

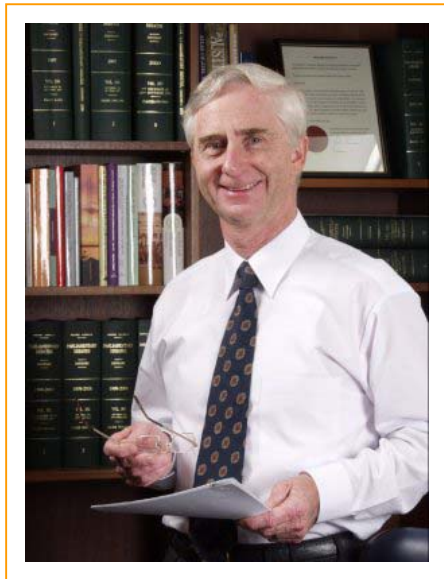
# *Annual Report*

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*2001-2002*

Hon John Kobelke MLA

Minister for Consumer and Employment Protection



Hon John Kobelke MLA

In accordance with section 66 of the Financial Administration and Audit Act 1985, We hereby submit for your information and presentation to Parliament the Annual Report of the Workers' Compensation and Rehabilitation Commission (WorkCover) for the financial year ended 30 June 2002.

The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

A handwritten signature in black ink, appearing to read 'B T Bradley'.

**B T BRADLEY**

Chairman

Workers' Compensation and Rehabilitation Commission

27 August 2002.

A handwritten signature in black ink, appearing to read 'H T Neesham'.

**H T NEESHAM**

Member

Workers' Compensation and Rehabilitation Commission

27 August 2002.

In accordance with a resolution of the Workers' Compensation and Rehabilitation Commission on 27 August 2002.



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## Our Contact Details

### Workers' Compensation and Rehabilitation Commission

#### WorkCover

2 Bedbrook Place  
Shenton Park WA 6008

Telephone: 08 9388 5555

Facsimile: 08 9388 5550

TTY: 08 9388 5537

#### Conciliation and Review Directorate of WorkCover

15 Rheola Street  
West Perth WA 6005

Telephone: 08 9324 6666

Facsimile: 08 9324 6600

E-mail [postmaster@workcover.wa.gov.au](mailto:postmaster@workcover.wa.gov.au)

Internet: [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au)

## At a Glance 2001/02

### Organisational Information

Expenditure Estimate:	\$12.7 million
Number of Employees at 30 June:	136

### Summary of Operations

Enquiries Answered:	24,522
Attendees at Seminars:	2,140
Inspections Conducted:	22,258
Service Providers Monitored:	337
Disputes Resolved:	4,042
Agreements Registered:	4,391

### The Workers' Compensation Environment

Overall Recommended Premium Rate for 2002/03:	2.469%
Reduction in the Average Recommended Premium Rate from 2001/02 to 2002/03:	6.0%
Employers' Indemnity Supplementation Fund Levy for 2002/03 reduced from 5% to:	3.0%
Reduction in Claim Payments from June 2001 to June 2002:	3.0%
Reduction in Claim Payments for Common Law from June 2001 to June 2002:	38.2%
Reduction in Frequency of Lost Time Claims from July 1997 to June 2001:	33.6%
Reduction in the number of Lost Time Claims from July 1997 to June 2001:	25.0%

## Significant Issues and Trends

### Scheme Trends

#### Premium Rates

Recommended premium rates for the 2002/03 financial year were reduced overall by 6.0% based on the expected claims experience, exclusive of the allowance for brokerage. The brokerage allowance was removed from the 2001/02 recommended premium rates.

The estimated average premium rate will reduce to 2.469% in 2002/03 compared with 2.625% in 2001/02. The average recommended premium rate was 2.972% for 2000/01 and 3.092% for 1999/2000 (after the Premium Rates Committee agreed a once-off 10% reduction following assessment of the impact of the October 1999 Act amendments on the rates) including the allowance for brokerage.

#### Scheme Benefits

The 2001/02 year saw an overall 3.0% decrease in claims payments on the previous year. The 2001/02 claims payment data indicates weekly payments continue to equate to 30.9% of all payments.

Legislative change in October 1999 provided greater provisions for redemptions, resulting in increased costs attributed to this payment category. During 2001/02 redemptions accounted for 14.7% of claims payments, an increase of 66% on the 2000/01 year.

Another notable reduction that may be attributed to the 1999 legislative change relates to common law. Common law experienced a 38.2% decrease on last year and now only accounts for 12.8% of claims payments, compared with 32% three years ago.

The remaining claims experience is credited to medical practitioners and specialists (11.4%), legal expenses (8.0%), all other treatment (6.0%), schedule 2 (4.3%), miscellaneous (4.2%), vocational rehabilitation (3.9%), hospital (3.3%) and fatalities (0.5%).

#### Claims

The number of claims in the Western Australian workers' compensation system has been steadily decreasing. In 2000/01 (the latest year for which data is available) there were 20,678 claims lodged for compensation where the injury resulted in a day or more absence from work. Since 1997/98 there has been a 25% decrease in the number of lost time claims.

The rate of claims relative to the size of the work force also shows significant downward trends. The frequency of claims has decreased 33.6% over the past four years from 23.5 claims per million hours worked in 1997/98 to 15.6 claims per million hours worked in 2000/01.

## HIH Insurance in Liquidation

HIH Insurance was officially placed into liquidation on 27 August 2001. At the commencement of HIH Insurance's provisional liquidation, there were 3,381 accepted claims (March 2001). By 30 June 2001 the number of open claims reduced to 2,916 and at the end of June 2002 only 645 claims remained open. As at 30 June 2002, outstanding claims in Western Australia were estimated at \$49.9 million, with \$21.5 million paid in relation to claims for HIH Insurance during the year.

The Employers' Indemnity Supplementation Fund is in place to protect workers from the collapse of an insurer. The fund ensures no worker is materially disadvantaged because of the collapse of an insurer, including HIH Insurance. Based on an actuarial assessment of outstanding claims for HIH Insurance, the Supplementation Fund surcharge rate for the 2002/03 year was reduced to 3% from 5% for the previous year. This rate is reviewed annually in order to minimise the financial impact on employers. The surcharge is required in order to raise sufficient funds to cover the cost of claims paid by employers who had current employers' indemnity policies with HIH Insurance up to and including the 14 March 2001.

## Acts of Terrorism

Following the announcement by the international reinsurance market (which backs insurance companies against large losses) of its intention to withdraw cover for acts of terrorism from 1 January 2002, the insurance industry excluded cover for liability arising from acts of terrorism from all insurance policies. Workers' compensation operates by imposing absolute liability on employers for certain injuries or disease sustained by their workers. In order that compensation may be paid to workers, the employer is required to have insurance by way of an employer's indemnity policy. It is an offence under the Workers' Compensation and Rehabilitation Act 1981 not to have a current policy of insurance.

Since September 11, all insurance now carries a terrorism exclusion. The problem is that an employer who takes out a policy of insurance, in order to comply with the Workers' Compensation and Rehabilitation Act 1981, could not do so because it would have excluded terrorism. There were three potential consequences of excluding terrorism from the insurance policy:

1. the employer is not insured for the full liability to pay compensation under the Workers' Compensation and Rehabilitation Act 1981, which may result in the employer being directly liable for the cost of claims arising from an act of terrorism;
2. the employer would not have been insured in accordance with the Workers' Compensation and Rehabilitation Act 1981 and therefore commits an offence; and
3. the insurer, underwriting the policy, would also be in breach the Workers' Compensation and Rehabilitation Act 1981 by not providing full coverage for an employer's liability.

The Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001, assented to on 31 December 2001, enables the Workers' Compensation and Rehabilitation Commission to permit insurers to exclude liability for acts of terrorism from their liability to insure employers, provided the insurer enters into a written agreement with the Commission. Self insurers are required to enter into a similar agreement. The agreements provide that in the event an act of terrorism does occur and results in claims made by employers, insurers and self insurers must collectively contribute up to \$25 million, which will be the limit on benefits payable in the event of an act of terrorism. As at 30 June 2002 all approved insurers and self insurers had entered into an agreement with the Commission.

This Act aims to ensure employers are able to fulfil their legislative obligations and funds are available to cover the cost of claims for workers injured as a result of an act of terrorism. It was designed as an interim measure, required from 1 January 2002, until such time as the enactment of Federal legislation which provides a national fund to cover acts of terrorism.

## Implementation of the Labor Party Direction Statement on Workers' Compensation

In May 2001, the Commission seconded Mr Robert Guthrie to undertake an analysis and provide advice to the Government on the implementation of the Labor Party's Pre-election Direction Statement and the previous reviews into insurance arrangements and medical and associated costs. The Report on the *Implementation of the Labor Party Direction Statement on Workers' Compensation* was released 31 July 2001. A copy of the report is available on our website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au) under Publications and Research.

Public comment was sought by Government following the release of this Report. The Government is currently reviewing the report recommendations and public submissions and will finalise a package of proposals to reform the workers' compensation system in the near future. The package will be actuarially costed to ensure that it achieves the Government's commitment to facilitate long term stability and balance in the system for both workers and employers alike without increasing the cost of actual premiums.

## Review of Statutory Authorities

In January 2002, the Hon Minister appointed Mr Tony Cooke to undertake a review of the Workers' Compensation and Rehabilitation Commission and other bodies established under the Workers' Compensation and Rehabilitation Act 1981 and the Employers' Indemnity Supplementation Fund Act 1980. The review is as a result of the Government's Review of Statutory Authorities, an outcome of the Machinery of Government Review.

The terms of reference for the review of the Commission are:

1. To consider the appropriateness of recommendations from previous reviews, namely *Review of the Western Australian Workers' Compensation System* (Pearson 1999), *Review of Workers' Compensation Insurance Arrangements in Western Australia* (Ansell 2000) and *Implementation of the Labor Party Direction Statement on Workers' Compensation* (Guthrie 2001), with respect to:
  - The structure of the Workers' Compensation and Rehabilitation Commission;
  - The role of the Premium Rates Committee;
  - The establishment of the Accountable Regulatory Authority;
  - The appropriateness of the Insurer Advisory Committee; and
  - The reporting relationship of the Conciliation and Review Directorate.
2. To advise Government on the most appropriate structure to achieve effective administration of the Western Australian workers' compensation system.

Mr Cooke's report is anticipated during the first quarter of the 2002/03 financial year.



## Our Major Achievements

During 2001/2002 WorkCover:

### Injury Management Week

- Held Injury Management Week 2002, which was attended by 1,859 scheme participants at functions in both the metropolitan and regional areas.

### Policy - Legislation

- Prepared the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001.
- Prepared the Law Reform (Miscellaneous Provisions (Asbestos Diseases)) Act 2002.
- Gazetted the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2001 to adjust fees scales for medical practitioners, vocational rehabilitation providers, physiotherapists and other providers within the scheme.

### Publications

- Updated the Workers' Compensation Statistical Report and Report on Work-Related Stress Claims.

### Online Service Delivery

- Developed the Q1 data specification to enhance our ability to collect information and analyse scheme trends using claims and policy data.

### Enquiries

- Responded to 24,522 telephone enquiries.
- Responded to 798 written and in person customer enquiries.

### Training and Information Seminars

- Delivered 133 training and information seminars to 2,140 customers, including stakeholders and service provider representatives.
- Achieved accreditation by the Royal Australian College of General Practitioners as an endorsed provider.

### Prevention

- Jointly participated in the 2001/02 ThinkSafe Campaign with the WorkSafe WA Division of the Department for Consumer and Employment Protection.
- Participated in the Work Safe 2002 and Beyond Conference with the WorkSafe WA Division of the Department for Consumer and Employment Protection.

### Dispute Resolution & Registration of Agreements

- Resolved 4,042 disputes.
- Registered 4,129 agreements.

## The Hon John Kobelke MLA

### Minister for Consumer and Employment Protection

I am pleased to present the Workers' Compensation and Rehabilitation Commission (Commission) Annual Report and audited Performance Indicators and Financial Statements for the year ended 30 June 2002.

The 2001/02 year was one of consolidation for the Commission and the workers' compensation scheme in general. The results achieved considering the difficulties faced during the year, particularly the horrendous events of September 11<sup>th</sup> which rocked the world financial markets, are pleasing.

In October 1999, to achieve long term stability in the workers' compensation system, legislative amendments were introduced aimed at addressing escalating workers' compensation costs and premium rates. Recent trends indicate steady progress towards achieving this goal.

Evidence of a healthier workers' compensation insurance system for employers was visible with an overall reduction in recommended premium rates for 2002/03 in the order of 6%. This reduction, combined with decreases in the previous two years (11.6% & 3.9%) and a once-off reduction immediately following October 1999 legislative amendments (10%), equates to a total decrease in recommended premium rates of 31.5% since the legislative changes in 1999. The scheme average recommended premium rate has decreased from 3.436% to 2.469% during this period.

Also on a positive note this year, the scheme continued to demonstrate a decreasing trend in the cost of workers' compensation claims. The overall 3.0% reduction, whilst not as dramatic as 2000/01, indicates a stabilising trend within the scheme. In 2001/02, weekly payments continue to make up 30.9% of the total payments. Combined with payments for common law (12.8%), redemptions (14.7%) and medical practitioners and specialists (11.4%), these categories accounted for almost 70% of the total scheme payments during the year.

Over two and a half years has elapsed since the introduction of the October 1999 legislative amendments aimed at arresting the impact of excessive common law settlements on the workers' compensation scheme. From the 2001/02 claims experience, it is evident these changes are having an effect with a 67% decrease in the amount paid for common law since 1999/00. The 1999 amendments also provided greater access for workers wanting to redeem their workers' compensation claims, resulting in a dramatic 306% increase over the same period. The total amount of payments for claims has reduced by 18% since 1999/00. Of the 11 payment categories, 7 experienced an overall reduction of 6% or greater.

The scheme also continues to demonstrate a reducing trend in the number of claims lodged between 1997/98 and 2000/01 having decreased over each successive year, indicating an overall decrease of 25.0% in the four-year period. There has also been an overall decrease of 33.6% in the frequency rate (number of lost time claims per million hours worked) of total lost time claims over the four-year period. Long duration lost time claims continue to be a concern for the Commission and the scheme. During 2000/01 these claims accounted for 17.9% of reported claims, and 75.7% of the reported cost. The Commission is committed to reviewing and monitoring this area of the scheme to gain an insight into the circumstances driving the costs.

The Commission's ongoing monitoring of scheme performance will ensure the underlying causes of past scheme increases are addressed. It is hoped 2002/03 will see further balance restored to the scheme.

During the year, the workers' compensation scheme faced several challenges, which could have adversely affected the operation of the scheme. Most notable of the challenges related to the provision of insurance coverage for acts of terrorism and the liquidation of HIH Insurance. The Commission, with the support of Government, put measures in place to ensure no injured worker or employer would be materially disadvantaged as a result of these events.

In September 2001, the insurance industry felt the effects of terrorism acts with an announcement by the international reinsurance market of their intention to withdraw cover for acts of terrorism. Insurers sought to exclude liability for acts of terrorism from employer indemnity policies. This would have resulted in insurers being in breach of the Workers' Compensation and Rehabilitation Act 1981 and employers having no workers' compensation insurance cover for acts of terrorism.

In response to this immediate need, the Commission took an active role in developing the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001 assented to on 31 December 2001. The legislation allowed insurers to issue policies excluding liability for acts of terrorism while maintaining a measure of protection for employers. This Act was designed as an interim measure and it is hoped Federal legislation will act in the near future to address this at a national level.

The Commission continued to monitor the liquidation of HIH Insurance. This included ensuring sufficient funds were available to cover the cost of claims as well as payment of accepted claims. In February 2002, an actuarial assessment of the claims liability for HIH Insurance was undertaken to ensure the Employers' Indemnity Supplementation Fund maintains an appropriate level of monies to pay claims. As a consequence, on 25 June 2002, the levy payable by employers to this Fund was reduced from 5% to 3%. This reduction provides further financial relief for employers on top of the overall 6% reduction in recommended premium rates.

As part of the Government's commitment to reviewing and refining the workers' compensation scheme, Mr Rob Guthrie presented his report and recommendations on the *Implementation of the Labor Party Direction Statement on Workers' Compensation* in July 2001. The Commission supports the Government's efforts towards ensuring the workers' compensation scheme is fair, accessible to injured workers and affordable to employers and the community. The Commission will actively participate in the implementation of the final package of reforms to ensure long term stability of the scheme is achieved.

The Review of Statutory Authorities, an outcome of the Machinery of Government Review (2001), saw the focus during the year progress to an examination of the corporate governance responsibilities of the Commission. Mr Tony Cooke was appointed to undertake the review of the Workers' Compensation and Rehabilitation Commission and other bodies established under the Workers' Compensation and Rehabilitation Act 1981 and the Employers' Indemnity Supplementation Fund Act 1980. The Commission looks forward to receipt of Mr Cooke's report during early 2002/03.

The commencement of the financial year saw the implementation of the Commission's three year strategic plan focussing on achieving balanced outcomes for all workers' compensation scheme stakeholders. The plan promotes co-operation between scheme participants as a means of fostering a shared commitment to achieving quality outcomes. A number of priority initiatives have been developed to consolidate the day to day operations of the agency in support of the achievement of the Commission's long term goals. The agency completed priority initiative projects for stakeholder understanding, employer compliance and consultation. The review of legislation, service provider guidelines and WorkCover claim numbers are still being progressed by the agency.

It is also appropriate at this time to comment on the financial statements, which reveal a financially sound statutory agency that has over the past years utilised its resources to ensure it remains at the forefront of workers' compensation scheme administration. Consolidation of this position will place the Commission in good standing to meet future challenges as they arise.

At an operational level, Mr Harry Neesham, Executive Director, and 136 employees carried out the activities of the agency. The provision of information to scheme participants and stakeholders remains a priority and over the past 12 months, responses were provided to more than 20,000 requests for information. During the year, the agency participated in numerous community initiatives, relevant to its operations, as a vehicle for increasing community awareness of workers' compensation and injury management. This included the continuation of the highly successful Injury Management Week, which experienced an increase in attendance of over 16% on last year.

Delivery of services to regional areas was maintained and consolidated during 2001/02 through Injury Management Week activities and tailored training/seminars on workers' compensation and injury management. Over eight regional centres were targeted including the provision of services to Indian Ocean Territories as part of a Service Delivery Agreement with the Commonwealth Department of Transport and Regional Services.

The agency also focussed its efforts on general practitioner education during 2001/02. This activity recognises the role of medical practitioners in the injury management process by assisting injured workers to remain in or make a safe and successful return to work. In previous years the focus has been on establishing relationships and providing information and education to injured workers and employers. The year saw the implementation of the final stage to address the needs of medical practitioners. This initiative has proved successful and will continue into 2002/03. I would also like to highlight the achievement of the agency in obtaining accreditation with the Royal Australian College of General Practitioners as an endorsed provider.

A desire for a closer working relationship between the Commission and the WorkSafe Western Australia Division of the Department of Consumer and Employment Protection has been a focal point for Government. Therefore, I am delighted to advise that during 2001/02, the Commission and WorkSafe jointly participated in ThinkSafe Campaign 2001/02 and Work Safe 2002 and Beyond Conference. These activities were designed to facilitate greater awareness in the community of the need for continual improvement in occupational health and safety practices in Western Australia.

With respect to Commission membership, the year saw the resignation of two Deputy Members, Mr Tony Cooke and Mr Brendan McCarthy. Mr Cooke and Mr McCarthy were also long serving Members of the Premium Rates Committee. Both the Commission and the Committee would like to extend their appreciation to Mr Cooke and Mr McCarthy for their expertise and valuable contribution over the past decade to workers' compensation in Western Australia. I equally welcome their replacements, Ms Anne Bellamy and Ms Stephanie Mayman, and look forward to their valuable input in the forthcoming year.

The success of the scheme would not be possible without the support of stakeholders who actively assist the Commission in achieving a viable workers' compensation scheme. The Commission endeavours to ensure it is relevant, responsible and respected, drawing on the diverse skills and experience of its individual Members to help guide the agency through the challenges ahead. I would also like to take this opportunity to acknowledge the dedication, professionalism and valuable work of all Commission Members and staff. I look forward with confidence to their continuing contribution and commitment in the year ahead.



**B T BRADLEY**

Chairman

Workers' Compensation and Rehabilitation Commission

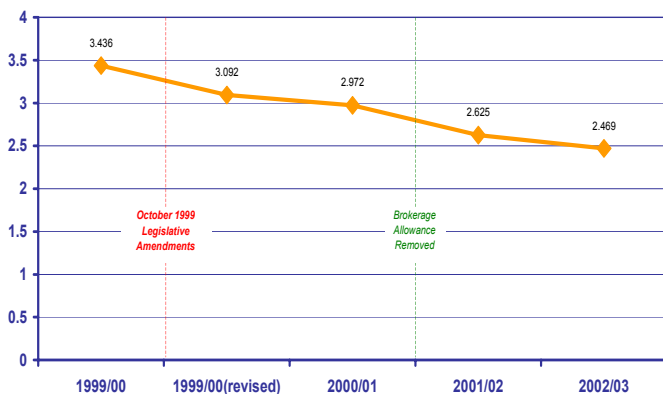
27 August 2002

In the following section, statistics should be interpreted in conjunction with the explanatory notes which accompany the data.

## Average Recommended Premium Rate

The average recommended premium rate provides an indication of the average rate for the scheme based on the gazetted recommended premium rates. Recommended premium rates are set for the privately underwritten market, inclusive of State and Local Government.

The following graph demonstrates the decreasing trend in the average recommended premium rate over the past four years.



## Premium Income

The Western Australian workers' compensation scheme is operated by insurers in the private market approved by the Workers' Compensation and Rehabilitation Commission. The legislation also provides the Workers' Compensation and Rehabilitation Commission with the ability to approve employers who wish to self insure. As at the 30 June 2002 there were 10 insurers and 27 self insurers in the State.

The statutory obligations of the State Government as an employer are managed by RiskCover through the Insurance Commission of Western Australia.

In assessing the workers' compensation scheme performance it is important to note that workers' compensation claims are long tail in nature which means it may take up to five to seven years for the more serious claims to reach finalisation.

Consequently premium collected by insurers in any given underwriting year is required for the payment of all claims incurred during that year for the life of these claims.

## Premium Income 2001/02

In the annual determination of the recommended premium rates, the Premium Rates Committee includes an allowance for the:

- Target loss ratio which is the expected cost of all claims for each respective underwriting year;
- Claims administration expenses;
- Statutory charges; and
- Profit.

The premium dollar collected by insurers (as reported in this section) incorporates all these expenses. It does not represent the premium dollar collected solely for the purpose of paying for the cost of claims.

The premium income of the scheme is derived from contribution returns provided by insurers and self insurers under section 109 of the Workers' Compensation and Rehabilitation Act 1981. Insurers declare actual premiums received whilst self insurers declare a notional premium based on the gross wages paid and the industry premium rate.

