	4	3,631	3,186	3,315	445	(129)
Depreciation and amortisation expense		933	919	1,058	14	(139)
Accommodation expenses		458	575	674	(117)	(99)
Grants and subsidies		-	50	-	(50)	50
Claims expense	5, C	2,807	2,012	1,263	795	749
Loss on disposal of non-current assets		-	29	12	(29)	17
Other expenses		1,737	1,428	1,285	309	143
Total Expenses		24,856	23,093	21,566	1,763	1,527
Profit before grants and subsidies from State Government		2,473	8,333	17,713	(5,860)	(9,380)
Services received free of charge		215	170	211	45	(41)
Profit for the period		2,688	8,503	17,924	(5,815)	(9,421)
Other Comprehensive Income						
Items not reclassified subsequently to profit or loss						
Remeasurements of defined benefit liability	6	-	(772)	(405)	772	(367)
Changes in asset revaluation surplus		-	(1,310)	(2,665)	1,310	1,355
Total other comprehensive income		-	(2,082)	(3,070)	2,082	988
Total Comprehensive Income For The Period		2,688	6,421	14,854	(3,733)	(8,433)

Major Estimate and Actual (2016) Variance Narratives

- 1) Other revenue is less than budget expectations by \$596K (31.2%). This is due to the lower than anticipated recoveries from uninsured employers.
- 2) Employers' indemnity supplementation fund was \$907K (78.9%) higher than expected liquidator recoveries received from the administrators of HIH.
- 3) Decrease in claims liability of \$4.029 million (100%) is due to movements in actuarially assessed future claim liabilities not included in the budget.
- 4) Supplies and Services is \$445K (12.3%) under budget expectations due to lower than estimated professional service fees such as communication consultants, actuarial and legal fees.
- 5) Claims expense is \$795K (28.3%) under budget expectations due to lower than forecast payments in relation to uninsured workers in the General Account.
- 6) The remeasurement of the defined benefit liability of \$772K (100%), was due to the actuarial assessment for defined benefit schemes within Employee Entitlements not being included in the budget.

Major Actual (2016) and Comparative (2015) Variance Narratives

- A) Employers' indemnity supplementation fund liquidator receipts have decreased by \$7,439 million (78.3%) due to the winding up of recoveries received from the administrators of HIH.
- B) Employee benefits expense increased by \$935K (6.7%) due to the wage increment provided for in the Public Service and Government Officers General Agreement 2014, combined with a number of termination payments.
- C) Claims expense increased by \$749K (59.3%) due to a significant Common Law payment in 2015/16.

Statement Of Financial Position

	Variance Note	Estimate 2016	Actual 2016	Actual 2015	Variance between Estimate and Actual	Variance between Actual result for 2016 and 2015
		\$000	\$000	\$000	\$000	\$000
Assets						
Current Assets						
Cash and cash equivalents		8,429	15,697	9,704	(7,268)	5,993
Restricted cash and cash equivalents		83,696	85,262	82,678	(1,566)	2,584
Receivables		1,157	1,097	1,081	60	16
Other financial assets	7, D	13,405	8,385	13,424	5,020	(5,039)
Total Current Assets		106,687	110,441	106,887	(3,754)	3,554
Non-Current Assets						
Property, plant, equipment & vehicles		21,649	20,093	20,761	1,556	(668)
Intangible assets		2,368	2,367	2,834	1	(467)
Total Non-Current Assets		24,017	22,460	23,595	1,557	(1,135)
Total Assets		130,704	132,901	130,482	(2,197)	2,419
Liabilities						
Current Liabilities						
Payables		2,213	635	1,238	1,578	(603)
Provisions		4,943	6,743	6,918	(1,800)	(175)
Total Current Liabilities		7,156	7,378	8,156	(222)	(778)
Non-Current Liabilities						
Provisions	E	28,144	26,386	29,610	1,758	(3,224)
Total Non-Current Liabilities		28,144	26,386	29,610	1,758	(3,224)
Total Liabilities		35,300	33,764	37,766	1,536	(4,002)
Net Assets		95,404	99,137	92,716	(3,733)	6,421
Equity						
Reserves		17,500	16,190	17,500	1,310	(1,310)
Retained earnings		77,904	82,947	75,216	(5,043)	7,731
Total Equity		95,404	99,137	92,716	(3,733)	6,421

Major Estimate and Actual (2016) Variance Narratives

7) Other financial assets are less than budget expectations by \$5.02 million (37.4%) due to a timing difference resulting in fewer term deposits with a maturity greater than 3 months as at 30 June 2016.

Major Actual (2016) and Comparative (2015) Variance Narratives

D) Other financial assets decreased by \$5.039 million (37.5%) due to a timing difference resulting in fewer term deposits with a maturity greater than 3 months as at 30 June 2016.

E) Provisions decreased by \$3.224 million (10.9%) due to a reduction in the actuarially assessed claims liabilities.

Statement Of Cash Flows

	Variance Note	Estimate 2016	Actual 2016	Actual 2015	Variance between Estimate and Actual	Variance between Actual result for 2016 and 2015
		\$000	\$000	\$000	\$000	\$000
Cash Flows From Operating Activities						
Receipts						
Supplementation Fund receipts	8, F	1,150	2,057	9,496	(907)	(7,439)
Insurer contributions		21,481	21,481	21,493	-	(12)
Provision of services		46	9	9	37	-
Interest received		2,802	2,464	2,725	338	(261)
GST receipts on sales		-	20	69	(20)	(49)
GST receipts from taxation authority	9	-	467	370	(467)	97
Other receipts	10	383	1,300	1,282	(917)	18
Payments						
Workers' Compensation claim payments	11, G	(2,807)	(1,320)	(852)	(1,487)	(468)
Employee benefits	H	(16,254)	(16,320)	(14,701)	66	(1,619)
Supplies and services	I	(3,547)	(3,266)	(2,827)	(281)	(439)
Accommodation		(458)	(582)	(677)	124	95
Grants and subsidies		-	(50)	-	50	(50)
GST payments on purchases	12	-	(483)	(471)	483	(12)
Other payments	13	(1,656)	(1,116)	(891)	(540)	(225)
Net cash provided by operating activities		1,140	4,661	15,025	(3,521)	(10,364)
Cash Flows From Investing Activities						
Receipts						
Proceeds from sale of non-current physical assets		-	55	63	(55)	(8)
Proceeds from the maturity of term deposits	14, J	-	5,040	-	(5,040)	5,040
Payments						
Purchase of non-current physical assets	K	(1,397)	(1,179)	(714)	(218)	(465)
Investments in term deposits	L	-	-	(3,516)	-	3,516
Net cash used in investing activities		(1,397)	3,916	(4,167)	(5,313)	8,083
Net increase in cash and cash equivalents		(257)	8,577	10,858	(8,834)	(2,281)
Cash and cash equivalents at the beginning of the period		92,382	92,382	81,524	-	10,858
Cash and cash equivalent at the end of the period		92,125	100,959	92,382	(8,834)	8,577

Major Estimate and Actual (2016) Variance Narratives

- 8) Supplementation Fund receipts were \$907K (78.9%) higher than expected liquidator recoveries received from the administrators of HIH.
- 9) GST receipts from the taxation authority were \$467K (100%) higher as GST receipts and payments are not included in the budget.
- 10) Other receipts were \$917K (239.4%) higher than estimated due to an increase in fines and penalties issued to uninsured employers.
- 11) Workers' Compensation claim payments were \$1.487 million (53.0%) under budget estimates due to lower than expected workers compensation claims received for the Supplementation Fund.
- 12) GST payments on purchases were \$483K (100%) higher as GST receipts and payments are not included in the budget.
- 13) Other payments were \$540K (32.6%) under budget estimates due to lower than expected workers compensation claim payments for uninsured workers.
- 14) Proceeds from the sale of investments were \$5.04 million (100%) higher than budget estimates due to timing differences in investment strategy.