# The Workers' Compensation Environment

The premium income of the scheme, for the year ending 30 June 2002, as reported in the contribution returns lodged by insurers, the Insurance Commission of Western Australia and self insurers was as follows:

## Premium Income of the Scheme 2001/2002

	\$Million
Insurers <sup>(1)</sup>	\$593.951
Self Insurers (notional)	\$67.702
<b>Total</b>	<b>\$661.653</b>

(1) The premium income for the Insurance Commission of WA is included in the category for insurers.

## Premium Income History

The following table shows a history of premium income and notional premium income for the scheme from 1980/1981 to 2001/2002.

Financial Year	Insurers (Premium Income) \$M	Self Insurers (Notional Income) \$M	Scheme Total \$M
2001/02	593.951	67.702	661.653
2000/01	636.475	62.519	698.994
1999/00	610.733	56.937	667.670
1998/99	463.286	48.344	511.630
1997/98	401.007	37.026	438.033
1996/97	374.289	34.435	408.725
1995/96	346.531	25.840	372.371
1994/95	347.325	18.130	365.328
1993/94	323.500	24.494	347.994
1992/93	276.001	23.025	299.026
1991/92	258.734	26.302	285.036
1990/91	278.032	27.042	305.074
1989/90	297.525	27.459	324.984
1988/89	298.506	24.683	323.189
1987/88	280.125	19.054	299.179
1986/87	247.813	16.942	264.755
1985/86	228.437	16.634	245.071
1984/85	185.908	13.638	199.546
1983/84	160.936	12.420	173.356
1982/83	131.650	8.571	140.221
1981/82	90.951	12.572	103.523
1980/81	75.645	11.936	87.581

## Claims Payments

Claims payments information includes expenses for all workers' compensation claims reported by approved and former insurers under section 161 of the Workers' Compensation and Rehabilitation Act 1981, by the Insurance Commission of Western Australia in relation to insurance arrangements for State Government workers and industrial diseases, and by self insurers.

Claims payments are the actual expenses incurred during each financial year regardless of the claim's date of accident for the cost of unfinalised claims. The payments do not relate to claims incurred in each financial year.

Claim payments do not include the cost of claims not yet incurred and of other expenses which are allowed within the determination of recommended premium rates.

## Claims Payments by Category 2001/02

In 2001/02 the total cost of claims incurred against all accident years was \$388.352 million, 3.0% lower than the total payments made in 2000/01.

In 2001/02 weekly payments accounted for 30.9% and common law and other acts for 12.8% of the total claim payments. In 2000/01, these payments accounted for 30.9% and 20.1% respectively of the total claim payments.

These two categories of payments accounted for 43.7% of the total scheme payments in 2001/02; 51.0% in 2000/01; and for 60.5% of total payments in 1999/00.

The category relating to redemptions has continued to increase now representing 14.7% of total payments compared to 8.6% in 2000/01 and 2.9% in 1999/00. This payment pattern indicates payments are correctly being made within the provisions of the statutory scheme.

Medical practitioner and specialist payments has increased as a total accounting for 11.4% of the total payments.

Legal expenses have reduced by 7% but still account for 8.0% of the total cost of claims, compared with 8.3% in 2000/01 and 7.0% in 1999/00.

# The Workers' Compensation Environment

## Workers' Compensation Scheme – Claims Payments made in 2001/02

Payment Category	Scheme Total \$	% of Scheme Total
By Weekly Payments	119,939,196	30.9%
Redemptions	57,009,725	14.7%
For Specific Injuries (2nd Schedule)	16,694,915	4.3%
Fatal (including funeral expenses)	2,055,000	0.53%
Medical Practitioners and Specialists	44,145,075	11.4%
Hospital Expenses	12,895,163	3.3%
All Other Treatment (a)	23,340,537	6.0%
Vocational Rehabilitation (b)	15,126,975	3.9%
Miscellaneous (eg. transport, maintenance)	16,264,680	4.2%
Legal Expenses (c)	31,091,719	8.0%
Common Law and Other Acts	49,789,494	12.8%
<b>Scheme Total</b>	<b>388,352,480</b>	<b>100.00%</b>

### Notes:

- Comprised of payments made under Clauses 17(1), (3), (4), (5) and (6) of Schedule 1 of the Workers' Compensation and Rehabilitation Act 1981 ('Act') other than medical and hospital expenses.
- Comprised of payments made under Clause 17(1a) of Schedule 1 of the Act in respect of counselling, occupational training, work assessment, aids and appliances.
- Comprised of insurers' and self insurers' cost of legal advice and representation, witness fees and the costs of these services incurred by the worker where the insurer or self insurer is ordered to meet these costs.

(1) These are costs reported as at 30 June 2002 and may be subject to change due to payment variations subsequently reported by approved, former approved insurers and self insurers.

(2) Claims payments represents the actual payments and do not reflect liabilities incurred but not yet paid.

## Claims Payment History

Claims payments represent the actual payments for all accident years but do not reflect liabilities incurred but not yet paid. Actual claims payments amounts (with no adjustment for inflation) are provided in the following table for all years.

Financial Year	Insurers \$M	Self Insurers \$M	Scheme Total \$M
2001/02	314.929	73.423	388.352
2000/01	323.898	76.475	400.373
1999/00	393.857	81.653	475.510
1998/99	367.232	81.200	448.433
1997/98	389.451	17.487	406.938
1996/97	359.924	14.425	374.349
1995/96	312.127	13.938	326.065
1994/95	309.494	15.289	324.783
1993/94	304.451	13.653	318.104
1992/93	278.553	11.745	290.298
1991/92	242.977	10.636	253.613
1990/91	221.733	10.459	232.192
1989/90	211.565	8.329	219.894
1988/89	204.860	7.485	212.345
1987/88	192.770	6.368	199.138
1986/87	170.530	6.241	176.771
1985/86	154.131	4.845	158.976
1984/85	137.901	4.600	142.501
1983/84	113.734	3.609	117.343
1982/83	108.120	3.286	111.406
1981/82	77.669	2.814	80.483
1980/81	61.734	2.026	63.760

### Notes:

- The term 'Insurers' for premium income comprises those approved and formerly approved under section 161 of the Workers' Compensation and Rehabilitation Act 1981 and the Insurance Commission of Western Australian (formerly the State Government Insurance Commission) in relation to insurance arrangements for Government workers and industrial diseases (ie. mining).
- Actual premium income received in the year shown does not necessarily reflect the premium earned in the year ie. it may include premium outstanding from the previous year or pre paid for the following year.
- Claims payments represent the actual payments for all accident years and do not reflect liabilities incurred but not yet paid.
- The notional premium income of self insurers is calculated by applying recommended premium rates to declared wages. The premium income statistics of insurers are actual and account for surcharges and discounting.
- Actual premium income and claim payments represent returns as at 30 June each year and may be subject to change due to income and payment variations subsequently reported by approved, former approved insurers and self insurers.
- From 1998/99 onwards the Insurance Commission of Western Australia's claims payments data is included under Self Insurers.





## Claim Statistics

Claims data represents information on lost time workers' compensation claims by the financial year in which the claim was lodged. This is in contrast to claims payments, which reflect actual payments during a financial year.

Claims data is analysed based on average costs, with costs attributed to the financial year the claim was lodged.

It should be noted that no adjustments have been made to costs to account for inflation, as costs are grouped according to the year the claim was lodged, and expenses may span more than one year.

While claims payments represent the total cost, claims data includes many other claim details, such as worker demographics and details of the incident (arranged by year of lodgement), enabling detailed analysis.

WorkCover continuously updates its lost time claims database as information is received from insurers and self-insurers.

Claims data provided by insurers is subject to a comprehensive validation process. As claims information is dynamic in nature, this information should be considered as a snapshot in time of the workers' compensation system in Western Australia. The claims data for the report was extracted in February 2002.

It should be noted that over time a greater proportion of lost time claims become finalised and subsequent snapshots of the system provide more up-to-date claims information.

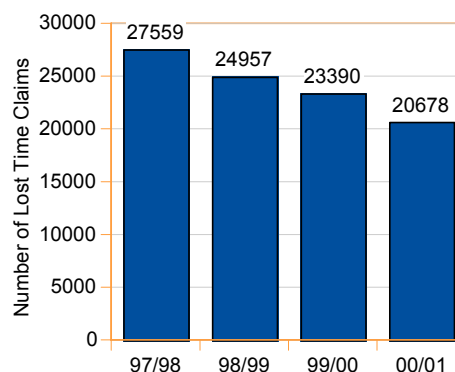
For example, when data used for the present report was extracted, 85.5% of claims lodged in 2000/01 were finalised, and 94.4% of claims lodged in 1999/00 were finalised.

To maintain consistency the following claims were excluded from descriptions of lost time claims:

- Journey claims between home and work (this provision was removed from the legislation in 1993);
- Asbestos-related diseases, including mesothelioma and pneumoconiosis;
- Duplicated or disallowed claims;
- Claims with less than one working day absence from work; and
- Claims with less than one whole shift absence from work.

## Number of Claims Lodged

Number of Claims Lodged  
1997/98 - 2000/01



In 2000/01, 20,678 lost time workers' compensation claims were lodged. The number of claims lodged between 1997/98 and 2000/01 decreased over each successive year, indicating an overall decrease of 25.0% in the four-year period.

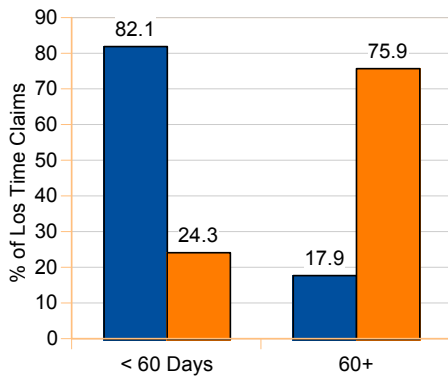
In 2000/01, 72.7% of all lost time claims were reported by male workers, representing a decrease in claims lodged since 1997/98 of 27.9%.

In 2000/01, 27.3% of all lost time claims were reported by female workers, representing a decrease in claims lodged since 1997/98 of 15.9%.

# The Workers' Compensation Environment

## Proportion of Claims and Cost: 2000/01

**Proportion of Claims and Costs  
2000/01**

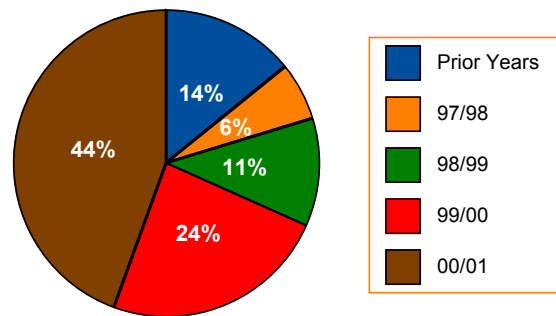


Long duration lost time claims (claims of 60 or more working days absence from work) accounted for 17.9% of reported claims, and 75.7% of the reported cost in 2000/01.

Frequency rates for male workers have declined more rapidly than for female workers. Over the period 1997/98 to 2000/01 the frequency rate for male workers decreased by 34.3%. In the same period the frequency rate for female workers decreased by 30.0%

## Claims Active in 2000/01

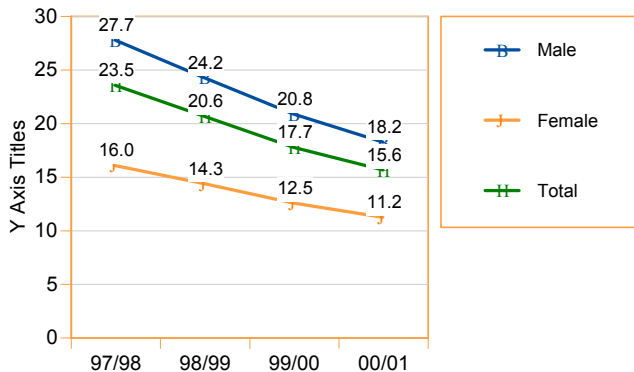
**Active Claims  
2000/01**



Note: Only claims lodged after 1991/1992 have been included.

## Frequency Rate by Gender

**Frequency Rate  
1997/98 - 2000/01**



The frequency rate represents the number of lost time claims per million hours worked. There has been an overall decrease of 33.6% in the frequency rate of total lost time claims over the four-year period.

In 2000/01, 46,615 active lost time claims were reported. Of these, 20,678 were lodged in 2000/01 and 25,937 were lodged prior to 2000/01. Of claims active in 2000/01, 31.6% were lodged in or prior to 1998/99.

## Corporate Governance

### Establishment and Enabling Legislation

The Workers' Compensation and Rehabilitation Commission (the Commission) was established in May 1982 upon proclamation of the Workers' Compensation and Rehabilitation Act 1981. The Commission is constituted under section 94 (1) of the Workers' Compensation and Rehabilitation Act 1981.

Under an amendment to the Workers' Compensation and Rehabilitation Act 1981 that came into effect on 24 December 1993, the Commission is authorised to use and operate under the trading name WorkCover (WorkCover WA or WorkCover Western Australia).

### Legislation Administered

The Commission administers:

- the Workers' Compensation and Rehabilitation Act 1981;
- the Employers' Indemnity Supplementation Fund Act 1980;
- the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001;
- the Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986; and
- the Employers' Indemnity Policies (Premium Rates) Act 1990.

### Authority and Funding

Funding for the Commission's activities is provided via an annual levy on premiums paid by employers to insurers approved to underwrite workers' compensation insurance in Western Australia and by self insurers.

### Changes to Written Laws

During 2001/02, the following changes to written laws occurred:

- The Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001 received Royal Assent.
- The Law Reform (Miscellaneous Provisions (Asbestos Diseases)) Amendment Act 2002 received Royal Assent.
- Gazettal of the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2001.
- Gazettal of the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations (No. 2) 2001.
- Gazettal of the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2002.
- Gazettal of the Employers' Indemnity Supplementation Fund Amendment Regulations 2002.
- Gazettal of the Workers' Compensation and Rehabilitation Amendment Regulations 2002.

### Role

The primary role of the Commission is to administer the Workers' Compensation and Rehabilitation Act 1981, the purposes of which are:

- (1) to make provision for the compensation of:
  - (i) Workers who suffer a disability; and
  - (ii) Certain dependants of those workers where the death of the worker results from such a disability.
- (2) to promote the rehabilitation of injured workers with a view to restoring them to the fullest capacity for gainful employment of which they are capable;
- (3) to promote safety measures in and in respect of employment aimed at preventing or minimising occurrences of disabilities; and
- (4) to make provision for the hearing and determination of disputes between parties involved in workers' compensation matters in a manner that is fair, just, economical, informal and quick.

## Functions

The Commission's functions are outlined under section 100 of the Workers' Compensation and Rehabilitation Act 1981:

*To administer this Act and without limiting the generality of the foregoing -*

- (a) *to control and administer the General Fund and the Trust Fund;*
- (b) *where necessary or desirable, to participate in research into the causes, incidence, and methods of prevention of accidents, injuries, losses of functions, and diseases in respect of which compensation may be payable under this Act;*
- (c) *where necessary or desirable, to assist in encouraging the prevention or minimising of accidents, injuries, losses of functions, and diseases in respect of which compensation may be payable under this Act;*
- (d) *to make available upon request to employers such services or other assistance as it considers appropriate to facilitate the arranging of rehabilitation and to act as a rehabilitation provider;*
  - (da) *to promote the rehabilitation of workers suffering a disability in respect of which compensation is or may be payable under this Act and to disseminate to workers and others information concerning rehabilitation;*
- (e) *to coordinate arrangements generally to secure the care, supervision, and assistance of workers suffering injury, loss of function, or disease in respect of which compensation is or may be payable under this Act;*
- (f) *to obtain from all insurers and self-insurers information and returns enabling the Commission to compile and record such statistics, records, and reports as it considers desirable for the better administration of this Act;*
  - (fa) *to keep under review the sufficiency of the information provided to the Commission by insurers and self-insurers, and whether or not criteria developed by the Commission for assessing the performance of insurers and self-insurers are being met;*
- (g) *where necessary or desirable, to assist in investigating all matters relating to accidents, injuries, losses of functions, or diseases in respect of which compensation is or may be payable under this Act, to study the causes and various methods of treatment and the results of treatment of such accidents, injuries, losses of functions, and diseases;*
- (h) *formulating recommendations and preparing estimates for submission to Parliament of the cost of providing facilities for rehabilitation and re-employment of workers who have sustained permanent or temporary disablement from a compensable disability so as to minimise or remove any handicap suffered by the worker;*
- (i) *to provide support services to any medical panel established under section 36 and to any medical assessment panel; and*
- (j) *to provide the Committee with such statistics, records, reports, and other information as the Committee may reasonably require to enable it to perform its obligations under section 151(a).*

## Strategic Plan 2001 - 2004

Since 1994 the Commission has adopted a strategic management approach focused on improving the effectiveness of the workers' compensation system. In February 2001, Members of the Commission agreed on a strategic plan to provide broad direction for the Commission over the three years commencing 1 July 2001.

The plan focuses on achieving balanced outcomes for all workers' compensation scheme stakeholders. It also promotes co-operation between scheme participants as a means of fostering a shared commitment to achieving these outcomes.

Under the new strategic plan the Commission's Mission was modified to:

*To minimise the social and economic impact on workers of work-related injury and disease and achieve cost effectiveness for employers and the community.*

This will be achieved through effective administration of the Workers' Compensation and Rehabilitation Act 1981, the provision of quality policy advice to Government and excellent stakeholder relationships.

# About the Commission

The mission is supported by the Vision:

*Workers, employers, service providers and WorkCover working together to achieve a workers' compensation scheme that is fair, accessible to injured workers and affordable to employers and the community.*

In addition to a new mission and vision, the Commission has identified key areas of focus seen as critical to improving scheme performance and achieving the vision. Each key area of focus is further supported by key strategies. The strategies provide a broad description of what the Commission will do over the next three years towards achieving its vision.

Below is a summary of the strategic plan for 2001 to 2004.

## Strategic Plan 2001-2004

### MISSION

To minimise the social and economic impact on workers of work-related injury and disease and achieve cost effectiveness for employers and the community.

This will be achieved through effective administration of the Workers' Compensation and Rehabilitation Act, the provision of quality policy advice to government and excellent stakeholder relationships.

### VISION

*Workers, employers, service providers and WorkCover working together to achieve a workers' compensation scheme that is fair, accessible to injured workers and affordable to employers and the community.*

### KEY AREAS OF FOCUS

Scheme Design	Commitment & Compliance	Information Management	Injury Management
A scheme that achieves objectives for workers, employers and the community in a continually changing environment.	Stakeholders, service providers and WorkCover actively contribute to the achievement of scheme goals.	Stakeholders, service providers and WorkCover use accurate, timely scheme information to make informed decisions for the benefit of the workers' compensation scheme.	Maintenance in, or return to work outcomes for workers are enhanced and costs associated with claims are contained through the active involvement of employers, workers and the medical profession in the injury management process.

### KEY STRATEGIES

Laying the Foundations	Twenty First Century Partnerships	Embracing Millennium Technology	Spreading the Word
<p>We will be proactive and lead in the development and operation of the scheme. This includes the use of investigative/ analytical methodologies to provide policy advice for:</p> <ul style="list-style-type: none"> <li>➤ development of workers' compensation legislation and operational policy; and</li> <li>➤ facilitating the simplification of the scheme through a review of the Act and the supporting information infrastructure.</li> </ul>	<p>We will work in partnerships with stakeholders and service providers to facilitate compliance and ensure commitment to scheme objectives. We will also promote stakeholder and service provider behaviour that is aligned with scheme goals and supports the development and implementation of best practice processes within the scheme.</p>	<p>We will develop and maintain information systems that use technology to enhance the efficiency and effectiveness of the scheme and its participants. Particular emphasis will be placed on:</p> <ul style="list-style-type: none"> <li>➤ accurate and timely data analysis;</li> <li>➤ identifying scheme trends;</li> <li>➤ recommending scheme design improvements;</li> <li>➤ supporting accurate decision making; and</li> <li>➤ developing and delivering initiatives such as education and commitment and compliance strategies.</li> </ul>	<p>We will develop and implement, in partnership with stakeholders and service providers, education and information exchange opportunities to improve their knowledge and understanding of workers' compensation. This will offer the opportunity for stakeholders and service providers to embrace change and share a common vision.</p>

## Strategic Planning

### Priority Initiatives

In 2001/02 the Commission implemented priority initiatives to give effect to the strategic plan and implement the key strategies. The translation of the strategic plan into priority initiatives provided the focus for day to day agency operations to support achievement of long term goals.

The priority initiatives implemented during 2001/02 were:

#### 1. Review Legislation

Review and rewrite workers' compensation legislation to facilitate understanding and compliance by stakeholders and service providers.

#### 2. Stakeholder Understanding

Develop a strategy that identifies the most appropriate information/education mediums for delivery to stakeholders/service providers and representative bodies.

#### 3. Service Provider Guidelines

Develop and implement performance guidelines and criteria for the assessment of approved vocational rehabilitation providers, insurers, self insurers and medical and allied health service providers.

#### 4. WorkCover Claim Number

Revise the specification of the policy and claims data collected from insurers and self insurers to ensure that all stakeholders' requirements are met.

Promulgate the WorkCover claim number into the systems of insurers and self insurers so that it can be implemented at the same time as the revised insurer/self insurer data specification to ensure that duplicate claims are not received.

Streamline data matching between applications such as the claims, vocational rehabilitation referrals and Conciliation and Review case management systems.

#### 5. Employer Compliance

Develop a mechanism to identify the appropriate pool of employers and the processes to monitor their level of compliance with workers' compensation insurance coverage.

#### 6. Consultation

Enhance and promote consistency in communication between WorkCover and external parties and within WorkCover by developing clear guidelines for:

- Communicating and consulting with external parties, particularly scheme participants; and
- Disseminating information within WorkCover.

Three of the six priority initiatives identified by the agency were completed during the year. The WorkCover claim number initiative is scheduled for completion in December 2002, the service provider guidelines is ongoing and the review legislation initiative, originally due for completion in 2004, is currently under review.

# About the Commission

## Organisational Structure

The Workers' Compensation and Rehabilitation Commission is a statutory authority that comprises of a Chairman and six Members. The Commission exercises the functions, powers and duties conferred under the Workers' Compensation and Rehabilitation Act 1981.

The day to day administration has been delegated by the Commission to the Executive Director who directs the operations of the agency.

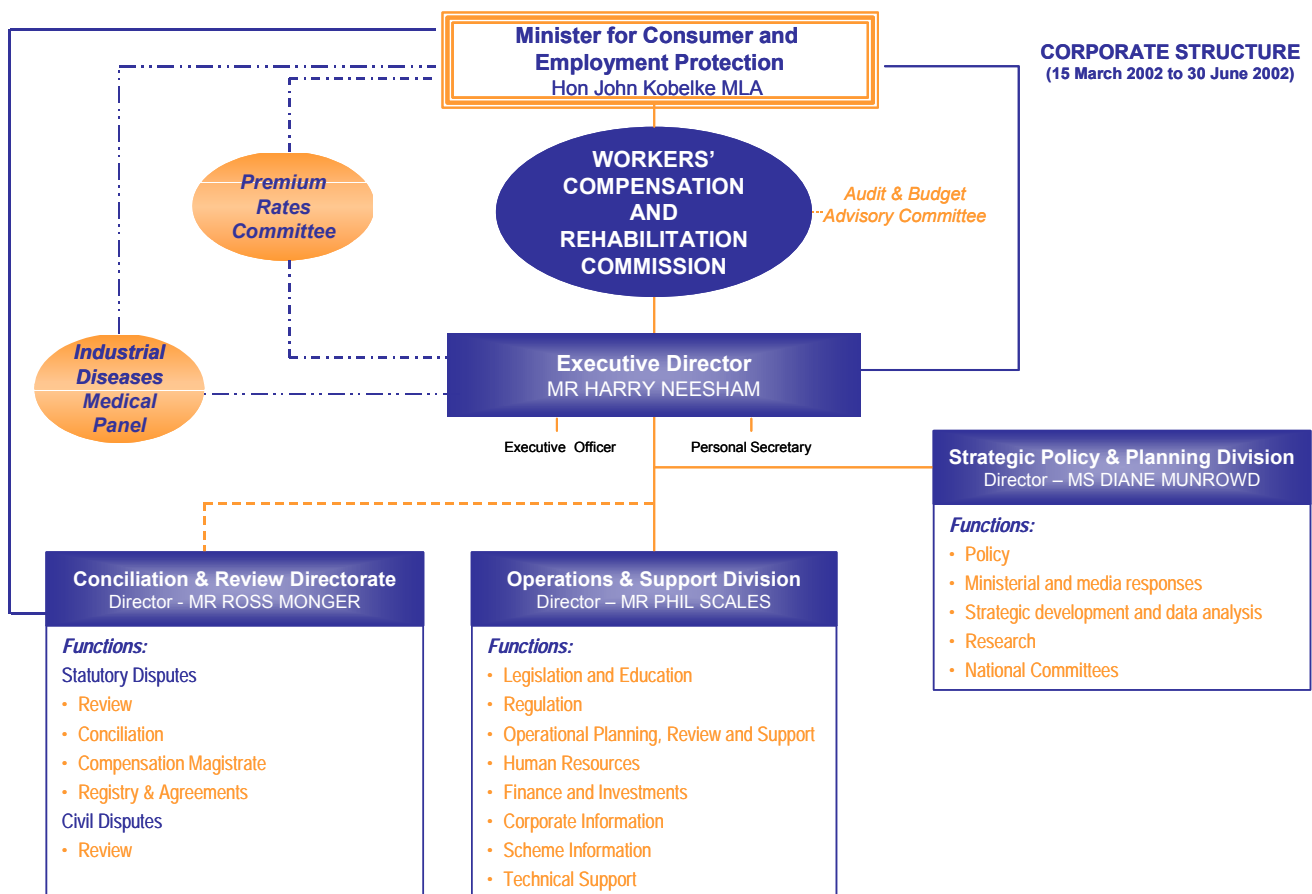
The Executive Director and all other personnel engaged by the Commission are employed under the provisions of the Public Sector Management Act 1994.

For the purposes of this report, when referring to the Commission as an organisation, the name WorkCover will be used. The names Commission or Workers' Compensation and Rehabilitation Commission will be used to refer to WorkCover's governing body.

The Commission:

- determines and monitors the agency's budget;
- approves and reviews service providers; and
- determines policy.

The Executive Director then implements the resolutions of the Commission via the responsible division within the agency.



# About the Commission

## Membership to the Workers' Compensation and Rehabilitation Commission

Section 95 of the Workers' Compensation and Rehabilitation Act 1981 states that the Commission is to consist of a Chairman recommended by the Minister and appointed by the Governor.

The Chairman is a public servant who, in the opinion of the Hon Minister, has had administrative experience at a senior level.

In accordance with the provisions of the Workers' Compensation and Rehabilitation Act 1981 the Executive Director of WorkCover shall be a Member of the Commission.

In addition, the Commission is to consist of five other nominee Members who shall be persons respectively:

- experienced in management in commerce or industry, or both;
- experienced in trade union affairs;
- experienced in the insurance business but not employed in the Insurance Commission of Western Australia ;
- employed in the Insurance Commission of Western Australia; and
- a medical practitioner.

Under section 95 (4), deputy Members to the Members of the Workers' Compensation and Rehabilitation Commission may also be appointed.

Section 96 (1) of the Workers' Compensation and Rehabilitation Act 1980 states Members of the Commission may hold office for a period not exceeding three (3) years, and are eligible for reappointment.

Membership to the Commission is for a three year period to 3 May 2003.

Government places significant trust in the Commission to perform its obligations and responsibilities. As such Commission Members perform their duties honestly, openly, in good faith and with a high order of care and diligence.

## Members

Members of the Commission are as follows:

### Mr Brian Bradley (Chairman)

Mr Bradley is the WorkSafe Western Australia Commissioner and Executive Director of WorkSafe Western Australia. He was appointed Chairman to the Workers' Compensation and Rehabilitation Commission on 3 May 2000.

Mr Bradley is also the Western Australian representative on the National Occupational Health and Safety Commission. As of 1 July 2001, Mr Bradley was appointed as the Acting Director General of the Department of Consumer and Employment Protection.

### Mr Harry Neesham (Member)

Mr Neesham is the Executive Director of WorkCover. He has served as the Deputy Chairman and a Member of the Workers' Compensation and Rehabilitation Commission since it's inception in 1982.

### Mr Vic Evans (Member)

Mr Evans is the Managing Director of the Insurance Commission of Western Australian and the nominee of the Insurance Commission of Western Australia. He has served as a Member on the Workers' Compensation and Rehabilitation Commission since 1992.

Mr Evans has extensive experience in insurance; is a member of the Road Safety Council; and a Fellow of the Australian Institute of Management, WA.

### Mr Nigel Glass (Member)

Mr Glass was appointed as a Member to the Workers' Compensation and Rehabilitation Commission in May 1997. Mr Glass is the Chamber of Commerce and Industry's (WA) nominee to the Commission. He is the Chief Executive Officer of the Paraplegic Quadriplegic Association of WA (Inc) and the Civilian and Maimed Limbless Association of WA Inc.

Mr Glass has had an extensive and ongoing interest in occupational safety and health issues and workers' compensation. He is the chairperson of the Health and Community Services Council, and the Occupational Health, Safety and Workers' Compensation Committee, as well as a board member of the Chamber of Commerce and Industry (WA).





# About the Commission

Mr Glass is also a Fellow of the Australian Institute of Management, the Australian Society of Association Executives and is a Member of the Safety Institute of Australia.

## Mr Daryl Cameron (Member)

Mr Cameron is the Group Manager, WA & NT, of the Insurance Council of Australia and has 28 years of experience in the insurance industry.

An affiliate of the Australian Insurance Institute, he has served in senior positions for several national and international insurance and banking companies.

## Ms Miriam Angus (Member)

Ms Angus was appointed as a Member of the Workers' Compensation and Rehabilitation Commission in July 1999 as a nominee of Unions WA.

Ms Angus has experience in trade union affairs, particularly in the area of workers' compensation, and is currently employed by Chapmans, Barristers and Solicitors.

## Dr Robert Gillett (Member)

Dr Gillett is a specialist medical practitioner and a nominee of the WorkSafe Western Australia Commissioner to the Workers' Compensation and Rehabilitation Commission.

He has served as a Member on the Commission since 1991 and has extensive experience in the area of occupational medicine and workers' compensation medicine.

## Deputy Members

Deputy Members are as follows:

- Ms Diane Munrowd, Deputy Member for Mr Harry Neesham;
- Mr Doug Pascoe, Deputy Member for Mr Vic Evans;
- Ms Anne Bellamy, Deputy Member for Mr Nigel Glass;
- Mr Garry Moore, Deputy Member for Mr Daryl Cameron;

- Ms Stephanie Mayman, Deputy Member for Ms Miriam Angus; and
- Dr Brian Dare, Deputy Member for Dr Robert Gillett.

## Resignation of Deputy Members

During 2001/02, Mr Tony Cooke and Mr Brendan McCarthy resigned as Deputy Members. The contribution made by Mr Tony Cooke and Mr Brendan McCarthy to the Commission is acknowledged.

## Powers of Delegation

The power to delegate authorities, obligations and duties is conferred upon the Commission under section 101 (f) of the Workers' Compensation and Rehabilitation Act 1981.

## Disclosure of Interest in an Existing or Proposed Contract

In accordance with Treasurers Instruction 903 the following Senior Officers have declared interests in existing or proposed contracts with WorkCover.

Commission Chairman Mr Brian Bradley is the Chief Executive Officer of Department of Consumer and Employment Protection and the WorkSafe Western Australia Commissioner. WorkCover made contributions during 2001/02 to the WorkSafe Division of Department of Consumer and Employment Protection for the running of the ThinkSafe Campaign and International Conference.

Commission Member Mr Nigel Glass is the Executive Director of the Paraplegic Quadriplegic Association of WA (Inc). During 2001/02, Paraquad Industries, a Division of the Paraplegic Quadriplegic Association of WA provided gardening services to WorkCover.

Commission Member Mr Vic Evans is Managing Director of the Insurance Commission of Western Australia which, for an agreed administration fee, during 2001/02 provided a claims management service for workers' compensation insurance claims lodged against the Employers' Indemnity Supplementation Fund and the Workers' Compensation and Rehabilitation General Fund.

# About the Commission

Commission Deputy Member Mr Doug Pascoe is General Manager (Insurance) of the Insurance Commission of Western Australia which, for an agreed administration fee, during 2001/02 provided a claims management service for workers' compensation claims lodged against Employers' Indemnity Supplementation Fund and the Workers' Compensation and Rehabilitation General Fund.

## Code of Conduct for the Commission and its Advisory Committees

During 2001/02, the Commission amended and re-endorsed their Code of Conduct. The Code promotes good practice, identifying the obligations of Members and provides guidance on ethical conduct.

## Commission Advisory Committees

The corporate governance responsibilities of the Workers' Compensation and Rehabilitation Commission are discharged in part by several advisory committees constituted under section 100(A) of the Workers' Compensation and Rehabilitation Act 1981, namely the:

- Accreditation and Monitoring Advisory Committee;
- Audit and Budget Advisory Committee;
- Grants Advisory Committee;
- Insurer and Self Insurer Advisory Committee;
- Legislative Review Advisory Committee; and
- Medical and Allied Services Advisory Committee.

Each Committee is chaired by a Member of the Workers' Compensation and Rehabilitation Commission. Membership comprises Members or Deputy Members of the Commission or a nominee of the representative body on the Commission.

## Accreditation and Monitoring Advisory Committee

Under section 156A (2) of the legislation the Commission is responsible for the approval of a person as a rehabilitation provider.

In order to effectively discharge these responsibilities the Commission requires the Accreditation and Monitoring Advisory Committee to establish performance criteria against which it reviews new applications and existing approvals. It advises the Commission on whether each approved rehabilitation provider complies with the provisions of the legislation and approval guidelines.

## Audit and Budget Advisory Committee

The Audit and Budget Advisory Committee undertakes the functions of audit and budget on behalf of the Commission. The Audit function relates to advising the Commission on the audit measures to achieve the effective and efficient administrative performance of the Commission. The budget function relates to the review of WorkCover's budget and recommendation to the full Commission.

## Grants Advisory Committee

The Grants Advisory Committee advises the Commission on priority initiatives for research into prevention and workers' compensation and the allocation of research funding.

## Medical and Allied Services Advisory Committee

The Medical and Allied Services Advisory Committee provides the Commission with recommendations for fee structures and service schedules for the delivery of medical/allied health and vocational rehabilitation services; and matters relating to the effective delivery of these services.

## Legislative Review Advisory Committee

The Legislative Review Advisory Committee reviews and recommends appropriate action to the Commission on issues relating to the Workers' Compensation and Rehabilitation Act 1981 and related legislation and regulations.



# About the Commission

## Insurer and Self Insurer Advisory Committee

The Commission relies on this forum as an opportunity to provide feedback and to consult with insurers and self insurers in Western Australia on their performance within the workers' compensation system.

## Corporate Structure

### Corporate Executive

The Corporate Executive comprises of the Executive Director and Directors. Corporate Executive's primary role is to develop criteria for determining the appropriateness of Commission matters and support the Commission in setting strategic direction.

The Corporate Executive comprises:

Mr Harry Neesham – Executive Director

Ms Diane Munrowd - Director, Strategic Policy and Planning;

Mr Ross Monger - Director, Conciliation and Review; and

Mr Phil Scales – Director, Operations and Support.

### Divisions

WorkCover's outputs are delivered and operations conducted within an administrative structure consisting of three divisions and Executive Director's Support:

#### Executive Director's Support

Executive Support provides direct support to the Executive Director; the Insurers Advisory Committee established under the Employers' Indemnity Supplementation Fund Act 1980 and co-ordination of activities for the Premium Rates Committee.

#### Strategic Policy and Planning

The division was created under a recent re-structure and has a strategic focus to assist the Commission and Government in effectively managing the workers' compensation system in Western Australia.

The division undertakes a strategic policy and planning role to ensure WorkCover is meeting Commission and Government objectives. Emphasis is placed on strategic development, research and data analysis, coordination of ministerial briefings and media responses and participation in Commission and national workers' compensation committees.

#### Conciliation and Review

The division provides a service for the resolution of disputed workers' compensation claims and the registration of agreements between parties in the workers' compensation scheme.

This includes the recording of agreements and the resolution of disputes regarding the degree of workers' disabilities in cases where workers seek to take civil proceedings for damages against employers, independently of the Workers' Compensation and Rehabilitation Act 1981.

#### Operations and Support

The division is responsible for both operational and support services to Acts administered by the Commission.

The division:

- Ensures compliance with legislation via the accreditation/licensing and monitoring of service providers; inspection of employers to ensure they hold a current policy of insurance and administration of noise induced hearing loss legislation.
- Delivers information, education and training to customers and is responsible for all promotional activities of the agency.
- Ensures the human, financial and physical resources are available to support the operations of the agency and the delivery of outputs.
- Supports the on-line service delivery environment.
- Manages trust funds established under legislation.
- Undertakes performance evaluation and corporate reporting.
- Provides support to the Industrial Diseases Medical Panel; Commission; Premium Rates Committee; and a number of Advisory Committees of the Commission.

## Outcomes and Outputs

### Outcomes

In seeking to fulfil its mission, WorkCover seeks to achieve three outcomes:

#### Information, Education and Advice

Workers' compensation scheme participants are aware of their rights and responsibilities and Government receives accurate, timely policy advice regarding workers' compensation and injury management.

#### Scheme Regulation

Workers' compensation scheme participants comply with legislative requirements and standards.

#### Dispute Resolution

Workers' compensation disputes are resolved and agreements registered.

### Outputs

In seeking to achieve outcomes for Scheme Regulation, Dispute Resolution and Information, Education and Advice, WorkCover delivers the following outputs:

#### Information and Education

Information and education provided to workers' compensation scheme participants and the general community to increase their knowledge of their rights and responsibilities with respect to the scheme, and workers' compensation and injury management.

#### Policy Advice

The identification, review, development and implementation of policy and legislative options designed to maintain and improve the efficiency and effectiveness of the workers' compensation scheme.

#### Compliance

Inspections and investigations conducted to ensure compliance with workers' compensation legislation and prosecution of non complying parties.

#### Accreditation and Licensing

Monitoring and accreditation/licensing of workers' compensation scheme service providers to ensure compliance with workers' compensation legislation and the delivery of an appropriate standard of service.

#### Dispute Resolution

Effective resolution of workers' compensation disputes in a manner that is equitable, accessible and independent.

#### Registration of Agreements

Registration of memorandums of agreement in those cases whereby parties agree to settle a claim for compensation in accordance with the Workers' Compensation and Rehabilitation Act 1981, and the recording of agreements and the resolution of disputes regarding the degree of workers' disabilities in those cases where workers seek to take civil proceedings for damages against employers independent of the Workers' Compensation and Rehabilitation Act 1981.

## Performance Measurement

WorkCover evaluates its performance at two levels, corporate and operational.

### Corporate Performance Indicators

At the Corporate level, performance is measured via Key Performance Indicators that indicate the extent to which the agency has achieved its outcomes (effectiveness) and the cost of delivering services (efficiency).

### Achieving Outcomes - Key Effectiveness Indicators

Key effectiveness indicators show the extent to which the agency has achieved the outcomes set by Government.

#### Outcome 1: Information, Education and Advice

*Workers' compensation scheme participants are aware of their rights and responsibilities and Government receives accurate, timely policy advice regarding workers' compensation and injury management.*

WorkCover has adopted a two pronged approach to its delivery of information and education.

Firstly, key groups of scheme participants are targeted for delivery of information and education in seminar style sessions. This approach directs specific information to those most in need.

Secondly, answers are provided to participant's enquiries on a one-to-one basis through WorkCover's general enquiry service.

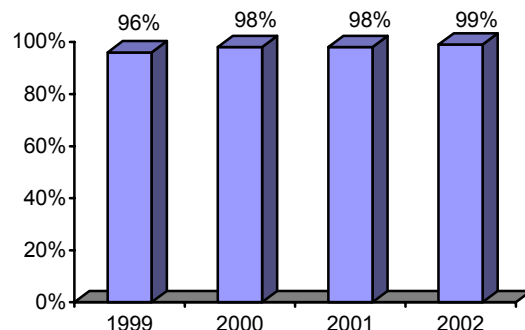
WorkCover also provides policy advice to the Minister for Consumer and Employment Protection. This is varied in form. Examples include briefing papers, Executive Council papers, Cabinet submissions, policy position papers and drafting instructions

People who attend seminars or contact the agency's telephone enquiry service are surveyed to determine if the information provided increased their knowledge of their rights and responsibilities in regard to the workers' compensation scheme. The results of these surveys demonstrate WorkCover's effectiveness.

As the primary customer for policy advice provided by WorkCover, the Minister for Consumer and Employment Protection is surveyed to determine the agency's effectiveness in the area of the provision of policy advice.

#### Effectiveness Indicator 1.1- Seminar Attendees

*The percentage of attendees at WorkCover information and education seminars who reported an increase in their level of knowledge of the workers' compensation scheme as a result of the information/education provided to them:*

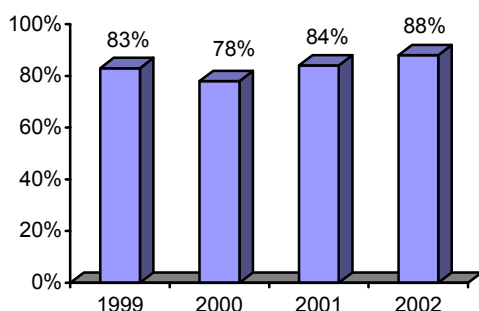


Customer response to WorkCover's information seminars was extremely positive. For the fourth year in a row almost all survey respondents reported they had increased their knowledge as a result of attending the seminars.

# About the Commission

## Effectiveness Indicator 1.2 – Enquiries

*Percentage of Info-line callers responding to a survey who indicated their level of knowledge of the workers' compensation scheme increased as a result of the information provided to them during their Info-line call:*



The percentage of Info-line callers who reported an increase in knowledge continues to improve with a 10% increase in positive responses over the last 3 years.

## Effectiveness Indicator 1.3 – Policy Advice

*The Minister for Consumer and Employment protection rated policy advice provided by WorkCover as being "effective".*

The Minister has rated WorkCover's policy advice on a 3 point scale rather than the 4 point scale used in previous years. Although no direct comparison with the results of previous years is possible, past results have also been positive.

## Outcome 2: Scheme Regulation

*Workers' compensation scheme participants comply with legislative requirements and standards.*

WorkCover is responsible for assisting the Minister for Consumer and Employment Protection in the administration of the Workers' Compensation and Rehabilitation Act 1981. In line with this responsibility the agency seeks to secure compliance with the provisions of this Act.

It is fundamental to the operation of the scheme that employers hold a workers' compensation insurance policy. Non-compliance would result in increased premium rates and pressure on the Uninsured Fund.

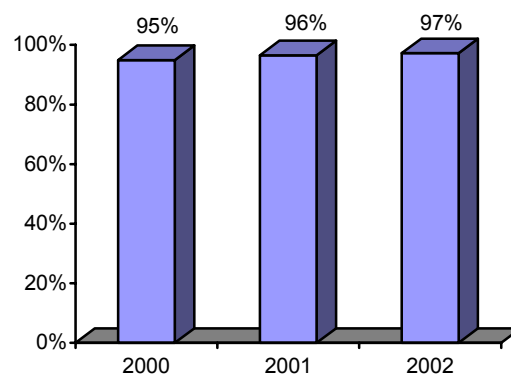
WorkCover seeks to ensure employers hold appropriate workers' compensation insurance cover through workplace visits and contact with employers by letter and telephone.

Key service providers, ie. insurers and self insurers, vocational rehabilitation providers and air conduction (hearing) testers, are subject to accreditation or licensing and their activities are monitored. Service providers that do not consistently deliver services to the agreed standard have sanctions imposed upon them.

WorkCover's effectiveness in achieving the Scheme Regulation outcome is measured by the level of compliance by employers and service providers with legislative requirements and standards.

## Effectiveness indicator 2.1 - Compliance

*Percentage of new employers found to hold workers' compensation insurance at the time of inspection:*

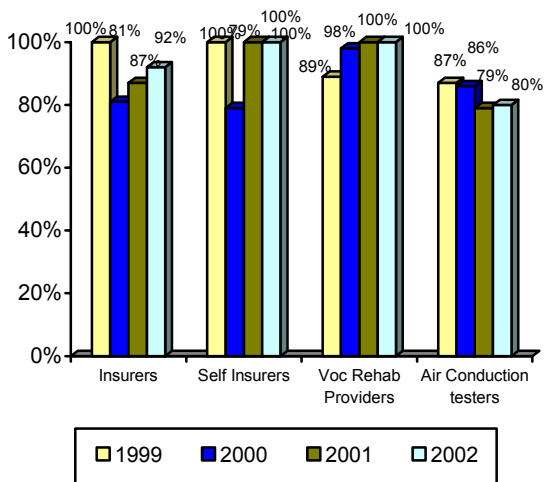


It is satisfying to note the improvement this year in the already high level of compliance by employers. WorkCover is committed to maintaining this standard.

# About the Commission

## Effectiveness indicator 2.2 – Accreditation and Licensing

Percentage of service providers that met accreditation/licensing standards:



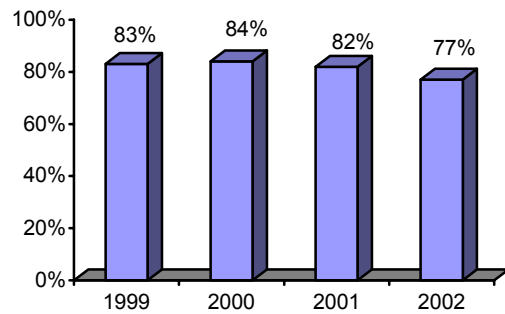
## Outcome 3: Dispute Resolution

Workers' compensation disputes are resolved and agreements registered.