Major Actual (2016) and Comparative (2015) Variance Narratives

- F) Supplementation Fund receipts decreased by \$7.439 million (78.3%) due to the winding up of recoveries received from the administrators of HIH.
- G) Workers' Compensation claim payments increased by \$468K (54.9%) due to a significant Common Law payment in 2015/16.
- H) Employee benefits expense increased by \$1.619 million (11.0%) due to the wage increment provided for in the Public Service and Government Officers General Agreement 2014, combined with a number of termination payments and the provision for a 27th pay in 2016.
- I) Supplies and services increased by \$439K (15.5%) due to timing differences in the payment of invoices.
- J) Proceeds from the sale of investments were \$5.04 million (100%) higher than prior year due to timing differences in term deposits investment strategy.
- K) Purchase of non-current physical assets increased by \$465K (65.1%) primarily due to the purchase of IT hardware for the infrastructure replacement program.
- L) Purchase of investments decreased by \$3.516 million (100%) due to timing differences in term deposits investment strategy.

36. 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 36(c) 'Financial instruments disclosures' and note 21 '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:

	2016 \$000	2015 \$000
Financial Assets		
Cash and cash equivalents	15,697	9,704
Restricted cash	85,262	82,678
Receivables ⁽ⁱ⁾	1,019	999
Held-to-maturity investments	8,385	13,424
Financial Liabilities		
Payables	635	1,238

(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

2016	Carrying Amount \$000	Not past due and not impaired \$000	Past Due But Not Impaired					Impaired Financial Assets \$000
			Up To 1 Month \$000	1 to 3 Months \$000	3 to 6 Months \$000	6 to 12 Months \$000	More than 1 Year \$000	
<i>Financial Assets</i>								
Cash and cash equivalents	15,697	15,697	-	-	-	-	-	-
Restricted cash	85,262	85,262	-	-	-	-	-	-
Receivables (a)	1,019	736	-	38	43	100	102	-
Other financial assets	8,385	8,385	-	-	-	-	-	-
	110,363	110,080	-	38	43	100	102	-

2015	Carrying Amount \$000	Not past due and not impaired \$000	Past Due But Not Impaired					Impaired Financial Assets \$000
			Up To 1 Month \$000	1 to 3 Months \$000	3 to 6 Months \$000	6 to 12 Months \$000	More than 1 Year \$000	
<i>Financial Assets</i>								
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	-

(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					
	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
2016	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets											
Cash and cash equivalents	2.80	15,697	2,031	13,665	1	15,697	6,115	9,582	-	-	-
Restricted cash	2.27	85,262	85,233	29	-	85,262	85,262	-	-	-	-
Receivables (a)	-	1,019	-	-	1,019	1,019	1,019	-	-	-	-
Other financial assets	2.99	8,385	-	8,385	-	8,385	-	-	8,385	-	-
		110,363	87,264	22,079	1,020	110,363	92,396	9,582	8,385	-	-
Financial Liabilities											
Payables	-	635	-	-	635	635	635	-	-	-	-
		635	-	-	635	635	635	-	-	-	-
2015											
Financial Assets											
Cash and cash equivalents	2.60	9,704	1,953	7,750	1	9,704	6,351	3,353	-	-	-
Restricted cash	2.69	82,678	82,660	18	-	82,678	82,678	-	-	-	-
Receivables (a)	-	999	-	-	999	999	999	-	-	-	-
Other financial assets	2.92	13,424	-	13,424	-	13,424	-	-	10,870	2,554	-
		106,805	84,613	21,192	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	-	-	-	-

(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.

2016

Financial Assets

Cash and cash equivalents
Restricted cash and cash equivalents

Total Increase/(Decrease)

Carrying amount	-100 basis points		+100 basis points	
	Surplus	Equity	Surplus	Equity
\$000	\$000	\$000	\$000	\$000
2,031	(20)	(20)	20	20
85,262	(852)	(852)	852	852
	(872)	(872)	872	872

2015

Financial Assets

Cash and cash equivalents
Restricted cash and cash equivalents

Total Increase/(Decrease)

Carrying amount	-100 basis points		+100 basis points	
	Surplus	Equity	Surplus	Equity
\$000	\$000	\$000	\$000	\$000
1,953	(19)	(19)	19	19
82,678	(826)	(826)	826	826
	(845)	(845)	845	845

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.