WorkCover's Conciliation and Review Directorate seeks to resolve disputes between parties in the workers' compensation system through a system of conciliation and review hearings. As parties to a dispute must agree before a dispute is resolved at conciliation, this level of resolution is seen as the most desirable outcome to a dispute. Timeliness of dispute resolution is also a key objective of the process.

## Effectiveness Indicator 3.1 – Dispute Resolution

Percentage of workers' compensation disputes lodged with WorkCover's Conciliation and Review Directorate resolved at conciliation:



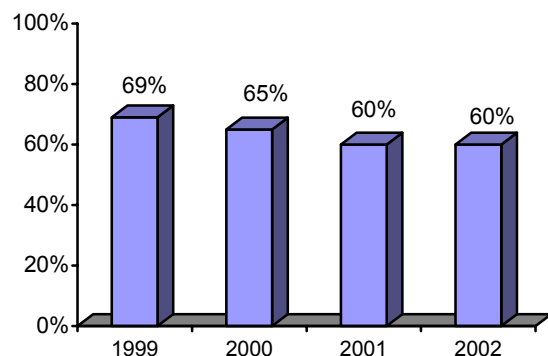
The percentage of disputes resolved at conciliation dropped by 5% from the previous year. This is the first time the rate has been below 80% since 1998.

The reduction in the percentage of disputes resolved at conciliation reflects a disappointing and increasing trend over the last 2 years for parties to insist on progressing to the more formal review process to resolve disputes. The option to progress to review is available to all parties to the dispute and cannot be denied by the agency.

This trend is being examined by the Commission.

## Effectiveness Indicator 3.2 – Dispute Resolution (Timeliness)

Percentage of workers' compensation scheme disputes lodged with WorkCover's Conciliation and Review Directorate resolved within 12 weeks of lodgement.



# About the Commission

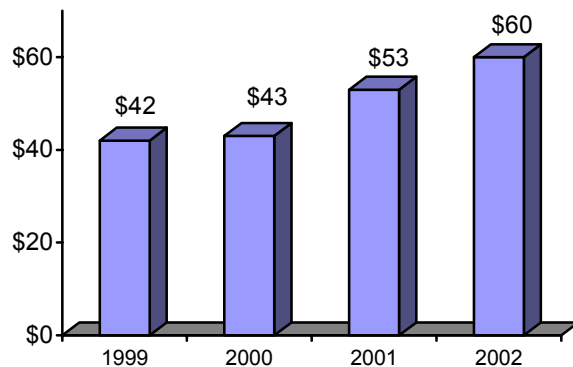
The percentage of disputes resolved within 12 weeks remains similar to last year after decreasing over the previous 2 years.

## Achieving Outcomes - Key Efficiency Indicators

WorkCover's efficiency is measured by way of Key Efficiency Indicators that measure the cost of services by cost per quantity unit delivered. Each efficiency indicator shows the cost per output unit for a particular output.

### Output 1

*The cost per contact to provide information, education and training services:*



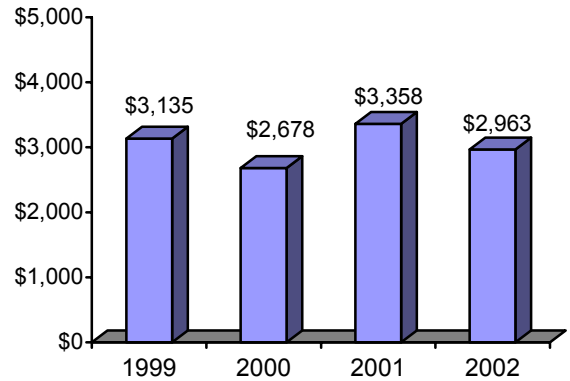
The number of general enquiry contacts was significantly lower than last year (5 % reduction) largely due to a drop in the number of Infoline calls.

The year in review has been relatively stable for the Western Australia workers' compensation scheme as there have been no major controversial issues, legislative amendments or proposals announced that have had a direct impact on workers and employers.

The drop in the number of enquiry contacts resulted in an increase in the cost per information contact.

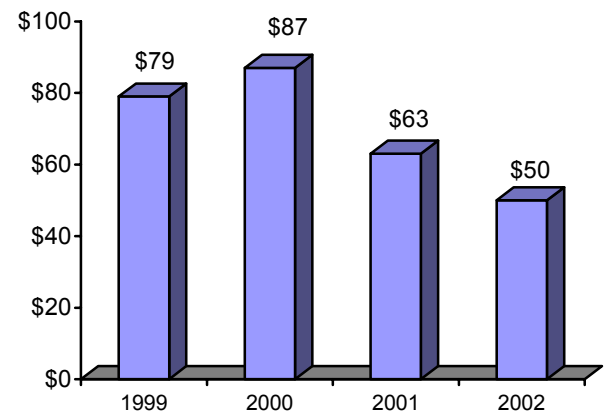
### Output 2

*The cost per item of advice to provide policy advice to Government:*



### Output 3

*The cost per inspection to ensure compliance with the Workers' Compensation and Rehabilitation Act:*



The implementation of an initiative to utilise information on new business registrations obtained from the Department of Employment and Consumer Protection and locality based field inspections resulted in a greater than anticipated number of inspections.

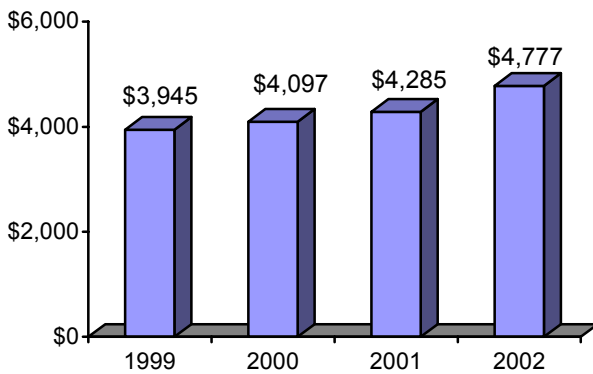
As no additional resources were employed to carry out the increased number of inspections, the cost per inspection was reduced by 20% from last year's cost.



# About the Commission

## Output 4

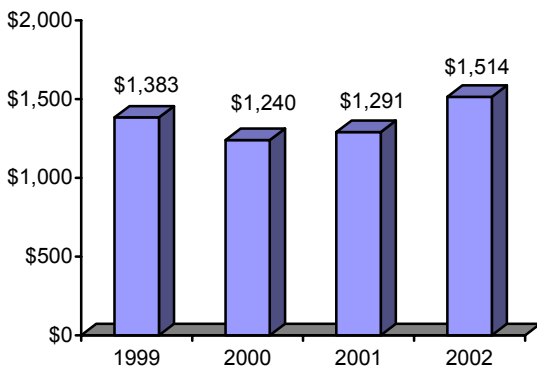
*The average weighted cost per service provider to monitor accredited/licensed service providers:*



The average weighted cost to monitor service providers increased due to a reduction in the number of insurers monitored from 16 in 2001/02 to 13 in the current year. The reduction in number impacted significantly on the performance indicator result because of the weighting applied to this class of service provider.

## Output 5

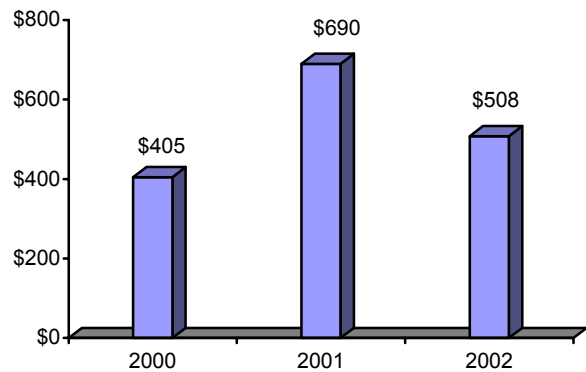
*The cost per dispute to resolve disputes:*



The cost per dispute resolved was higher than previous years primarily due to more matters being progressed to the more formal review stage in the dispute resolution process and a reduced number of applications being received.

## Output 6

*The cost per agreement to register agreements/determinations.*



This year the number of agreements processed increased by almost 30% over 2000/01. The increased number of agreements was processed utilising existing resources resulting in a reduction in the cost per agreement.

## Operational Performance Measures

### Delivering Outputs

Treasurer's instruction 904 requires that output performance measures of quantity, quality, timeliness and cost are reported against the year's budget estimates. The following are WorkCover's performance measures of quantity, quality, timeliness and cost in relation to each of its six outputs.

#### Output 1 Information and Education

Information and Education	2001/2002 Estimate	2001/2002 Actual
Information and education is provided to workers' compensation scheme participants and the general community to increase their knowledge of their rights and responsibilities in relation to the scheme and workers' compensation and injury management generally.		
<b>Quantity</b> Number of :		
• General enquiry contacts	28,000	24,522 <sup>(1)</sup>
• Information session attendees	2,000	2,140 <sup>(2)</sup>
<b>Quality</b> Percentage of callers/attendees who have increased their knowledge of the workers' compensation system as a result of information provided by WorkCover :		
• Infoline callers	80%	88%
• Information session attendees	98%	99%
<b>Timeliness</b>		
• Infoline callers who reported satisfaction with the time taken to respond to their information request	80%	90%
• Information sessions held on time in accordance with planned session dates.	100%	100%
<b>Cost</b>		
• General enquiry contact	\$27	\$33
• Information session attendee	\$378	\$373
<b>Total Output Cost</b>	<b>\$1,512,228</b>	<b>\$1,595,174</b>

#### Significant Variations

- (1) The actual number of general enquiry contacts is significantly lower than estimated largely due to a drop in the number of Infoline calls. The year in review has been relatively stable for the Western Australia workers' compensation scheme as there have been no major controversial issues, legislative amendments or proposals which have been announced that have had a direct impact on workers and employers.
- (2) WorkCover continued to promote injury management as a recommended framework to scheme participants and service providers by providing tailored training sessions. New initiatives were offered for personnel from self insurers and for medical practitioners. The response to the agency's initiatives was very positive resulting in an increase in the actual number of attendees as compared to the estimate.

# About the Commission

## Output 2 Policy Advice

Policy Advice	2001/2002 Estimate	2001/2002 Actual
The identification, review, development and implementation of policy and legislative options designed to improve the efficiency and effectiveness of the workers' compensation scheme.		
<b>Quantity</b> Number of items of policy advice	135	123
<b>Quality</b> Minister's degree of satisfaction with policy advice provided by WorkCover	N/A	Effective <sup>(1)</sup>
<b>Timeliness</b> Minister's degree of satisfaction with timeliness of policy advice provided by WorkCover	N/A	Effective <sup>(1)</sup>
<b>Cost</b> Cost per item of policy advice	\$3,190	\$2,963
<b>Total Output Cost</b>	<b>\$430,592</b>	<b>\$364,478</b>

### Significant Variations

- (1) This is the first year the Hon Minister has rated WorkCover's policy advice on a 3 point scale rather than the 4 point scale used in previous years. For this reason no direct comparison with the results of the previous years are possible.

## Output 3 Compliance

Compliance	2001/2002 Estimate	2001/2002 Actual
Inspections and investigations to ensure compliance with workers' compensation legislation and prosecution of non complying parties.		
<b>Quantity</b> Number of inspections conducted	18,000	22,258 <sup>(1)</sup>
<b>Quality</b> Percentage of identified breaches resolved following intervention by WorkCover	100%	100%
<b>Timeliness</b> To be developed		
<b>Cost</b> Cost per inspection	\$66	\$50 <sup>(2)</sup>
<b>Total Output Cost</b>	<b>\$1,191,462</b>	<b>\$1,118,019</b>

### Significant Variations

- (1) The implementation of an initiative to utilise information on new business registrations obtained from the Department of Employment and Consumer Protection and locality based field inspections resulted in a greater than anticipated number of inspections.
- (2) As no additional resources were employed to carry out the increased number of inspections (see note (1)), the cost per inspection was 22% less than estimated.

# About the Commission

## Output 4 Accreditation and Licensing

Accreditation and Licensing Monitoring and accreditation of key workers' compensation scheme service providers to ensure compliance with workers' compensation legislation and the delivery of an appropriate standard of service.	2001/2002 Estimate	2001/2002 Actual
<b>Quantity</b> Number of providers subject to monitoring:		
• Insurers	12	13
• Self insurers	30	27
• Vocational rehabilitation providers	43	40
• Air conduction testers	275	257
<b>Quality</b> Percentage of providers which met minimum standards:		
• Insurers	100%	92%
• Self insurers	100%	100%
• Vocational rehabilitation providers	100%	100%
• Air conduction testers	85%	82%
<b>Timeliness</b> Percentage of providers reviewed in accordance with terms of accreditation/licensing:		
• Insurers	100%	100%
• Self insurers	100%	100%
• Vocational rehabilitation providers	100%	100%
• Air conduction testers	100%	100%
<b>Cost</b> Cost per service provider		
• Insurers	\$8,943	\$9,408
• Self insurers	\$3,577	\$4,530
• Vocational rehabilitation providers	\$4,773	\$5,868
• Air conduction testers	\$703	\$769
<b>Total Output Cost</b>	<b>\$613,148</b>	<b>\$677,043</b>

# About the Commission

## Output 5 Dispute Resolution

Dispute Resolution The resolution of workers' compensation disputes in a manner that is equitable, accessible and independent.	2001/2002 Estimate	2001/2002 Actual
<b>Quantity</b> Number of: • Disputes resolved	4,550	4,042 <sup>(1)</sup>
<b>Quality</b> Percentage of: • Disputes resolved at conciliation	80%	77% <sup>(2)</sup>
<b>Timeliness</b> Percentage of disputes resolved: • Within 4 weeks of lodgement • Within 4-8 weeks of lodgement • Within 8-12 weeks of lodgement	25% 25% 10%	34% <sup>(3)</sup> 17% 10%
<b>Cost</b> Cost per: • Dispute resolved	\$1,312	\$1,514 <sup>(4)</sup>
<b>Total Output Cost</b>	<b>\$5,968,168</b>	<b>\$6,120,342</b>

### Significant Variations

- (1) The number of disputes resolved was less than estimated due to a reduced number of applications.
- (2) The reduction in the percentage of disputes resolved at conciliation reflects an increasing trend over the last 2 years for parties to insist on progressing to the more formal review process to resolve disputes.
- (3) The percentage of disputes resolved within 4 weeks was greater than expected due to the reduced lead-time between the date of lodgement and the convening of conferences. This in turn came due to the reduced number of applications.
- (4) The cost per dispute resolved was higher than previous years primarily due to more matters being progressed to the more formal review stage in the dispute resolution process and a reduced number of applications being received.

# About the Commission

## Output 6 Registration of Agreements

Registration of Agreements Registration of memorandums of agreements where parties agree to settle a claim for compensation in accordance with the Act and recording of agreements regarding the degree of a worker's disability where workers seek to take civil proceedings for damages.	2001/2002 Estimate	2001/2002 Actual
<b>Quantity</b>		
Number of Memorandums of Agreements finalised	2,900	3836 <sup>(1)</sup>
Number of degree of disability agreements/determinations	500	555 <sup>(2)</sup>
<b>Quality</b>		
Percentage of finalised memorandums of agreements that are registered	95%	93%
Percentage of degree of disability agreements/determinations recorded	100%	100%
<b>Timeliness</b>		
Percentage of memorandums of agreements finalised within 4 weeks	90%	87%
Percentage of degree of disability agreements registered within seven days	100%	100%
<b>Cost</b>		
• Cost per Memorandum of Agreement registered	\$155	\$120 <sup>(3)</sup>
• Cost per Agreement/determination registered	\$3,521	\$3,192 <sup>(3)</sup>
<b>Total Output Costs</b>	<b>\$2,209,468</b>	<b>\$2,232,481</b>

### Significant Variances

- (1) The number of agreements finalised was 32% higher than estimated. This follows a 24% higher than estimated result in the previous year. The impact of allowing redemptions by agreement between parties is difficult to estimate and a matter that cannot be controlled.
- (2) The number of degree of disability agreements was 11% higher than estimated. As with memorandums of agreement this is a difficult area to estimate and cannot be controlled.
- (3) This year the number of agreements processed was considerably higher than estimated. The increased number of agreements were processed utilising existing resources resulting in a reduction in the cost per agreement

## Inside WorkCover

The administration of WorkCover has been delegated by the Commission to the Executive Director who directs the day to day operations of the agency. The Executive Director, Mr Harry Neesham, heads a corporate executive team responsible for overseeing the administration of the agency and establishing agency policy.

### Organisational Change

During 2001/02 an internal re-structure occurred to ensure the operational functions and resources within WorkCover are focused on achieving the strategic directions of the Commission and the requirements of the Workers' Compensation and Rehabilitation Act 1981.

The re-structure took effect from 15 March 2002. The following information identifies the agency structure for the period 1 July 2001 to 14 March 2002 and the new structure from 15 March 2002 to 30 June 2002.

#### Pre-15 March 2002 Structure

##### Corporate Executive

The Corporate Executive comprised of:

Mr Harry Neesham – Executive Director

Ms Diane Munrowd - Director, Scheme Development and Operations;

Mr Ross Monger - Director, Conciliation and Review;

Mr Phil Scales – Director, Corporate and On-line Services;

Ms Gianna Cammarano - Executive Officer; and

Mr Robert Erickson - Corporate Development Officer.

##### Divisions

WorkCover's outputs were delivered and operations conducted within an administrative structure consisting of:

- Executive Support;
- Scheme Development and Operations;
- Conciliation and Review; and
- Corporate and On-line Services.

#### Post-15 March 2002 Structure

Reason for Change:

- To provide timely strategic information to the Commission to assist them proactively respond to Government on directions that will ensure the health of the workers' compensation system in Western Australia.
- To place greater emphasis on a strategic focus to ensure WorkCover is at the forefront of innovative workers' compensation scheme design.

Benefits of Change:

- Identification of emerging issues that affect the viability of the scheme.
- Continuous review and development of strategic policy direction.
- Greater consultation with stakeholders in the development of strategic initiatives.
- High quality advice to the Commission.
- Greater opportunity to integrate operational functions with strategic direction.
- Opportunity for staff to contribute to strategic projects and information exchange across the agency.

One of the primary outcomes of the re-structure was the creation of the Strategic Policy and Planning Division. The Division strategic focus and direction for policy and research activities aimed at managing and developing the scheme in a proactive and innovative manner.

# Summary of Operations

## Corporate Executive

The Corporate Executive comprises of the Executive Director and Directors. Best practice in corporate governance by the agency is achieved through the Corporate Executive who considers and endorses agency policy, recommends strategic direction and resource allocation, as well as the ongoing monitoring of the agency's performance, progression towards targets and resource use.

The Corporate Executive comprises:

Mr Harry Neesham – Executive Director;

Ms Diane Munrowd - Director, Strategic Policy and Planning;

Mr Ross Monger - Director, Conciliation and Review; and

Mr Phil Scales – Director, Operations and Support.

## Corporate Group

The Corporate Group comprises of the Corporate Executive, Managers and senior staff. The Corporate Group's role is to review Commission resolutions and attend to administrative matters of the agency.

## Divisions

WorkCover's outputs are delivered and operations conducted within an administrative structure consisting of:

- Executive Director's Support;
- Strategic Policy and Planning;
- Conciliation and Review; and
- Operations and Support.

## Our People

WorkCover consists of 136 dedicated staff who are committed to providing high quality, timely services to workers, employers and the community of Western Australia. Employees are located on two premises in Shenton Park and West Perth.

## Staffing Profile

WorkCover's approved average staffing level (FTE) for the 2001/02 financial year was 132.2.

The following table provides details of WorkCover's employees categorised by gender and level with comparative totals for 2001.

Employees by Gender – at 30 June 2002			
(comparative figures for 2001 are in parenthesis)			
Level	Male	Female	Total
Level 1	10 (12)	34 (32)	44 (44)
Level 2	5 (7)	17 (16)	22 (23)
Level 3	12 (12)	14 (16)	26 (28)
Level 4	4 (4)	3 (4)	7 (8)
Level 5	8 (7)	6 (5)	14 (12)
Level 6	2 (2)	1 (1)	3 (3)
Level 7	7 (7)	2 (2)	9 (9)
Level 8	1 (1)	0 (0)	1 (1)
Level 9	5 (5)	3 (3)	8 (8)
Above Level 9	2 (2)	0 (0)	2 (2)
<b>TOTAL</b>	<b>55 (59)</b>	<b>81 (79)</b>	<b>136 (138)</b>

1. The average employment figure (FTE) for 2001/02 was 127.2. This was below the AASL of 132.2.

2. The total employee figure at 30 June 2002 is higher than the FTE figure due to part time staff.

The number of employees has remained stable over the past two years, with a greater percentage of female to male employees. Most notable is the Level 1 group, where female employees outnumber male employees on a ratio of 3 to 1, while the opposite is evident in senior positions (Level 7 and above).



# Summary of Operations

## Workers' Compensation and Rehabilitation for Agency Officers

The following table provides details on workers' compensation and rehabilitation for agency officers.

	1997/98	1998/99	1999/00	2000/01	2001/02
Number of lost time injuries	6	2	0	1	0
Frequency rate (per million hours worked)	24	8.51	0	3.74	0
Incidence rate (per 100 workers)	4.2	1.72	0	0.73	0
Estimate cost of claims incurred per \$100 wage roll	5.8	1.08	0.613	0.0992	0
Premium rate (%)	0.54%	0.56%	0.932%	0.88%	0.50%
Rehabilitation success rate:					
- Finalised	Nil	Nil	Nil	Nil	Nil
- Ongoing	1	2	1	1	2 <sup>(1)</sup>

Note: <sup>(1)</sup> Of the ongoing rehabilitation programs, there is one lost time claim and one no lost time claim.

## Employee Development and Training

The agency maintains a professional workforce through recruitment of employees with relevant skills and qualifications. To assist employees in maintaining and developing their skill base the agency provided opportunities for professional and personal development through appropriately targeted training. Membership to relevant professional associations is also encouraged. In addition, agency employees attended a range of conferences, courses and seminars during the year.

Areas of training undertaken in 2001/02 include:

- computer skills;
- communication skills;
- dealing with aggressive and hostile clients;
- first aid training;
- leadership skills for women;
- risk management; and
- a range of training needs identified through the performance management process.

## Equal Employment Opportunity

WorkCover priorities and performance objectives were developed and submitted for the Equity and Diversity Plan for 2003 and 2005.

## Industrial Relations Environment

In accordance with the Government directive, the Enterprise Bargaining Agreement (EBA) was not renewed when it expired, but rather was replaced by the 'whole of Government' agreement known as the Public Service General Agreement negotiated by the Department of Consumer and Employment Protection.

The Public Service General Agreement was registered and provided a pay rise for employees previously on the Enterprise Bargaining Agreement. Significant numbers of employees withdrew from the Workplace Agreement in 2001/02 to accept the conditions of the General Agreement.

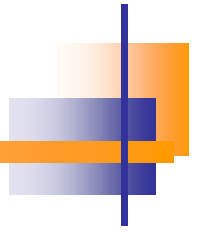
## Occupational Health and Safety Initiatives

In accordance with the agency's focus on a safe and healthy workplace, the following activities were undertaken in 2001/02:

- investigation of prevention measures for acoustic shock and implementation of strategies to minimise risk to employees;
- introduction of security access to employee areas of the Shenton Park building; and
- redesign of the Shenton Park reception area to provide greater security for employees when dealing with customers.