37. 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:

	2016	2015
\$		
0 - 10,000	2	2
10,001 - 20,000	2	3
30,001 - 40,000	1	1
40,001 - 50,000	1	-

Base remuneration and superannuation

	\$000	\$000
Base remuneration and superannuation	121	83
The total remuneration of members of the accountable authority	121	83

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:

	2016	2015
\$		
10,001 - 20,000	-	1
20,001 - 30,000	-	1
40,001 - 50,000	1	-
50,001 - 60,000	-	1
60,001 - 70,000	-	1
100,001 - 110,000	1	1
160,001 - 170,000	-	1
170,001 - 180,000	-	1
180,001 - 190,000	-	1
190,001 - 200,000	-	1
200,001 - 210,000	2	-
220,001 - 230,000	1	-
240,001 - 250,000	1	-
260,001 - 270,000	1	-

(a)

Base remuneration and superannuation

Annual leave and long service leave accruals

Other benefits

The total remuneration of senior officers

	\$000	\$000
Base remuneration and superannuation	1,244	1,038
Annual leave and long service leave accruals	49	(80)
Other benefits	-	-
The total remuneration of senior officers	1,293	958

(a) Two 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 Pension Scheme.

38. Remuneration of auditor

Remuneration payable to the Auditor General for the reporting period is as follows:

	2016	2015
	\$000	\$000
Auditing the accounts, controls, financial statements and key performance indicators	85	83
	85	83

39. 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	453	266
Interest on investments	21	25
	474	291

Expenditure

Payments by the Authority	334	366
Administration fee	9	9
	343	375

Surplus/(Deficit)

Balance July 1	1,002	1,086
Balance June 30	1,133	1,002

Balance of funds held represents:

Cash and cash equivalents	1,133	1,002
	1,133	1,002

40. 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:

	2016	2015
	\$000	\$000
Write-Offs		
General account uninsured claims	39	138
Fines and penalties	-	48
	39	186

	2016	2015
Number of Individual Recovery Write-offs With Values Between:		
\$ 0 - 100,000	3	4
\$ 100,001 - 150,000	-	1

	2016	2015
	\$000	\$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	-	-
	-	-

41. Related bodies

The Authority does not have related bodies.

42. Affiliated bodies

The Authority does not have affiliated bodies.

43. 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).

	2016	2015
	\$000	\$000
Opening balance	15	(2)
Funding received from the Commonwealth	-	16
Revenue received from insurers	28	13
	43	27
<i>Payments by Program Area</i>		
Regulatory Services	8	4
Conciliation and Arbitration Services	5	5
Legislation and Scheme Information	2	3
Total Payments	15	12
Balance carried forward	28	15

44. Schedule of income and expenses by service

	Scheme Regulation		Scheme Services		Grand Total	
	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000
Income						
Insurer contributions	9,858	10,086	11,623	11,405	21,481	21,491
Interest revenue	1,167	1,297	1,375	1,466	2,542	2,763
Other revenue	604	518	713	586	1,317	1,104
Employers' Indemnity Supplementation Fund	944	4,457	1,113	5,039	2,057	9,496
Decrease in claims liability	1,849	2,077	2,180	2,348	4,029	4,425
Total Income	14,422	18,435	17,004	20,844	31,426	39,279
Expenses						
Employee benefits expense	6,835	6,551	8,059	7,408	14,894	13,959
Supplies and services	1,462	1,556	1,724	1,759	3,186	3,315
Depreciation and amortisation expense	422	497	497	561	919	1,058
Accommodation expenses	264	317	311	357	575	674
Grants and subsidies	23	-	27	-	50	-
Claims expense	923	593	1,089	670	2,012	1,263
Loss on disposal of non current assets	13	6	16	6	29	12
Other expenses	655	603	773	682	1,428	1,285
Total Expenses	10,597	10,123	12,496	11,443	23,093	21,566
Profit before grants and subsidies from State Government	3,825	8,312	4,508	9,401	8,333	17,713
Services received free of charges	78	99	92	112	170	211
Profit for the period	3,903	8,411	4,600	9,513	8,503	17,924






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