The agency also continued to provide an assistance program for employees and their immediate family, including a confidential counselling service.

During the year, the agency extended its wellness activities for employees, introducing access to a gymnasium circuit in addition to the already established yoga program to promote health and well being in the workplace. Both activities were well attended by employees during the year.



## Compliance Reports

### Certification of Public Sector Standards, Codes of Ethics and Code of Conduct

WorkCover has adopted guidelines and processes supporting the public sector standards in human resource management.

Policies and supporting guidelines and a code of conduct are included in the human resource section of WorkCover's intranet site which is accessible to all staff. The code of conduct has been reviewed in 2002.

During the induction process new staff are introduced to the public sector standards in human resource management and code of conduct

Directors are responsible for compliance with public sector standards and ethical codes. A monitoring and advisory role is played by the Manager Human Resources and staff in the human resources area.

As part of the internal audit program, a review of WorkCover's compliance with the public sector standards in human resource management was conducted in 2002.

#### Breach of Standard Applications 2001/02:

Number lodged	NIL
Breaches found	NIL
Multiple breaches	NIL
Applications under review	NIL
Material breaches	NIL
Non-material breaches	NIL

H T NEESHAM  
Executive Director  
WorkCover  
Date: 1 August 2002

### Statement of Expenditure – Electoral Act 1907

Section 175 (Z)(e) of the Electoral Act, 1907 requires the publication of the details of certain classes of expenditure in agencies' annual reports.

The following is a statement of expenditure in accordance with Section 175 (Z)(e) of the Electoral Act, 1907:

CLASS OF EXPENDITURE	AMOUNT	ORGANISATION
Advertising Agencies		
Direct Mail Organisations	\$2,804.57	Northside Distributors & Finishers
Market Research Organisations		
Media Advertising Organisations	\$35,200.90	Marketforce Production
Polling Organisations		
<b>TOTAL</b>	<b>\$38,005.47</b>	

### Freedom of Information

The agency's Freedom of Information function was performed in accordance with the requirements of the Freedom of Information Act 1992.

The majority of documents on workers' compensation and injury management are accessible to the general public through the WorkCover internet site at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au). Documents freely downloadable include information brochures, research reports, statistical information, ministerial reviews, rates, fees and payments and corporate reports.

Parties seeking information from WorkCover are not restricted to the Freedom of Information process and where appropriate requests for information are handled outside of the Act. The agency has an appointed Freedom of Information Co-ordinator to facilitate the handling of all requests.

For the year ending 30 June 2002, six applications for access to information in accordance with the Freedom of Information Act 1992 were received by the agency. Of these, one request was for amendment to personal information.

Third parties were consulted, where appropriate, and edited or full access was provided to applicants. All six applications have been finalised with full access provided in three cases and edited access provided in one case. In one case the document did not exist, while for the remaining case, the application for amendment to personal information was permitted.

On average each application took 17 days to process.

If assistance is required in completing a request or inquiring on its progress, the Freedom of Information Co-ordinator can be contacted at 2 Bedbrook Place, Shenton Park WA 6008 or via telephone on 08 9388 5555.

## Waste Paper Recycling

WorkCover has a policy for waste paper recycling, which encourages employees to recycle both paper and other materials (ie. printer toner cartridges). This program is assisted by the provision of paper collection bins in strategic locations. The agency utilises an accredited contractor for recycling.

## Equity, Access and Customer Focus

WorkCover has maintained its use of customer feedback to determine our success in delivering outputs and achieving our outcomes. Our focus on customer needs assisted the agency in better aligning services and products.

WorkCover has a commitment to providing access and support to customers and employees, with the goal of developing programs that target identified groups. The agency aims to ensure customers and employees with special needs have access to appropriate and necessary services.

Ongoing research, analysis and strategic planning in relation to this area will enable WorkCover to deliver focussed marketing initiatives and identify areas of service delivery that can be improved or enhanced.

## Customer Focus

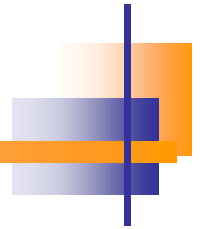
### Customer Services Charter

The agency's Customer Service Charter was revised during 2001/02 to reflect WorkCover's current operations and delivery of services to our customers.

The charter identifies the agency's commitment to providing high quality, timely services to workers, employers and the community of Western Australia. In support of this commitment, WorkCover will:

- actively consult with customers to understand their needs;
- provide accurate information to customers on their rights and responsibilities under the legislation;
- provide policy advice to Government that is consistent and based on proper analysis; and
- maintain the highest ethical standards.

Our Customer Service Charter is available on the WorkCover WA website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au). The charter also identifies the procedure for complaints about services provided.



## Stakeholder Priority Initiative

The agency's ongoing development and implementation of customer focus initiatives continued with the Stakeholder Understanding Priority Initiative utilising a written questionnaire to identify the mediums by which stakeholders, service providers and representative bodies preferred to obtain education and information regarding the workers' compensation system.

The research indicated that the overall preferred mediums are those currently offered by WorkCover with some particular groups indicating a preference for other technological options.

The results of this project will assist to enhance an education communication strategy to ensure a holistic plan is developed during the 2002/03 year.

## Info-line Customer Survey

During 2001/02 WorkCover undertook a survey of users of the agency's telephone information service, Info-line. The purpose of the survey was to determine whether this key avenue for providing information to our customers is achieving its objective of providing timely, information which increased callers' knowledge of their rights and responsibilities whilst meeting their individual needs.

This is the fourth year the survey has been conducted and the results for 2001/02 are shown below along with those for the past two years.

Summary of responses to Info-line customer survey:

SURVEY QUESTIONS	% of Yes Responses		
	99/00	00/01	01/02
Do you know more about the workers' compensation system as a result of the information provided during your call to Info-line?	78%	84%	88%
Did the information provided to you answer your query.	90%	94%	91%
Do you feel the time taken to respond to your call was reasonable?	54%	72%	90%

The results for questions 1 and 3 in the survey show an improvement over last year. The increase in positive answers to question 1 demonstrates Info-line's continued success as a medium for providing information to our customers.

These results are used as primary indicators of the agency's performance.

## Information Sessions

In addition to the Info-line survey WorkCover also regularly surveys attendees at information sessions delivered to key customer groups. The information session attendee surveys are intended to determine the extent to which the information provided by WorkCover meets customer needs by increasing their knowledge of their rights and responsibilities.

This is the fourth year the survey has been conducted and 99% of respondents either agreed or strongly agreed that the information provided to them increased their knowledge in relation to the seminar objectives.

These results are used as primary indicators of the agency's performance.

## Special Projects

During 2001/02, needs were identified for a number of specific customer groups. Two examples are provided:

### Small Business

For the first time this year, the Commission participated in jointly funding the WorkSafe Western Australia ThinkSafe Campaign, which is designed to motivate employers and other decision-makers, who can influence occupational safety and health in the workplace, to start actively managing hazards in their workplaces.

The agency's ongoing focus to address issues associated with this area coincided with the ThinkSafe Campaign this year targeting primarily employers of small to medium sized businesses.

## Medical Practitioners

Throughout the year WorkCover worked in cooperation with key parties to deliver educational seminars to provide medical practitioners with information on the legislation and injury management processes. A total of 80 medical practitioners attended a variety of evening events including seminars coordinated with the Divisions of General Practice and lectures and displays at the Medical Careers Expo 2001. This project also provided education to 45 Nurses and Practice Managers as requested by one Division of General Practice.

Due to the success of these sessions a number of Divisions of General Practice have expressed interest in coordinating sessions in the 2002/03 financial year.

## Disability Services Plan

Through the implementation of the agency's disability services plan, greater accessibility to services and facilities for our customers with disabilities is envisaged. It is acknowledged that better access not only benefits people with disabilities but also their families, carers and the community in general. The agency continues to build on access improvements as a means to remove or limit the barriers which remain and impact on people with disabilities.

WorkCover's Disability Services Plan has five outcomes:

1. Existing services are adapted to ensure they meet the needs of people with disabilities.
2. Access to buildings and facilities is improved.
3. Information about services and programs is provided in formats that enhance the communication needs of people with disabilities.
4. Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities.
5. Opportunities are provided for people with disabilities to participate in public consultation, grievance mechanisms and decision making processes.

During the year, the agency continued to review existing services to ensure they meet the needs of people with disabilities.

WorkCover provides services for hearing impaired persons by advertising its TTY service in pamphlets, on the Internet, in the press and via presentations. A telephone service is available to the hearing impaired TTY (08) 9388 5537 located in the Infoline Service facility. An audio loop is also available on 48 hours notice.

Information can be made available in alternate formats for people with disabilities upon request. Additionally, the majority of WorkCover publications are produced in formats which allow for electronic enhancement of documents for visually impaired customers.

During 2001/02 the agency continued to review existing facilities to ensure the needs of people with disabilities were met. The year also saw major renovations to the Shenton Park building, particularly in relation to training/conference rooms and reception area. In re-designing these facilities consideration was given to ensure access to the building and facilities provided for the needs of people with disabilities (ie. double doors were installed in the entry to the reception area and training rooms).

The agency also installed a low height water cooler in the foyer, increased the number of reserved disabled parking bays and remarked existing ones.

## Language and Cultural Diversity

WorkCover is committed to ensuring differing language or cultural backgrounds are not a barrier to the provision of services to our customers.

Since the development of the Language Services Strategy in 1992, WorkCover has addressed the needs of its customers by ensuring:

- customers are aware through WorkCover publications and information seminars of the availability of interpreter services and their right to use them;
- where necessary WorkCover instigates the use of an interpreter and promotes the appropriate use of providers of accredited interpreting services; and
- service providers are aware of and encouraged to use interpreter services on behalf of their clients.

As part of its commitment to providing information in a variety of languages WorkCover has developed publications in Chinese and Malay. These have been published on WorkCover's website in the publications section. There are two brochures outlining the scheme for employers and workers and a third explaining the dispute resolution process.

During 2001/02 interpreter services were primarily used at the Conciliation and Review Directorate and information sessions. In total, interpreters were utilised on 352 occasions, with an increasing trend in the need for interpreters by our customers.

## Regional Services

WorkCover is committed to providing services to regional communities. Activities undertaken to support this commitment during 2001/02 include:

- Promoting our 1800 freecall number for regional customers via its pamphlets, the internet, advertising and presentations.
- Providing WorkCover publications to Department of Consumer and Employment Protection regional offices for dissemination in the regions.
- Conducting a number of regional based presentations at the request of stakeholders and service providers in the scheme. Seminars and courses were held at locations such as Collie, Karratha, Derby, Margaret River, Narrogin, Kalgoorlie, Bunbury and Mandurah.
- Undertaking for the second year Injury Management Week activities in two major regional areas, Kalgoorlie and Margaret River. A number of the sessions specifically focussed on the unique challenges associated with workers' compensation in regional areas. The agency aims to extend Injury Management Week activities to other regional areas in 2003.
- Undertaking two regional compliance trips giving WorkCover a presence in these regions, ensuring employers and other parties are aware of their rights and obligations and are providing regional customers with relevant and useful information on the scheme.

- The Conciliation and Review Directorate convened 4 review hearings at country locations. Conciliation conferences involving country workers are usually convened via telephone conference, but in appropriate cases review officers conduct hearings in country locations. Review officers have also used video conferencing where evidence has been taken from people outside Western Australia.

## Indian Ocean Territories

WorkCover has a Service Delivery Agreement with the Commonwealth Department of Transport and Regional Services in relation to Christmas and Cocos (Keeling) Islands.

During 2001/02, WorkCover provided services including the regulation of the workers' compensation scheme to ensure an appropriate level of service delivery by scheme service providers and appropriate workers' compensation scheme outcomes.

Activities undertaken during 2001/02 include:

- Negotiating and liaising with the only underwriter (CGU Insurance) of workers' compensation policies in the Indian Ocean Territories, following advice of its withdrawal of workers' compensation insurance services to the region. As a result of the negotiation a new underwriter was found in GIO General Insurance Limited.
- Provision of information to employers and workers on workers' compensation.
- Liaison with an employer and insurer regarding responsibilities and obligations under the Workers' Compensation and Rehabilitation Act 1981.
- Monitoring of all Noise Induced Hearing Loss approved audiometric testers in the Indian Ocean Territories. As a result of the monitoring, two testers had their approval cancelled while an Audiometer received approval certification for Christmas Island Hospital.

## Women

### Two Year Plan For Women

WorkCover has continued in the spirit of its commitment to the Government's Two Year Plan for Women for 1999 to 2001 by reporting specifically on workers' compensation data as they relate to female workers.

The Workers' Compensation Statistical Report includes analysis of claims by female workers. This report is intended to assist in targeting prevention activities and reducing the impact of workers' compensation claims for female workers.

### Representation of Women on Boards and Committees

Nominations to various workers' compensation Statutory committees are sought from relevant organisations as required. In all instances the request for nomination asked that consideration be given to the Government policy on representation of women on boards and committees. The policy aims at increasing the number of women on Government decision making bodies.

During 2001/02, the following nominations were sought:

- two vacant positions on the Commission, for which two female nominees replaced outgoing male Deputy Members;
- two vacant positions on the Premium Rates Committee, for which two female nominees replaced outgoing male Members; and
- three vacant positions on the Insurers Advisory Committee, for which two out of the three nominated as Members were female.

The following table indicates the current statistics (as at 30 June) in relation to the gender equity on our Committees:

Statutory Board/ Committee	Male		Female		Total	
	M	D	M	D	M	D
Commission	6	3	1	3	7	6
Premium Rates Committee	4	3	2	2	6	5
Insurers Advisory Committee	1	-	2	-	3	-
<b>Sub-Total</b>	<b>11</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>16</b>	<b>11</b>
<b>TOTAL</b>	<b>17</b>		<b>10</b>		<b>27</b>	

Key: M – Chairman and Members  
D – Deputy Members

Greater representation of women is now evident on these Committees. The gender imbalance is reducing. It should be noted that for the above Committees, only individuals suitably qualified may be nominated by the respective body.

## Youth

WorkCover recognises the needs of young people. Products and services delivered by WorkCover are available to all customer groups including young people.

The Workers' Compensation Statistical Report includes analysis of claims by young workers, examines trends in workers' compensation lodged by young workers that result in time off work. A copy of this report is available under the Publications section of our website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

During 2001/02 the agency also conducted a presentation at Lockridge Senior High School on workers' compensation as part of the school's study program. The agency strongly promotes to schools the use of the Online Campus, an interactive, self-paced learning facility that provides information workers' compensation, injury management and related topics.

# Summary of Operations

## Annual Estimates

In accordance with the Treasurer's Instruction 953, statutory authorities not operating as divisions of the Consolidated Fund are required to include annual estimates for the current financial year in the Annual Report of the preceding year.

The following estimates of expenditure and revenue have been submitted and approved by the Minister for 2002/03.

	\$
<b>EXPENDITURE</b>	
Executive	456,452
Conciliation & Review	4,542,630
Strategic Policy Planning	769,780
Operation & Support	5,802,794
Non Program Items	1,078,344
Other	690,000
Rollovers/Purchase Orders	178,950
<b>TOTAL</b>	<b>13,518,950</b>
<b>REVENUE</b>	
Conciliation & Review	20,750
Operation & Support	554,540
Non Program Items	48,000
Contributions	12,795,924
Prior Year Surplus	99,736
<b>TOTAL</b>	<b>13,518,950</b>



## Operational Areas

The following information details the agency's achievements and activities undertaken during 2001/02, as well as planned activities for 2002/03. There are seven operational areas contained within this section:

- Information and Education;
- Legislation and Policy Advice;
- Compliance;
- Accreditation and Licensing;
- Rehabilitation Review Unit;
- Dispute Resolution; and
- Registration of Agreements

## Information and Education

Education and information is provided to workers' compensation scheme participants and the general community, to increase their knowledge of their rights and responsibilities with respect to workers' compensation and injury management.

### Key Achievements for 2001/02

- Responded to 24,522 telephone enquiries.
- Delivered information and training seminars addressing workers' compensation, injury management and vocational rehabilitation matters to 2,140 stakeholders and service provider representatives.
- Prepared responses to 573 written requests for information.
- Conducted 225 counter enquiries.
- Coordinated and implemented "Injury Management Week 2002", with an estimated attendance of 1,859.
- Researched, developed and implemented specific training for self-insured employers.
- Developed and implemented General Practitioner education sessions with the Western Australian Divisions of General Practice.

- Achieved accreditation with the Royal Australian College of General Practitioners as an endorsed provider.
- Completed a review of the preferred mediums for information and education dissemination for stakeholders in the system.

## Education

Provision of information and education to injured workers, employers, insurers, and medical and allied health professionals continues to be a priority for WorkCover. A number of projects were initiated this financial year to identify the information needs of stakeholders and scheme participants to review and prioritise the provision of information in the scheme. Training and information sessions continued to be provided to scheme participants with a particular emphasis on the medical profession.

A number of the major planned activities for this financial year were completed with positive feedback provided via evaluations, including the development and implementation of a training program for self insurers, Injury Management Week 2002 and the General Practitioner Information Seminars. Two activities yet to be completed are the publication of a Medical Practitioners Guide and an Injury Management Certificate Program for employers. While both these projects have been progressed, timeframes have been extended to incorporate the outcomes of the *Implementation of the Labor Party Direction Statement on Workers' Compensation* (Guthrie 2001).

### Stakeholder Understanding Priority Initiative

The Stakeholder Understanding Priority Initiative utilised a written questionnaire to identify the mediums by which stakeholders, service providers and representative bodies preferred to obtain education and information regarding the workers' compensation system.

The research indicated that the overall preferred mediums are those currently offered by WorkCover with some particular groups indicating a preference for other technological options.

The results of this project will assist to develop an education communication strategy to ensure a holistic plan is developed during the next financial year.

## Stakeholder Education Programs

Major activities undertaken for the education and information activity during 2001/02 included the delivery of 120 information seminars and training programs addressing workers' compensation legislation, injury management and vocational rehabilitation to:

- 349 injured workers;
- 465 employers, supervisors and managers;
- 123 health professionals;
- 83 insurers;
- 555 medical practitioners, medical students and support staff;
- 88 employer based injury management co-ordinators; and
- 351 participants representing professional associations, students and mixed groups.

In addition to the above training, WorkCover continues to provide training in the legislative requirements of the Workers' Compensation and Rehabilitation Act 1981, for potential Audiometric Officers as part of the Australian Hearing Services Audiometric Officers course. WorkCover has also played a greater role in supervising the practical sessions of the course. During 2001/02, 13 training sessions were undertaken, with 126 participants.

In total, 2,140 participants attended 133 training sessions provided by WorkCover.

WorkCover continued to assist organisations, such as the Chamber of Commerce and Industry of Western Australia, the Industrial Foundation for Accident Prevention, the Australian Mines and Metals Association, and the Australian Medical Association (WA Branch) in the delivery of regular occupational safety and health and workers' compensation training initiatives.

In addition to the regularly scheduled sessions, WorkCover developed and delivered 30 individually tailored seminars and training sessions at the request of organisations to educate staff on the workers' compensation system and injury management processes. Several of these companies requested multiple sessions to meet the demands of their workforce. The sessions were held in both the metropolitan and regional areas including: Collie, Karratha, Derby, Margaret River, Narrogin, Kalgoorlie, Bunbury, and Mandurah.

A training program for self-insured employers was highlighted as a major planned activity for the 2001/02 financial year. This training was developed following a needs analysis of the target audience and the program developed and implemented in November 2001. The evaluations were positive with 100% of participants agreeing or strongly agreeing the course increased their knowledge of the workers' compensation legislation. Given the strong response to the course it will be offered on an ongoing basis for the 2002/03 financial year.

The WorkCover On-line Campus continues to be utilised for training purposes. During 2001/02 WorkCover's On-Line Campus registered 367 new students. WorkCover's website is maintained to ensure ongoing dissemination of information related to workers' compensation and injury management topics.

## General Practitioner Education

### Seminars

Throughout 2001/02 WorkCover worked in cooperation with key parties to deliver educational seminars to provide medical practitioners with information on the legislation and injury management processes. A total of 80 medical practitioners attended a variety of evening events including seminars coordinated with the Divisions of General Practice and lectures and displays at the Medical Careers Expo 2001. This project also provided education to 45 Nurses and Practice Managers as requested by one Division of General Practice.

Due to the success of these sessions a number of Divisions of General Practice have expressed interest in coordinating sessions in the 2002/03 financial year.

### Education visits

WorkCover continued to offer individual practice visits to provide information on the legislation and injury management processes to medical practitioners. These visits included one-on-one meetings or group presentations with a total of 52 practice visits being conducted during the financial year.

## Publication for Medical Practitioners

In February 2002, WorkCover convened a working party with representatives from The Divisions of General Practice, the Royal Australian College of General Practitioners, the Australian Medical Association and the Australasian Faculty of Occupational Medicine to develop guidance notes for medical practitioners on the Western Australian workers' compensation and rehabilitation system. The working party has met on three occasions and are currently progressing the development of a draft document for implementation in the 2002/03 financial year.

## Royal Australian College of General Practitioners Endorsed Provider Status

This year WorkCover has undergone assessment to be classified as an Endorsed Provider through the Royal Australian College of General Practitioners. This has required WorkCover trainers and training packages to meet Royal Australian College of General Practitioners standards which allows WorkCover to attach Continuous Professional Development points to its educational sessions for General Practitioners.

## Community Awareness Programs

### Injury Management Week 2002

Injury Management Week is an annual event coordinated by WorkCover to raise community awareness of workers' compensation and injury management in Western Australia. This year the Hon John Kobelke Minister for Consumer and Employment Protection launched the Week at a breakfast held at the Western Australian Museum. Young Australian of the Year Scott Hocknell gave the keynote address to an audience of over 100 participants.

Forty two events were held by a variety of convenors throughout the metropolitan and regional areas including Kalgoorlie and Margaret River, with an estimated attendance of 1,859 participants. Feedback in general was very positive with evaluations indicating 88% of attendees increased their knowledge and understanding of workers' compensation, injury management, vocational rehabilitation practices.

WorkCover convened five events including two plenary sessions focusing on workplace relationships and systems in conjunction with Unions WA and the Chamber of Commerce and Industry (WA). WorkCover also provided a function addressing the management of stress claims in the workers' compensation system in conjunction with The Divisions of General Practice, which was well attended by 40 medical practitioners.

## Promotional Activities

Advertising for this financial year focused on the provision of information relating to: WorkCover's information line and contact details; employers' obligations to insure; and noise induced hearing loss legislation. Thirty two advertisements were published in professional journals, business or trade magazines, and metropolitan and regional community newspapers. Publications included: Australian Mining Monthly, Business News, Geraldton Guardian, Kalgoorlie Miner, North West Telegraph, South West Times, Medicus, MBA Occupational Health and Safety Calendar, The West Australian Newspaper and The Sunday Times. Total circulation figures of these publications are estimated at 768,362.

## Information

The information service provides responses to enquiries on all aspects of the workers' compensation and rehabilitation system. Enquiries are received via WorkCover's Infoline, written correspondence, Internet and counter enquiries. In particular, there has been a significant increase in the number of enquiries e-mailed to WorkCover.

The Infoline responded to 20,719 public enquiries during the year. Enquiries related to range of issues including questions about workers' compensation claims procedure and claims difficulties; definition of "worker" and "wages"; injury management and vocational rehabilitation; the dispute resolution process; premium rates and lump sum entitlements. Numerous enquiries were also received regarding particular issues that arose throughout the year such as the *Implementation of the Labor Party Direction Statement on Workers' Compensation* (Guthrie 2001).

As a result of calls to the Infoline, a total of 4,831 brochures and pamphlets containing information on the workers' compensation system were forwarded to stakeholders.

During 2001/02 the operational hours of the Infoline were increased to 8:00am to 5:00 pm. WorkCover continued to maintain its TTY service for the hearing impaired and a 1800 telephone number for regional callers.

Over 573 written enquiries were answered during the year and ranged from simple requests for brochures to complex enquiries concerning the progress and/or outcome of the correspondent's workers' compensation claim.

The 225 counter enquiries answered during the year included provision of information specific to the individual's needs and general information on the workers' compensation and rehabilitation system. This service is of particular assistance to those workers unable to attend the information seminars provided by WorkCover or who require the assistance of interpreter services. During 2001/02 WorkCover conducted 10 information sessions involving an interpreter.

WorkCover's website provides customers with access to a range of information and the popularity of this source of information continues to increase. A total of 120,810 user sessions were recorded on the website, an increase of nearly 15% compared to last year (105,878).

## Planned Activities for 2002/03

- Evaluate the current services offered to the stakeholders and identify ongoing information needs of stakeholders, including the timeliness and effectiveness of information provided. This will assist the agency in delivering improved services to meet the specific needs of stakeholders in the system.
- Develop a comprehensive education/information strategy for WorkCover, including a review of publications.
- Continue the General Practitioner education sessions with the Divisions of General Practice.
- Complete the publication for Medical Practitioners relating to workers' compensation.
- Continue providing the current education/information seminars.
- Review the structure and resourcing of the Infoline service to ensure the information needs of stakeholders are met.

## Legislation and Policy Advice

WorkCover provides legislation and policy support to Government.

## Key Achievements for 2001/02

- Prepared the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001.
- Prepared the Law Reform (Miscellaneous Provisions (Asbestos Diseases)) Amendment Act 2002.
- Gazetted the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2001 to adjust the scales of fees paid to speech pathologists, clinical psychologists and osteopaths.
- Gazetted the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations (No. 2) 2001 to adjust the scales of fees paid to medical practitioners and approved vocational rehabilitation providers.
- Gazetted the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2002 to adjust the scales of fees paid to physiotherapists.
- Gazetted the Employers' Indemnity Supplementation Fund Amendment Regulations 2002 to reduce from 5% to 3% the surcharge employers are required to pay for the purpose of the Supplementation Fund.
- Gazetted the Workers' Compensation and Rehabilitation Amendment Regulations 2002 to provide that the Australian Osteopathic Association (Western Australian Division) is the relevant body with which the Commission must negotiate before recommending the making of regulations fixing scales of fees to be paid to osteopaths.
- Provided policy advice and support in relation to the Government's review of the workers' compensation system.
- Gazetted the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2001 to adjust fees scales for medical practitioners, vocational rehabilitation providers, physiotherapists and other providers within the scheme.

# Summary of Operations

- Provided policy advice in relation to the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001 and the Law Reform (Miscellaneous Provisions (Asbestos Diseases)) Bill 2001.
- Completed or progressed a number of research grant projects including a literature review in relation to recovery rates for workers' compensation injuries and a study relating to containing the human and economic cost of occupational stress cases.
- Participated in national projects including the Comparative Performance Monitoring Report for the Workplace Relations Ministers' Council and the Heads of Workplace Safety and Compensation Authorities' workers' compensation and injury management projects including mutual recognition.
- Revised a statistical model to predict the likelihood of long duration claims.
- Participated in the ThinkSafe 2001/02 Campaign and the Work Safe 2002 and Beyond Conference.

## Legislation

The legislation activities of the agency assist in the facilitation of drafting legislation in support of the Western Australian workers' compensation system.

During the reporting period the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001 was prepared. Due to the decision of international re-insurers not to insure for acts of terrorism, it was imperative to ensure the legislation's urgent passage through Parliament; Royal Assent was given on 31 December 2001.

Amendments in Committee were prepared to support the Law Reform (Miscellaneous Provisions (Asbestos Diseases)) Bill 2001, which provided for the survival of claims for damages in certain causes of action in relation to dust-related conditions. WorkCover assisted the carriage of this Private Member's Bill and its expeditious passage through the Legislative Council.

WorkCover assisted the other jurisdictions in the development of policy, legislative and technical issues relating to the implementation of amendments to State and Territory legislation concerning coverage of workers employed temporarily in another jurisdiction.

WorkCover assisted in the preparation of amendments to the Workers' Compensation and Rehabilitation Act 1981 contained in the Acts Amendment (Equality of Status) Bill 2002.

## Policy

The policy activity of the agency undertakes research, development and review to provide strategic policy advice to the Commission and Government. Reports and briefings on workers' compensation policy issues are provided at agency, State and National levels. Ministerial requirements relating to policy and legislative change as well as ministerial speeches, briefings, Cabinet minutes and correspondence are also co-ordinated via this function. Other activities include data analysis and publication of statistical reports, management of internal and external research projects and participation in various State and National workers' compensation committees.

During 2001/02 a revised fee methodology for medical, allied health and vocational rehabilitation providers was developed and implemented to regulate fee levels on a basis consistent with the fees paid by private patients. This resulted in gazettal of scales of fees for medical practitioners, physiotherapists, clinical psychologists, speech pathologists and osteopaths. Future fee reviews will be conducted based on demonstrated value adding initiatives developed in negotiations with relevant associations and evaluated against agreed criteria.

The agency also provided policy advice to Government in relation to the Workers' Compensation and Rehabilitation (Acts of Terrorism) Act 2001 and the Law Reform (Miscellaneous Provisions (Asbestos Diseases)) Bill 2001.

## Research and Projects

Support and guidance was provided to assist in the completion of the following research grant projects:

- A Literature Review on Workers' Compensation and Injury Recovery Rates in conjunction with the School of Occupational Therapy at Curtin University of Technology.
- Containing Economic and Human Costs in Occupational Stress Cases in Conjunction with The Centre for Human Services, Griffith University.

The agency revised a statistical model that seeks to predict the likelihood of long duration claims based on certain information known at the commencement of a workers' compensation claim was initiated. The model is intended to assist various stakeholders and scheme participants to effectively manage workers' compensation claims for the benefit of the worker, employer and scheme.

## National Projects

Statistical and technical information was provided for the following projects:

- The Workplace Relations Ministers' Council produces a report entitled Comparative Performance Monitoring Report, which compares trends in workers' compensation and occupational health and safety across Australian jurisdictions and New Zealand. WorkCover WA continued to refine the methodology to improve the comparability of schemes.
- Participation in the Heads of Workplace Safety and Compensation Authorities national consistency projects relating to workers' compensation and injury management including mutual recognition of workers employed temporarily in another workers' compensation jurisdiction.
- WorkCover WA participated in review of the National Data Set for Compensation-Based Statistics commenced by the National Occupational Health and Safety Commission.

## Prevention Activities

### ThinkSafe Campaign

During 2001/02, the Commission jointly funded the ThinkSafe Campaign with the WorkSafe Western Australia Division of the Department of Consumer and Employment Protection.

The ThinkSafe Campaign is a community education campaign developed and implemented by the Department of Consumer and Employment Protection, WorkSafe Division and WorkCover Western Australia. The campaign successfully raised the awareness of safety and health in the workplace by promoting it as an issue for community concern. Ultimately the Campaign is designed to reduce work related injury and disease in Western Australian workplaces.

ThinkSafe 2001/02 saw the Campaign direction encourage practical implementation of hazard management. The communication strategy focuses specifically on six key priority areas to reduce workplace fatalities, injuries and disease. These areas have been shown to consistently result in high rates of lost time injury or a higher than average number of deaths.

The key priority areas were:

- New and young workers
- Slips and Trips
- Manual handling
- Falls from heights
- Electricity
- Hazardous Substances.

The objective of the 2001/02 Campaign was to motivate employers and other decision-makers, who can influence occupational safety and health in the workplace, to start actively managing hazards in their workplaces.

The target audience for the 2001/02 campaign was primarily employers of small to medium sized businesses, workplace safety and health decision-makers and anyone who has control over the workplace. A secondary focus was on employees; families of employers and employees; inspectors/other occupational health and safety professionals; and the general community including young people.

It was envisaged the 2001/02 Campaign would:

- Increase the level of understanding of occupational safety and health risks associated with not managing hazards in the workplace.
- Motivate decision-makers to take action on the key priority areas and improve safety and health in the workplace by actively managing these areas.
- Increase the level of knowledge on the role of WorkSafe and occupational health and safety legislative requirements.

The Campaign targeted both metropolitan and non-metropolitan areas through television and print advertising.

## WorkSafe 2002 Conference

On the 26<sup>th</sup> and 27<sup>th</sup> March 2002, WorkCover participated and provided a proportion of funding for the Work Safe 2002 and Beyond Conference. The conference provided information on current and emerging trends in occupational safety and health issues and successful strategies. The conference also aimed to encourage employers, employees and unions to work together to manage workplace safety effectively. The conference had a wide range of speakers with expertise in a variety of occupational safety and health topics. The conference's key note address was by the Hon Sir Daryl Dawson, AC KBE CB of the Longford Enquiry.

## Planned Activities for 2002/03

- Prepare a comprehensive 2003 Workers' Compensation and Rehabilitation Amendment Bill for introduction during the 2003 Autumn Session. It is expected the Bill will incorporate amendments proposed by Mr Rob Guthrie to implement the Government's policy on workers' compensation. This may also include the implementation of recommendations of the Reviews of Insurance Arrangements and Medical and Associated Costs and implement changes recommended by the Machinery of Government Taskforce.
- Prepare a Workers' Compensation and Rehabilitation (Acts of Terrorism) Amendment Bill 2002 for introduction during the 2002 Spring Session. The amending legislation will enable the existing sunset clause to be extended and set by Regulation. This will be required as the Federal Government has not, as anticipated, developed a National compensation scheme to cover terrorist acts.
- In the event, policy and technical issues relating to implementation of amendments to State and Territory legislation concerning coverage of workers employed temporarily in another jurisdiction have been finalised and agreed, legislation may be introduced during 2002/03.

## Compliance

The compliance activity involves inspection and investigation to ensure employers comply with the workers' compensation legislation and to prosecute non-complying employers and other parties, where necessary.

## Key Achievements for 2001/02

- Completed physical inspections of all business located in the industrial areas of Osbourne Park and Canning Vale, as part of the locality inspection program.
- Commenced monitoring new business registrations with the assistance of the Department of Consumer and Employment Protection data base in April 2002.
- Progressed the employer compliance priority initiative aimed at development of mechanisms to identify the appropriate pool of employers and the processes to monitor their level of compliance with workers' compensation insurance coverage.
- Undertook 22,258 inspections and prosecuted 6 employers for failing to hold a current workers' compensation policy.

## Inspection

WorkCover's compliance activities were focused on contacting businesses that are potentially in breach of the Workers' Compensation and Rehabilitation Act 1981. During the year the compliance program implemented initiatives to identify non-compliant employers and targeted industries to address compliance concerns through a number of inspection activities. The following inspection strategies were adopted to identify employers;

- New business inspections;
- Targeted business inspections;
- Regional inspections;
- Geographical inspections (Albany and Port Headland/Karratha);
- Lapsed policy inspections;
- Processing of cancellations; and
- Locality inspections (Canning Vale & Osborne Park).

During 2001/02 a total of 22,258 inspections were undertaken. Of these 11,966 related to lapsed workers' compensation policies and new business inspections accounted for 4,555. These inspection activities identified 166 businesses failing to maintain a current workers' compensation policy of insurance.

Also during 2001/02, 228 file investigations and 136 requests from insurers to cancel an employer's workers' compensation policy of insurance were processed.

## Prosecution

In 2001/02, 6 employers were prosecuted for failing to hold current a workers' compensation policy of insurance.

Total fines awarded during the year amounted to \$7,750 and a further \$5,794.68 in avoided premiums was ordered to be reimbursed to the General Fund. Eight prosecutions are ongoing and will be carried over to the next financial year.

The compliance program is focused on business proprietors who are potentially in breach of the provisions of the Workers' Compensation and Rehabilitation Act 1981.

## Planned Activities for 2002/03

- Conduct two regional inspection tours of Geraldton and the Southwest Region of the State.
- Introduce portable computers to assist Compliance Officers in the field.
- Implement project/business plans developed as part of the employer compliance priority initiative in conjunction with worker associations, employer associations and regulatory bodies to identify pools of employers to facilitate the monitoring of their compliance with the Workers' Compensation and Rehabilitation Act 1981.

## Accreditation and Licensing

The accreditation and licensing activity involves the monitoring of the performance of insurers, self-insurers, approved vocational rehabilitation providers and air conduction testers to ensure compliance with workers' compensation legislation and the delivery of an appropriate standard of service.

## Key Achievements for 2001/02

- Conducted a five-yearly review of insurer licences in addition to the annual performance evaluation.
- Evaluated the performance of 22 approved self-insurers which had their licence reviewed.
- Approved the application of four group employers for self insurance status and the incorporation of a number of self-insurers' subsidiaries within their self-insurance exemption.
- The Accreditation and Monitoring Advisory Committee of the Commission was involved in the development of parameters for benchmarking the performance of approved vocational rehabilitation providers. Preliminary benchmarks were proposed and are subject to review and analysis against system data.
- Reviewed the performance criteria for audiometric testers as part of a priority initiative. The revised criteria were endorsed by the Commission for inclusion in the Noise Induced Hearing Loss Approved Procedures.
- Enhanced the noise induced hearing loss claims module to manage subsequent (5% or greater) compensable gradual onset noise induced hearing loss claims.

## Insurers and Self Insurers

During 2001/02 new performance monitoring guidelines for self insurers were developed by an industry-wide working party and the new guidelines were implemented during 2001/02. Development of outcome based insurer performance indicators were progressed with the expected date of implementation being 2003.

As required by section 161 of the Workers' Compensation and Rehabilitation Act 1981, the five-yearly review of insurer licences was conducted in addition to the annual performance evaluation. The Minister approved the renewal of ten insurer licences for a further five years. One insurer advised that it did not wish to have its licence renewed.





# Summary of Operations

As required by section 165 of the Workers' Compensation and Rehabilitation Act 1981, the performance of 22 approved self insurers were reviewed. Twenty self insurers had their approval extended for a further 12 months. Due to data issues and subject to a further review, two self insurer had their approval extended for 6 months.

The Commission approved the application of 4 group employers for self insurance status and the incorporation of a number of self insurers' subsidiaries within existing self-insurance exemptions.

The Australian Prudential Regulation Authority (Authority) conducted a review of the prudential standards required by general insurers under the Insurance Act 1973. The Australian Prudential Regulation Authority indicates that new prudential standards for general insurers will become effective from 1 July 2002. This will allow the Authority and WorkCover closer monitoring of insurer solvency levels.

## Approved Vocational Rehabilitation Providers

During 2001/02, 40 approved vocational rehabilitation providers were accredited, which comprised of 19 agency providers, 10 single providers, and 11 employer based providers.

The Accreditation and Monitoring Advisory Committee of the Commission was involved in the development of parameters for benchmarking the performance of Approved Vocational Rehabilitation Providers. Preliminary benchmarks were proposed and are subject to review and analysis against system data.

In 2001/02, 3,871 referrals were made for vocational rehabilitation services, 89% to agency providers, 8% to single providers and 3% to employer based providers. medical practitioners were responsible for 27% of all referrals, and employers referred 33%. Insurers authorised to act on an employers behalf also referred 40%.

Agency and single providers closed 3,344 cases, with a 58.6% return to work rate. Employer based providers closed 115 cases, and 76.5% of these cases were returned to work.

## Noise Induced Hearing Loss

During 2001/02, an internal review of the performance criteria for audiometric testers was undertaken as part of a priority initiative. The revised criteria were endorsed by the Commission for inclusion in the Noise Induced Hearing Loss Approved Procedures.

The noise induced hearing loss claims module was enhanced to manage subsequent (5% or greater) compensable gradual onset noise induced hearing loss claims.

The number of audiometric testers fluctuated during the year as a result of performance evaluations and accreditation of new testers into the system. At 30 June 2002, there were 206 approved audiometric officers and 63 audiologists in the system. A total of 40 new testers were approved and 51 testers had their approval cancelled as a result of not meeting performance criteria. There are currently 202 booths and 176 audiometers approved within the system.

A total of 302 workers were identified as showing a 10% or greater increase in Percentage Loss of Hearing (PLH) following comparison of their baseline and subsequent hearing tests. During 2001/02 42 workers had claims finalised by a Memorandum of Agreement Notification issued by the WorkCover Conciliation and Review Directorate.

## Planned Activities for 2002/03

- Finalise the revised performance monitoring guidelines for insurers and implement from 2003. There is to be continuous monitoring and reporting of insurers and self-insurers during 2002/03.
- Develop and pilot preliminary benchmarks that form part of the performance monitoring methodology for approved vocational rehabilitation providers.
- Review provider performance incorporating the preliminary benchmarks.
- Introduce an educational initiative to increase knowledge of the noise induced hearing loss provisions of the Workers' Compensation and Rehabilitation Act 1981, in the community and workforce.

## Rehabilitation Review Unit

The Rehabilitation Review Unit's main function is to provide informal resolution and mediation of issues and concerns relating to injury management and vocational rehabilitation.

The Rehabilitation Review Unit provides specialist advice, education and information on vocational rehabilitation matters and the injury management process to the Conciliation and Review Directorate, approved vocational rehabilitation providers, insurers, doctors, employers and injured workers.

The Rehabilitation Review Unit is also responsible for the Injury Management Review System which acts as a "safety net" for all injured workers, and the monitoring of the injury management process.

### Key Achievements for 2001/02

- Dealt with 253 formal issues and 479 telephone enquiries referred to the Rehabilitation Review Unit.
- For the period July 2001 to June 2002, 2,377 injured workers were identified by the Injury Management Review System and reviewed by insurers to establish their need for injury management services.
- The Injury Management Review System was enhanced to allow the electronic transmission and return of data.

The Rehabilitation Review Unit continued to provide independent specialist advice on injury management and vocational rehabilitation to all parties involved in the process.

The main issues referred to the Rehabilitation Review Unit included participation in vocational rehabilitation, return to work and retraining, key party contact, service delivery plans and referral matters.

The Rehabilitation Review Unit is also responsible for investigating complaints lodged against approved vocational rehabilitation providers. Over the 12 month period there were 9 formal complaints lodged. The majority of complaints are from injured workers relating to the cost of rehabilitation programs where no return to work outcome was achieved.

The Injury Management Review System has been operational for three years. All claims continue to be monitored monthly and the Rehabilitation Review Unit reviews those claims identified as not having returned to work or being referred to rehabilitation. This year the Injury Management Review System was enhanced to allow the electronic transmission and return of data. Approved insurers are required to submit monthly reports on the status of these claims.

The Rehabilitation Review Unit continues to monitor these responses and follows up claims identified as requiring further investigation and/or injury management assistance.

The cases that have been identified as requiring injury management are forwarded to the insurer, who is then responsible for contacting the employer regarding injury management activities. Evidence that vocational rehabilitation referrals have taken place if appropriate are confirmed via on-line data submitted to WorkCover.

To ensure the injury management process is operating efficiently and providing injured workers with relevant information, injured workers referred to vocational rehabilitation after 3<sup>rd</sup> May 1999 are sent a questionnaire and pamphlets. The aim of this initiative is to ensure injured workers receive timely and appropriate information about workers' compensation and vocational rehabilitation and are provided with an opportunity to provide feedback on the injury management system.

During 2001/02, 253 formal issues and 479 telephone enquiries were referred to the Rehabilitation Review Unit. Of the formal issues, 130 were referred by the Conciliation and Review Directorate, 55 by injured workers, 23 by approved vocational rehabilitation providers, 22 by insurers, 11 by employers, 7 by others and 5 by medical practitioners.

Of the telephone contacts, 190 were from injured workers, 126 from approved vocational rehabilitation providers, 72 from employers, 42 from insurers, 30 from others, 10 from medical practitioners and 9 from the Directorate.

For the period July 2001 to June 2002, 2,377 injured workers were identified by the Injury Management Review System and reviewed by insurers to establish their need for injury management services.

A total of 2,737 questionnaires seeking feedback on the injury management system were sent to injured workers who had been referred to an approved vocational rehabilitation providers, 987 were completed and returned.

## Planned Activities for 2002/03

- Continue to monitor the Injury Management Review System with self-insurers to be incorporated in the Injury Management Review System during 2002/03.

## Dispute Resolution

This activity provides a service for the resolution of disputed workers' compensation claims and the registration of agreements between parties in the workers' compensation scheme.

The Conciliation and Review Division has two distinct operational output areas:

- Statutory Dispute Resolution; and
- Registration of Agreements and Civil Proceedings

The Conciliation and Review Directorate seeks to resolve workers' compensation disputes in a manner that is equitable, accessible and independent. This is achieved initially by a process of conciliation to assist parties to resolve disputes by agreement. Where agreement cannot be reached, disputes are heard and determined by a review officer. Appeals from decisions of review officers (on matters of law) are heard in the compensation magistrate's court.

## Statutory Disputes

The Conciliation & Review Directorate facilitates the resolution of disputes regarding statutory workers' compensation claims. The dispute resolution system provides procedures based on a conciliation and review process that is fair, economical, informal and quick in reaching agreement.

The conciliation process is non-adversarial and seeks to bring parties to agreement rather than arbitrating the merits of a dispute. The process is informal, largely administrative and relatively free of regulation. Conciliation officers try to identify the real issues between the parties and use their skills to define the differences with a view to securing a mutually satisfactory agreement.

The review process is the more formal step in the system. Matters are referred to review when conciliation concludes without a satisfactory solution to the issues being reached or a party requests a matter to go to review. A review officer determines the issues after considering the evidence.

## Key Achievements for 2001/02

- 3,654 new disputes were referred to the Directorate.
- Resolved 4,042 disputes; 3,125 (77%) by conciliation, 917 (23%) following review.
- About 43% of disputes were resolved within four weeks of lodgement with a further 21% between four to eight weeks.
- Of disputes resolved at review, 6% were resolved within four weeks of referral and a further 9% between four and eight weeks.

For the 12 months to 30 June 2002, 3,654 new disputes were referred to the Directorate, compared to 4,285 for the previous twelve-month period. During the year: 4,042 matters were resolved; 3,125 (77%) by conciliation, 917 (23%) following review.

The percentage of matters resolved at conciliation has reduced to below 80% for the first time since the commencement of the Directorate in 1994.

Conciliation has maintained a rapid turnover of disputes. About 43% of disputes were resolved within four weeks of lodgement with a further 21% between four to eight weeks.

Of disputes resolved at review, 6% were resolved within four weeks of referral and a further 9% between four and eight weeks.

For information on the workload statistics for the statutory dispute resolution proceedings please refer to the table following the Registration of Agreements section.

## Registration of Agreements

Memorandums of agreement are registered in those cases whereby parties agree to settle a claim for compensation in accordance with the Workers' Compensation and Rehabilitation Act 1981.

Degree of disability agreements are recorded in those cases where workers seek to take common law action, for damages against employers, independent of the Workers' Compensation and Rehabilitation Act 1981.

## Key Achievements for 2001/02

- Registered 4,127 Memorandums of Agreement for Schedule 2, Schedule 5 and Redemptions,
- Greater than 30% increase in the number of redemptions registered when compared with the previous year.
- There have been approximately 1,678 civil dispute transitional matters lodged since the October 1999 Amendments. As at 30 June 2002, 1,483 have been resolved.
- During 2001/02, 106 workers were referred to a medical assessment panel.

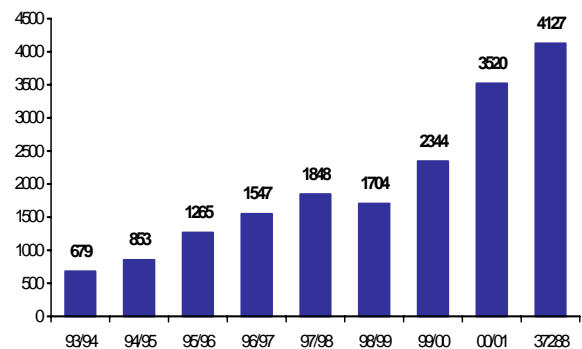
## Memorandums of Agreement

Where parties agree to settle a claim formally under the Act, a Memorandum of Agreement is registered in accordance with section 76.

Agreements registered in accordance with section 76 comprised the following categories:

Agreement Type	1998/99	1999/00	2000/01	2001/02
Schedule 2	1,663	1,765	2,208	2,430
Schedule 5	24	19	13	16
Redemption	17	560	1,299	1,681
<b>Total</b>	<b>1,704</b>	<b>2,344</b>	<b>3,520</b>	<b>4,127</b>

Redemptions increased nearly 30% from 2000/01. The significant increase in redemptions following the October 1999 amendments is obvious in the above table. The following graph shows the number of Memorandums of Agreement registered since 1993/94:



## Civil Proceedings for Damages

Part IV of the Act provides that in certain circumstances a worker may initiate civil proceedings, for damages against their employers. The provisions were amended in 1999.

In broad terms, damages can only be awarded against a worker's employer for a disability suffered by a worker where it has been agreed or determined the workers degree of disability is not less than one of the relevant levels. There are two relevant levels:

- (1) where the degree of disability is not less than 30%: and
- (2) where the degree of disability is not less than 16%.

The Director, Conciliation and Review Directorate records agreements regarding a worker's degree of disability. Where the worker and the employer cannot agree on whether the worker's degree of disability is not less than one of the relevant levels, the worker may refer that question to the Director. If the dispute is then not resolved the question is referred to a review officer for resolution.

A review officer determines whether the worker has a degree of disability of not less than the relevant level claimed. Appeals from decisions of review officers are heard in the compensation magistrate's court.

In those cases where a worker has a degree of disability, which is not less than 16%, the worker is required to elect to retain the right to seek damages. Subject to certain exceptions, elections must be lodged within six months after the commencement of weekly payments.

# Summary of Operations

The Director is responsible for the registration of elections. Once the Director registers an election the worker is able to initiate civil proceedings for damages against their employers, in place of the statutory workers compensation options.

The amendments to Part IV of the Workers' Compensation and Rehabilitation Act 1981 in 1999 enabled workers who had not met the previous thresholds to commence action for common law, subject to meeting the requirements of one of the relevant levels of disability. These are transitional matters.

There have been approximately 1,678 transitional matters lodged since the October 1999 Amendments. As at 30 June 2002, 1,483 have been resolved.

Included on the following pages are some workload indicators for the registrations of agreements and civil proceedings.

## Compensation Magistrate's Court

Matters before review officers may be referred to the compensation magistrate's court by a review officer for determination if a question of law arises or because of the complexity of issues. Review officers deal with all but the most complex of matters.

An appeal against a review officer's decision to the compensation magistrate's court must involve a question of law. The magistrate also has jurisdiction to hear offences under the Workers' Compensation and Rehabilitation Act 1981 as well as applications for enforcement and stays of orders made by conciliation and review officers.

## Medical Assessment Panels

When there is a conflict of medical opinion, a conciliation officer, review officer, or the compensation magistrate may refer a question about the nature, extent or permanence of a disability, or of a worker's capacity for work, to a medical assessment panel. A review officer or the compensation magistrate may refer a question as to the degree of a worker's disability to a medical assessment panel for the purposes of an assessment in accordance with section 93D(2) of the Workers' Compensation and Rehabilitation Act 1981.

A register of medical practitioners who are prepared to participate in panels for the purpose of conducting medical examinations of workers is kept by the Directorate. The register was created following consultation with the Western Australian Branch of the Australian Medical Association.

The medical assessment panel register comprises 291 medical practitioners from various specialties. During the year 106 workers were referred to a medical assessment panel.

## Notifications under Section 57A and 57B

Sections 57A and 57B of the Workers' Compensation and Rehabilitation Act 1981 require both insurers and self insurers to notify the Directorate within a period of 14 days when they are unable to accept liability for a claim.

The following table lists annual notifications lodged by insurers and self insurers.

	95/96	96/97	97/98	98/99	99/00	00/01	01/02
Self-insurers	188	156	212	1,434	1,469	1,612	1,825
Insurers	5,283	5,654	6,306	5,635	6,860	6,125	4,763
<b>Total</b>	<b>5,471</b>	<b>5,810</b>	<b>6,518</b>	<b>7,069</b>	<b>8,329</b>	<b>7,737</b>	<b>6,585</b>

RiskCover has been included in the category of self-insurers since 1 July 1998.

## Regional Hearings

During this year, 4 hearings were convened at country locations. Conciliation conferences involving country workers are usually convened via telephone conference, but in appropriate cases review officers conduct hearings in country locations. Review officers have also used video conferencing where evidence has been taken from people outside Western Australia.

## Non English Speakers

Official interpreters arranged through the Translating and Interpreting Service were used at 342 conferences or hearings. The use of interpreters has increased year by year.

# Summary of Operations

1999/00	2000/01	WORKLOAD INDICATORS – STATUTORY DISPUTE RESOLUTION PROCEEDINGS	2001/02
4,560	4,757	<b>No disputes resolved</b>	<b>4,042</b>
3,834 = 84%	3,900 = 82%	at conciliation	<b>3,125 = 77%</b>
726 = 16%	857 = 18%	at review	<b>917 = 23%</b>
		<b>Timeframe</b>	
		<b>% disputes resolved at conciliation</b>	
33%	29%	<4 weeks	<b>43%</b>
30%	32%	between 4 weeks and 8 weeks	<b>21%</b>
10%	10%	between 8 weeks and 12 weeks	<b>11%</b>
27%	28%	>12 weeks	<b>25%</b>
		<b>% disputes resolved from date of referral</b>	
12%	10%	<4 weeks	<b>6%</b>
27%	12%	between 4 weeks and 8 weeks	<b>9%</b>
19%	14%	between 8 weeks and 12 weeks	<b>15%</b>
42%	65%	>12 weeks	<b>70%</b>
		<b>% disputes resolved from date lodged</b>	
28%	24%	<4 weeks	<b>34%</b>
26%	27%	between 4 weeks and 8 weeks	<b>17%</b>
11%	9%	between 8 weeks and 12 weeks	<b>10%</b>
35%	41%	>12 weeks	<b>40%</b>
		<b>Workload:</b>	
4,744	4,284	Referrals for conciliation filed	<b>3,654</b>
3,834	3,900	Number finalised- at conciliation	<b>3,125</b>
726	857	Number finalised- at review	<b>917</b>
11	3	Number finalised- by Compensation Magistrate	<b>Nil</b>
		<b>General</b>	
5,915	6,220	Number of conciliation conferences	<b>5,240</b>
421	511	Number of preliminary reviews	<b>807</b>
841	858	Number of reviews	<b>918</b>
12	6	Matters referred to Compensation Magistrate	<b>10</b>
94	87	Number of appeals to Compensation Magistrate	<b>118</b>
34	65	Other matters heard by Compensation Magistrate	<b>84</b>
106	95	Matters referred to a Medical Assessment Panel	<b>91</b>

# Summary of Operations

1999/00	2000/01	WORKLOAD INDICATORS - AGREEMENTS & CIVIL PROCEEDINGS	2001/02
		<b>Agreements Registered – Section 76</b>	
1,765	2,208	Agreements Registered – Schedule 2	2,430
19	13	Agreements Registered – Schedule 5	16
560	1,299	Agreements Registered – Redemption	1,681
2,344	3,520	<b>TOTAL</b>	<b>4,127</b>
1,612	557	<b>Referral of Question of Degree of Disability to Employers</b>	<b>537</b>
1,469	502	<b>Disputes Referred to Review</b>	<b>493</b>
502	672	<b>Disputes finalised after Referral to Review</b>	<b>476</b>
		<b>Agreements Recorded</b>	
202	67	Agreements Recorded - Without Referral	59
300	268	Agreements Recorded - After Referral	150
378	244	Elections Registered	145
20	242	Determinations Made	346
3	18	<b>Referred to Compensation Magistrate</b>	<b>-</b>
15	96	<b>Appeals to Compensation Magistrate</b>	<b>94</b>
		<b>Other Matters Heard by Compensation Magistrate</b>	<b>13</b>
18	48	<b>Referred to Medical Assessment Panel</b>	<b>15</b>

## Corporate Services

The corporate services activity of the agency supports operational areas and ensures human, financial and other resources are used efficiently and effectively to provide services responsive to the needs of employees and stakeholders.

### Key Achievements for 2001/02

- Developed the Q1 data specification for capture of claims and policy data.
- Upgraded the website and data base servers to allow for improved service deliver to our clients
- Introduced an internal ministerial system
- Implemented the Government Agreement for employees.

## Information Technology and Telecommunications

### Online Services

#### Internet Site

During the year there was ongoing review and enhancement of the WorkCover web site to ensure relevant information was accessible to customers. The year saw enhancements to WorkCover's interactive facilities, which allow service providers to undertake online data transaction.

Transactions with service providers occur in a secure online environment via applications for insurer and self insurer data, approved vocational rehabilitation data and noise induced hearing loss data. The enhancements allow for faster transacting of business and improved service delivery.

During the year our technological resources were focused on the development of the new data specification - Q1. This application is designed to capture claims and policy information provided by insurers and self insurers.

Electronic collection of policy and claims data by WorkCover commenced in 1990. Since then, WorkCover developed and refined what is known as the E4 specification.

The data requirements set out in the E4 specification arise from WorkCover's obligations to monitor and recommend changes to the Western Australian workers' compensation scheme, to promote employment safety, and to collect data that complies with the National Data Set specification.

As the E4 specification had limited scope, the agency has developed the Q1 specification. The Q1 specification is based on a comprehensive review, not only of the existing specification (E4), but also a thorough review of all data supply arrangements between WorkCover and insurers/self insurers and various recommendations made by recent inquiries into the workers' compensation system.

The development of Q1 will be a new era for data capture at WorkCover and will assist the agency in monitoring the ongoing trends in the workers' compensation scheme. The specification has a planned implementation date of December 2002.

### Scheme Information

The scheme information activity has a primary role in data collection and quality assurance.

Data collection activities included claims and policy data, monitoring of lapsed policies and the data capture and administration of premium rating returns.

The agency also continued coding of workers' compensation claims, vocational rehabilitation case closures and noise induced hearing loss test results, utilising the Type of Occurrence Classification System, (TOOCS), Australian Standard Classification of Occupations (ASCO), and Australian and New Zealand Standard Industrial Classification (ANZSIC).

During 2001/02, on going claims data cleanup for the last five financial years of data continued. As well as the creation and despatch of the initial download of WorkCover claim numbers to all insurers and self insurers.

### Technical and Information Services

The technical services activity has responsibility for computing infrastructure and computing hardware, while the information service's activity is responsible for applications development, maintenance and data administration.





# Summary of Operations

The year was characterised by an improvement of Internet access to the WorkCover web site and database server upgrades. The security on the WorkCover web was further enhanced and upgraded. All WorkCover computer workstations were either replaced or upgraded.

All the client-server application systems database communication and the database server were upgraded. The number of online-based applications was also increased.

## Corporate Information

The corporate information activity is responsible for the agency's information resource, including agency records and library materials. During the 2001/02 financial year, corporate information continued its retention and disposal program, with a large number of redundant agency records being disposed of in accordance with the agency's approved retention and disposal schedule. A database for recording the details of liquidated workers' compensation insurer records was developed.

Employee online access to information through the agency's Intranet was improved by creating a more streamlined change process and indexing system. An online system for dealing with ministerial correspondence has been finalised and training for staff undertaken. The new system will be implemented at the commencement of the next financial year.

## Human Resources

The human resource activity has the responsibility to facilitate the application of public sector human resource practices, procedures and policies by the management and staff of WorkCover, in achieving agency goals and objectives.

This activity also ensures compliance with statutory, legal and other authorised work practices; provides for a discrimination free work environment; provides effective staff management and the establishment of classification procedures; and ensures the WorkCover performance management system continues to:

- provide constructive feedback on work performance;
- assist in the planning of staffing or expertise requirements throughout WorkCover;

- manage poor performance; and
- establish career development needs and training priorities.

With the introduction of the Public Service General Agreement 2002, no further development of Enterprise and Workplace Agreements was required. Changes to employee conditions and salary rates (including back payments) were successfully completed in early 2002. The new agreement has encouraged staff to withdraw from the Workplace Agreement. The personnel, payroll and report writing systems were upgraded and are operating successfully.

## Corporate Support Services

The corporate support services activity provides administrative support role to the Commission, Advisory Committees, the Premium Rates Committee and the Industrial Diseases Medical Panel. Internal working groups are also supported under this function.

This year, support provided to the Commission and corporate management included the development of the structure for the agency's new strategic plan and priority initiatives. Systems for reporting progress of the priority initiatives were also implemented. This was in addition to maintaining the agency's statutory performance evaluation system and undertaking annual reporting activities including the performance indicator report and annual report.

## Finance, Investments and Asset Management

The finance, investments and asset management activity provides financial and accounting services which support the agency's program objectives and manages assets and procurement policies and practices in line with Government requirements to ensure best value for money.

## Debtors

As at 30 June 2002, there were 20 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act. Debts worth \$1,090.85 were written-off during the year and \$72,335 remained outstanding.

## Asset Management

### Risk Management - Treasurer's Instruction 109

A Risk Management review was conducted of the processes, guidelines and documentation used in the purchasing and contract management functions. Following this, the Supplies Procedures Manual and related documentation was revised.

## Funds Management

### Trust Fund

The Workers' Compensation and Rehabilitation Trust Fund is maintained in accordance with section 110 of the Workers' Compensation and Rehabilitation Act 1981. The agency seeks to maximise returns and security of funds invested for the benefit of the dependants of deceased workers.

Section 84F empowers the Conciliation and Review Directorate to order compensation to be paid in trust to WorkCover when it cannot immediately be paid to a person under a legal disability, or which is payable to dependants of a deceased worker. These funds are invested in accordance with Treasurer's guidelines.

Investment strategies employed provided an average yield for the year of 4.70% for all trust accounts. This is a favourable rate of return compared to returns offered by other financial institutions.

### Uninsured Claims Management (General Fund)

The agency manages specified funds for the protection of workers from failures in the scheme and for the benefit of dependants of deceased workers.

The agency provides protection for injured workers by providing a source of compensation for workers of uninsured employers pursuant to section 174; to recover from uninsured employers funds paid to workers from the General Fund; and to provide evidence to the Conciliation and Review Directorate which enables them to verify a worker's entitlement to compensation.

As part of its operations, the Compliance activity establishes the employer's insurance status to ensure that monies released from the General Fund are in accordance with the provisions of the Workers' Compensation and Rehabilitation Act 1981.

This year the Compliance activity investigated 20 claims made on the Fund pursuant to section 174, compared to 36 last year.

There were 8 new claims paid from the fund this year and 9 continuing claims from previous financial years. Cost of new claims is \$296,000 and for ongoing claims the amount is \$127,500.

On the 30 June 2002, the total outstanding debt being recovered through the courts from uninsured employers is approximately \$913,500.

### 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.

Due to the collapse of HIH Insurance in March 2001, a 5% surcharge on employers' indemnity policies was introduced on 25 June 2001. Subsequently, by Regulation on 25 June 2002 the surcharge reduced to 3%.

In relation to the liquidation of HIH Insurance, outstanding claims in WA are estimated at \$49.9 million as at 30 June 2002. This represents projected outstanding liabilities that are inflated and discounted values, claim administration expenses and a prudential margin.

Harvey Trinder (WA) Pty Ltd was an insurer in 1949 and the Fund paid \$33,594 in relation to a claim for mesothelioma. There are no further claims expected.

# Summary of Operations

The Employers' Indemnity Supplementation Fund also paid claims under the Waterfront Workers' (Compensation for Asbestos Related Disease) Act. Payments for claims amounted to \$69,303 and receipts of \$146,459 for this year. In total \$2,318 million has been paid for claims under the Act.

In April 2002, the United Kingdom liquidator paid a dividend of \$59,235 for National Employers' Mutual Insurance Company, in liquidation. Funds recovered to date are \$1.96 million and payments to date exceed \$4.59 million.

Claims payments and receipts during the year for those insurers in liquidation were as follows.

Insurer	Payments \$	Receipts \$
Palmdale\AGCI Insurance Co.	NIL	NIL
National Employers' Mutual Insurance Co.	53,449	59,235
Bishopsgate Insurance Co	NIL	NIL
Standard Insurance Co	9,548	NIL
HIH Insurance	21,588,046	NIL
Harvey Trinder (WA) Pty Ltd	33,594	NIL

The year saw the introduction of a computerised recording of transactions for the Employers' Indemnity Supplementation Fund.

## Planned Activities for 2002/03

- Implement a new Information Storage System, upgrading and securing WorkCover's Email System, and the replacement of WorkCover's Anti-Virus software.
- Implement the Q1 data specification for collection of claims and policy data.
- Implement a new Information Storage System, upgrading and securing WorkCover's Email System, and the replacement of WorkCover's Anti-Virus software.
- Implement the Q1 data specification for collection of claims and policy data.
- Implement Internet training for Approved Insurers and Approved Self-Insurers and the on going commitment to streamline business procedures.
- Conduct training for officers responsible for the creation and maintenance of the on-line accounts, potential new approved audiometric officers, and officers responsible for the data entry and error correction of scheme data continue on a regular basis.
- Consolidate of Industrial Diseases Medical Panel records with WorkCover's agency records.
- Index records from liquidated workers' compensation insurers.
- Review all agency information management policies.
- Monitor and implement procedures for the transition of all employees from the Workplace Agreement to the Public Service General Agreement 2002.
- Investigate options for the replacement of the existing personnel, payroll systems and plan for future implementation.
- Review wellness activities and develop further proposals.
- Upgrade the financial management information system.

## Premium Rates Committee

The Premium Rates Committee (Committee) is an independent body established under section 147 of the Workers' Compensation and Rehabilitation Act 1981. It is responsible for the determination of recommended premium rates for Employer Indemnity Policies and determination of appeals against premium assessment under section 154 of the Workers' Compensation and Rehabilitation Act 1981.

### Key Achievements for 2001/02

- Determined the 2002/03 recommended premium rates, which saw an overall 6% reduction in rates.
- Determined the Industrial Diseases premium for 2002/03.
- Published scheme premium rating statistical information on the WorkCover WA website.

### Membership to the Premium Rates Committee

The Committee consists of three *ex officio* and three nominee Members. The *ex officio* Members are the Auditor General of Western Australia as Chairman, the Executive Director of WorkCover and the Managing Director of the Insurance Commission of Western Australia (formerly the State Government Insurance Commission).

The three nominee Members shall be:

- a person experienced in management affairs in commerce or industry, or both;
- a person experienced in trade union affairs; and
- a person experienced in the insurance business but not employed by the Insurance Commission of Western Australia.

Under section 147 (5), Deputy Members to the Members of the Premium Rates Committee may also be appointed.

Section 148 of the Workers' Compensation and Rehabilitation Act 1981 states Members of the Committee may hold office for a period not exceeding three (3) years, and are eligible for reappointment.

Membership to the Premium Rates Committee is a three year period ending on 3 May 2003.

### Members

Members of the Committee are as follows:

#### Mr Des Pearson (Chairman)

Mr Pearson has been the Auditor General for Western Australia since 1991 and is also a Commissioner and Inaugural Chair of the State Records Commission of WA.

He holds a Bachelor of Business degree and a Graduate Diploma in Management, and is the immediate Past National President of CPA Australia.

#### Mr Harry Neesham (Member)

The Executive Director of WorkCover, Mr Neesham has extensive experience in the area of workers' compensation and premium rates. He has served on the committee for over 19 years.

#### Mr Vic Evans (Member)

As the Managing Director of the Insurance Commission of Western Australia, Mr Evans has served on the committee for over 9 years.

#### Mr Garry Moore (Member)

Mr Moore was appointed Member to the Premium Rates Committee in March 1998.

Mr Moore is the Head of Commercial for NRMA Insurance Ltd (which trades as SGIO Insurance in Western Australia) and has worked in the insurance industry for over 30 years.

#### Ms Anne Bellamy (Member – newly appointed)

The Chamber of Commerce and Industry (WA) new nominee to the Committee is Ms Anne Bellamy who has replaced Mr Brendan McCarthy following his resignation during 2001. Ms Bellamy commenced her appointment from 5 February 2002.

Ms Bellamy is the CCI(WA)'s Director of Health, Safety and Workers' Compensation and has extensive experience in both workers' compensation and occupation health matters. Ms Bellamy is also a member on the WA Occupational Safety and Health Commission and the National Occupational Health and Safety Commission.

# Summary of Operations

## Ms Stephanie Mayman (Member – newly appointed)

Ms Mayman, Secretary of Unions WA, commenced her appointment from 5 February 2002. Ms Mayman was nominated by Unions WA following the resignation of Mr Tony Cooke in 2001.

For over 18 years Ms Mayman has been employed directly in the trade union movement gaining a broad range and variety of experience. Ms Mayman's trade union experience is complemented by her active involvement in a wide range of community based organizations.

## Deputy Members

Deputy Members of the Committee are as follows:

- Mr Kerry O'Neil, Deputy Chairman and Deputy Member to Mr Des Pearson.
- Ms Diane Munrowd, Deputy Member for Mr Harry Neesham;
- Mr Doug Pascoe, Deputy Member for Mr Vic Evans;
- Ms Nicky Cusworth, Deputy Member for Ms Anne Bellamy; and
- Mr John Snowball, Deputy Member for Mr Garry Moore.

## Resignation of Members

During 2001/02, Mr Tony Cooke and Mr Brendan McCarthy resigned as Members of the Premium Rates Committee. The significant contribution made by Mr Tony Cooke (a Member since 1987 representing the interests of workers on the Committee) and Mr Brendan McCarthy (who had represented the interests of employers on the Committee for over six years) was recognised.

## Premium Rates Committee Code of Conduct

During 2001/02, the Committee amended and re-endorsed their Code of Conduct. The Code promotes good practice, identifying the obligations of Members and provides guidance on ethical conduct.

## Determination of the 2002/2003 Recommended Premium Rates

The Premium Rates Committee arranged and considered an *Actuarial Assessment of the Recommended Premium Rates for 2002/2003* as part of its annual process. An overview of the scheme performance as at the 30 June 2001 is available for examination on WorkCover's website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

In considering the actuarial assessment and based on the performance of the Western Australia workers' compensation system, the Committee agreed to reduce the recommended premium rates by an overall 6%. The Committee has continued to determine the rates exclusive of a brokerage allowance.

The average recommended premium rate reduced (exclusive of the brokerage allowance) to 2.469% for 2002/03 from 2.625% in 2001/02. The average recommended premium rate was 2.972% for 2000/01 and 3.092% for 1999/00 (after the Committee agreed to a once-off overall reduction in rates by 10% in response to the October 1999 Act amendments) including the allowance for brokerage.

In real terms the overall 6% decrease has the following effect on the 480 industry rates in the system dependent upon the performance of each industry and the experience rating method adopted allotted to each industry based on the size of the class:

Movement in Recommended Premium Rates	Number of Recommended Rates which :			
	Decrease	Increase	Unchanged	Total
5% or less	140	67	1	208
more than 5% but 10% or less	100	37	0	137
more than 10% but 15% or less	46	13	0	59
more than 15% but 20% or less	27	9	0	36
more than 20%	29	11	0	40
<b>Total</b>	<b>342</b>	<b>137</b>	<b>1</b>	<b>480</b>

# Summary of Operations

The recommended premium rates were effective from 4.00pm 30 June 2002 and were gazetted on 5 April 2002.

The 2002/03 premium rating basis includes the following major influences:

- stable and close to expected election option lodgements to 31/01/2002, with some increase in the seven months to January 2002;
- better than expected claims experience to 30/06/2001 and for the half-year to 31/12/2001;
- the 13.3% reduction of the estimated claim numbers incurred from 50,702 (revised) for 2000 to 43,944 for 2001. This gives an estimated 1.3% reduction in cost, assuming smaller claims are saved;
- the 1.3% increase in total expenses and brokerage remained stable;
- a 5% increase in common law numbers (neutral basis) with a similar mix of significant and serious claims, increases costs by around 1%;
- market rates of interest at 31/01/2002 decrease for one year forward and then increase, which decreases premium rates by 1.2%;
- a further 5.8% reduction, after statutory benefit substitution, from the overall improvement in experience since the items above reduce rates by 0.2% in aggregate;
- the once-off effect of removing the 3% allowance for brokerage/commission was accounted for last year and does not influence this year's rate change;
- two-thirds of the notional 1.25% GST allowance last year, is allowed for ANTS/GST;
- does not include the 10% GST on premium itself; and
- a seventh accident year's data is used for relative premium rates.

The objectives of the Premium Rates Committee in determining recommended premium rates is to:

- calculate the total amount of premium income required to meet the cost of claims plus expenses and margins with anticipated investment income;
- recommend rates that are broadly equitable across different industry classes with no intentional cross subsidy of rates;

- suggest an appropriate overall increase or decrease in relative premium rates; and
- use methods which give relative stability in the rate structure.

A further objective of the Premium Rates Committee is to examine the adequacy of outstanding claims reserves both in aggregate and by insurer.

In this regard, the Committee noted an insurer for the third year in a row had a 0% prudential margin on its estimates and was under reserved in comparison to other insurers in the system. Consequently, the matter was referred to the Workers' Compensation and Rehabilitation Commission for examination.

In considering the fixing of the industrial diseases premium Members noted the *Compensation (Industrial Diseases) Fund* was in surplus at \$12.816M with revenue of \$388,000 as at 30 June 2001. The actuarial assessment of outstanding liability for the same period projected a requirement for \$6.931M net of recoveries.

Of the 700 policies issued annually by the Insurance Commission of Western Australia, 460 paid the minimum premium of \$160.

In view of the healthy state of the fund, the Committee agreed to gazette a premium of \$100 per employer, therefore providing financial benefits to all employers required to contribute to the fund.

## Planned Activities for 2002/03

- Monitor the performance of long duration claims.
- Monitor the impact of the new Australian Prudential Regulatory Authority prudential regulations on reserving by insurers.
- Examine the role of the Premium Rates Committee, the associated processes and data requirements.

## Industrial Diseases Medical Panel

Industrial Diseases Medical Panel is established to determine the questions prescribed in sections 38 and 93D of the Act. All claims for compensation in relation to pneumoconiosis, mesothelioma and lung cancer are referred to the Industrial Diseases Medical Panel for determination as to whether the worker is or was suffering from the prescribed diseases, the extent of the disability caused by the disease and a number of other related questions.

The Panel is made up of physicians who specialise in diseases of the chest or occupational disease. Panels operate independently, with WorkCover providing administrative support and funding only.

### Key Achievements 2001/02

- The Panel was convened on 31 occasions and 83 determinations were made.

## Membership to the Industrial Disease Medical Panel

Panel Members during 2001/02 were:

- Dr F Heyworth (Chairman)
- Dr E Gabbay
- Dr E Lee
- Prof A W Musk
- Dr M G Prichard
- Dr M K Tandon
- Dr R Tarala
- Dr A W Tribe
- Dr J Waring

## Industrial Disease Statistics

The majority of successful applications were associated with asbestos exposure at work.

Pneumoconiosis incidence is levelling out and may well decrease in the next few years, because of the impact of improved safety procedures particularly in underground mining. There is also a trend to less severe degrees of pneumoconiosis which is not shown in the raw figures. The trend for mesothelioma remains to be seen in the next few years.

An indication of statistical trends relating to application numbers over the past three years is as follows:

	1999/00	2000/01	2001/02
<b>Successful Applications</b>			
Pneumo-coniosis	17	9	<b>18</b>
Mesothelioma	34	28	<b>29</b>
Lung Cancer	6	8	<b>9</b>
Pneumo-coniosis/lung Cancer	5	2	<b>0</b>
Pneumo-coniosis/Meso-thelioma	1	0	<b>1</b>
<b>Total</b>	<b>63</b>	<b>47</b>	<b>57</b>
<b>Unsuccessful Applications</b>	3	4	<b>18</b>
<b>Total</b>	<b>66</b>	<b>51</b>	<b>75</b>
<b>Applications</b>			
Reviewed	12	4	<b>12</b>
New	54	47	<b>63</b>
<b>Total</b>	<b>66</b>	<b>51</b>	<b>75</b>
<b>Applications under – Section 93D</b>			
Pneumo-coniosis	N/A	4	<b>2</b>
Pneumo-coniosis/lung Cancer	N/A	1	<b>1</b>
Lung Cancer	N/A	1	<b>1</b>
Mesothelioma	N/A	0	<b>1</b>
<b>Total</b>	N/A	<b>6</b>	<b>5</b>

## Audit Opinion



### AUDITOR GENERAL

To the Parliament of Western Australia

#### **WORKERS' COMPENSATION AND REHABILITATION COMMISSION PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002**

##### **Matters Relating to the Electronic Presentation of the Audited Performance Indicators**

This audit opinion relates to the performance indicators of the Workers' Compensation and Rehabilitation Commission for the year ended June 30, 2002 included on the Commission's web site. The Commission is responsible for the integrity of the Commission's web site. I have not been engaged to report on the integrity of the Commission's web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

##### **Scope**

I have audited the key effectiveness and efficiency performance indicators of the Workers' Compensation and Rehabilitation Commission for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Commission's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

##### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Workers' Compensation and Rehabilitation Commission are relevant and appropriate for assisting users to assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2002.

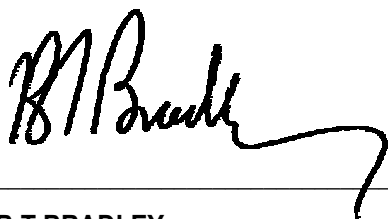
D D R PEARSON  
AUDITOR GENERAL  
August 27, 2002

4<sup>th</sup> Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664



## Certification of Performance Indicators

We hereby certify that the accompanying Performance Indicators are; based on proper records, relevant and appropriate for assisting users to assess the performance of the Workers' Compensation and Rehabilitation Commission, and fairly represent the performance of the Commission for the period 1 July 2001 to 30 June 2002.



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**B T BRADLEY**

Chairman

Workers' Compensation and Rehabilitation Commission

27 August 2002



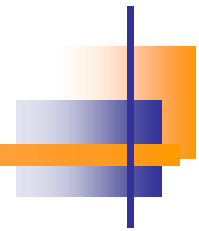
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**H T NEESHAM**

Member

Workers' Compensation and Rehabilitation Commission

27 August 2002



## Performance Indicator Report

For the year ended 30.06.2002.

### Rationale

WorkCover's Mission is:

**To minimise the social and economic impact on workers of work related injury and disease and achieve cost effectiveness for employers and the community.**

**This will be achieved through effective administration of the Workers' Compensation and Rehabilitation Act 1981, the provision of quality policy advice to government and excellent stakeholder relationships.**

To achieve the broad aims embodied in the Mission Statement WorkCover seeks to deliver three primary outcomes; Information, Education & Advice, Scheme Regulation and Dispute Resolution. Outputs produced by the Agency directly support achievement of these outcomes. Achievement of the outcomes in turn influences the broader aims of our Mission.

### Outcomes

The outcomes WorkCover seeks to achieve, and against which the agency's effectiveness is measured, are:

#### 1. Information, Education & Advice

Workers' compensation scheme participants are aware of their rights and responsibilities and Government receives accurate, timely policy advice regarding workers' compensation matters;

#### 2. Scheme Regulation

Workers' compensation scheme participants comply with legislative requirements and standards;

#### 3. Dispute Resolution

Workers' compensation disputes are resolved and agreements registered.

### Outputs

To achieve the outcomes of Scheme Regulation, Dispute Resolution, and Information, Education & Advice, WorkCover delivers the following outputs:

#### 1 Information and Education

Information and education is provided to targeted workers' compensation scheme participants. This aims to increase their knowledge of their rights and responsibilities regarding the scheme and workers' compensation and injury management matters.

WorkCover targets specific groups of participants to maximise the impact on the scheme.

Information and education is delivered:

- through seminar style sessions tailored to meet the needs of targeted groups and
- by way of a general enquiry service which provides answers to relevant questions from individual scheme participants.

#### 2 Policy Advice

The overall performance of the workers' compensation scheme depends on the legislative and policy framework within which it operates. WorkCover assists the Minister for Consumer and Employment Protection; the Minister responsible for administration of the Workers' Compensation and Rehabilitation Act 1981, to maintain and enhance this framework by providing policy advice.

Policy advice provided to the Minister is designed to meet the needs of the Minister and includes briefing papers, Executive Council papers, Cabinet submissions, policy position papers and drafting instructions.

### **3 Compliance**

WorkCover is responsible for assisting the Minister for Consumer and Employment Protection in the administration of the Workers' Compensation and Rehabilitation Act 1981. In line with this responsibility the agency seeks to secure compliance with the provisions of the Act. Inspections and investigations are conducted to ensure compliance with workers' compensation legislation and prosecution of non-complying parties.

It is fundamental to the operation of the scheme that employers hold a workers' compensation insurance policy. Large-scale non-compliance would result in increased premium rates and pressure on the Uninsured Fund. WorkCover seeks to ensure employers hold appropriate workers' compensation insurance cover through workplace visits and contact with employers by letter and telephone.

### **4 Accreditation and Licensing**

Key service providers ie. insurers and self-insurers, vocational rehabilitation providers and air conduction (hearing) testers, are subject to accreditation or licensing and their activities are monitored. Service providers that do not consistently deliver services to the agreed standard have sanctions imposed upon them.

### **5 Dispute Resolution**

WorkCover acts to resolve disputes between scheme participants through a system of conciliation and review. The initial process assists parties to resolve disputes by agreement through a system of conciliation conferences. Where the parties cannot reach agreement, disputes are heard and determined by a review officer. Appeals from decisions of review officers are heard in the compensation magistrate's court.

### **6 Registration of Agreements**

WorkCover registers agreements between scheme participants where:

- parties agree to settle a claim for compensation in accordance with legislation or
- there is agreement or a determination of the degree of disability of an injured worker prior to proceeding to civil action for common law damages.

### **Key Effectiveness Indicators**

Key Effectiveness Indicators measure the extent to which WorkCover has achieved its Outcomes during the preceding year.

### **Key Efficiency Indicators**

Key Efficiency Indicators measure the cost of producing outputs. Output costs include all expenditure of the agency with the exception of costs associated with the Employers' Indemnity Supplementation Fund (\$250,215), uninsured claims payments (\$551,538), research grants (\$41,281), the management of trust funds (\$26,754), tenant costs for the agency's West Perth property (\$119,114), funding of joint initiatives with the WorkSafe division of the Department of Employment and Consumer Protection (\$262,993) and fulfillment of WorkCover's obligations under the Service Delivery Agreement with the Commonwealth for delivery of services to Cocos and Christmas islands (\$6,878). These costs do not contribute to the delivery of outputs.

### **Notes to the Performance Indicators**

The following Performance Indicators should be read in conjunction with the accompanying Notes to the Performance Indicators.

## EFFECTIVENESS

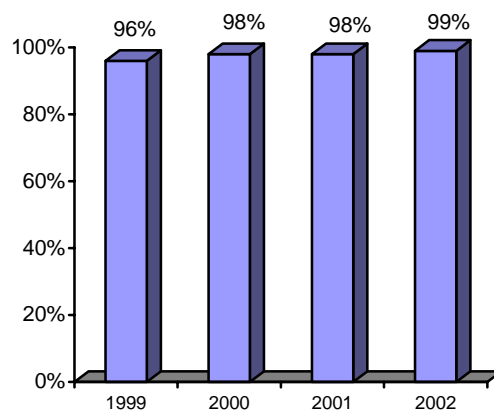
Key Effectiveness Indicators measure the extent to which WorkCover has achieved its Outcomes during the preceding year.

### OUTCOME 1 INFORMATION, EDUCATION AND ADVICE

*Workers' compensation scheme participants are aware of their rights and responsibilities and Government receives accurate, timely policy advice regarding workers' compensation matters.*

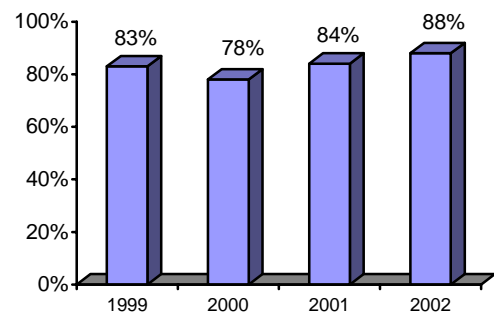
#### Effectiveness Indicator 1.1 – Seminar Attendees

The percentage of people attending WorkCover information and education seminars who reported an increase in their level of knowledge of the workers' compensation scheme as a result of the seminar:



#### Effectiveness Indicator 1.2 – Enquiries

The percentage of Info-line callers who said their level of knowledge of the workers' compensation scheme increased as a result of their call:



#### Effectiveness Indicator 1.3 – Policy Advice

The Minister for Consumer and Employment Protection's rating of policy advice provided by WorkCover:

**For 2001/2002 the Minister rated policy advice provided by WorkCover as effective.**

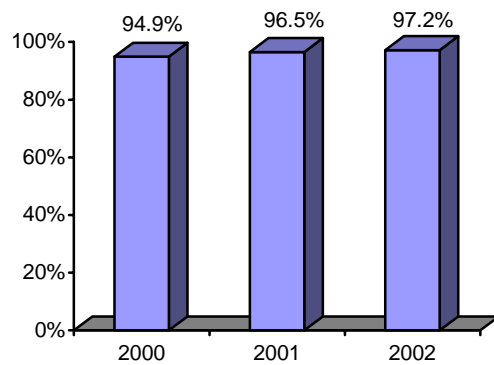
*This is the first year the Minister has rated WorkCover's policy advice on a 3 point scale rather than the 4 point scale used in previous years. For this reason no direct comparison with the results of the previous years is possible.*

## OUTCOME 2. SCHEME REGULATION

Workers' compensation scheme participants comply with legislative requirements and standards.

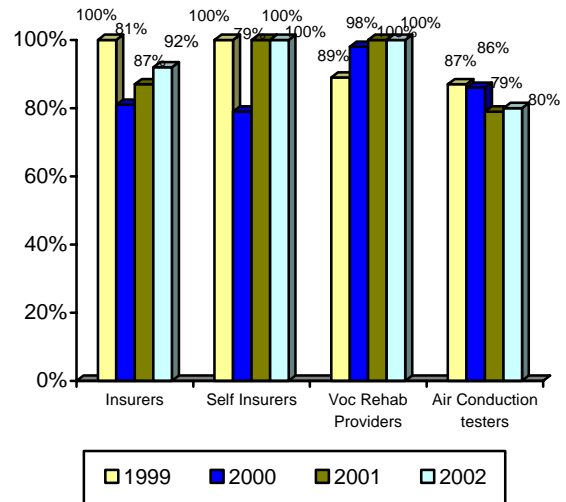
### Effectiveness indicator 2.1 - Compliance

Percentage of new employers found to hold workers' compensation insurance at the time of inspection:



### Effectiveness indicator 2.2 – Accreditation and Licensing

Percentage of service providers that met accreditation or licensing standards:



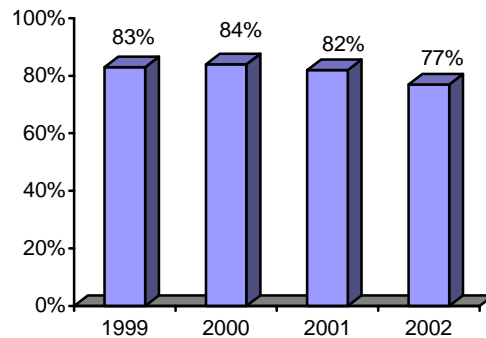
## OUTCOME 3. DISPUTE RESOLUTION

Workers' compensation disputes are resolved and agreements registered.

### Effectiveness Indicator 3.1 – Dispute Resolution

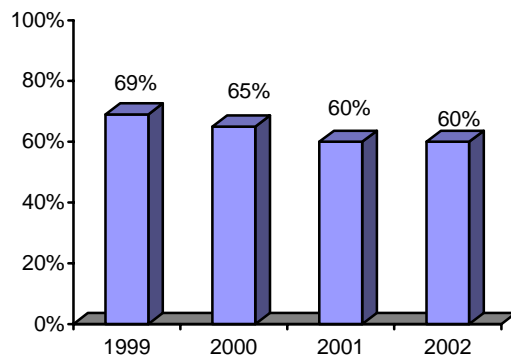
Percentage of workers' compensation disputes lodged with WorkCover's Conciliation and Review Directorate resolved at conciliation:

*The reduction in the percentage of disputes resolved at conciliation reflects an increasing trend over the last 2 years for parties to insist on progressing to the more formal review process to resolve disputes.*



### Effectiveness Indicator 3.2 – Dispute Resolution (Timeliness)

Percentage of workers' compensation scheme disputes lodged with WorkCover's Conciliation and Review Directorate resolved within 12 weeks of lodgement.



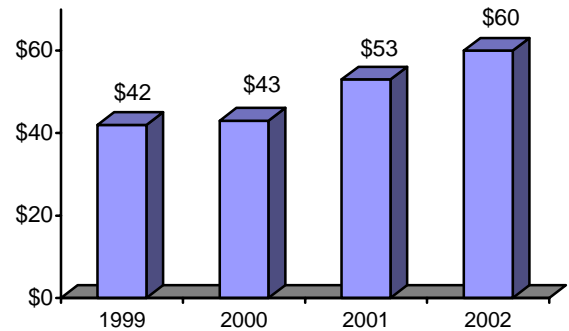
## EFFICIENCY

Key Efficiency Indicators measure the cost of producing outputs.

### Output 1

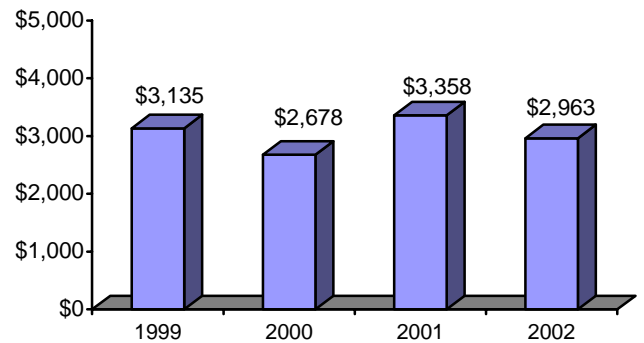
The cost per contact to provide information, education and training services:

*A reduction in the number of enquiry contacts, mainly in respect of Info-line, resulted in an increase in the cost per information contact.*



### Output 2

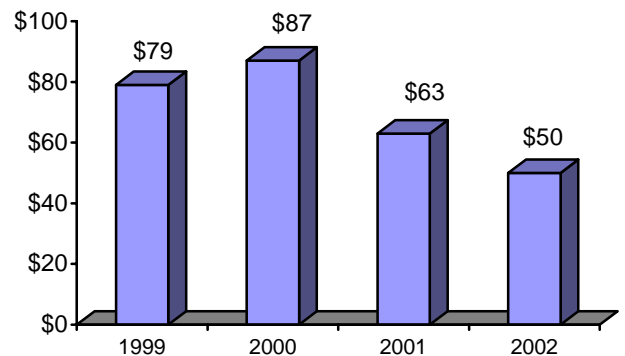
The cost per item of advice to provide policy advice to Government:



### Output 3

The cost per inspection to ensure compliance with the Workers' Compensation and Rehabilitation Act 1981:

*As no additional resources were employed to carry out an increased number of inspections, the cost per inspection was reduced by 20% from last year's cost.*

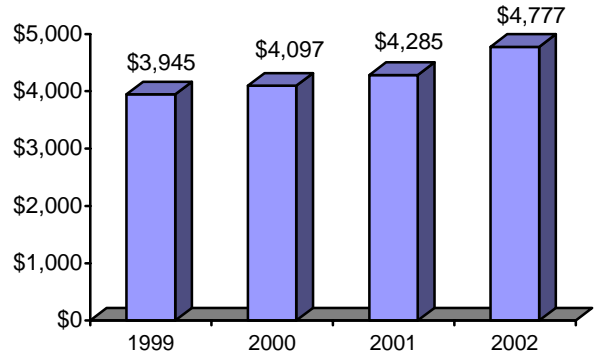


# Performance Indicators

## Output 4

The average weighted cost per service provider to monitor accredited or licensed service providers:

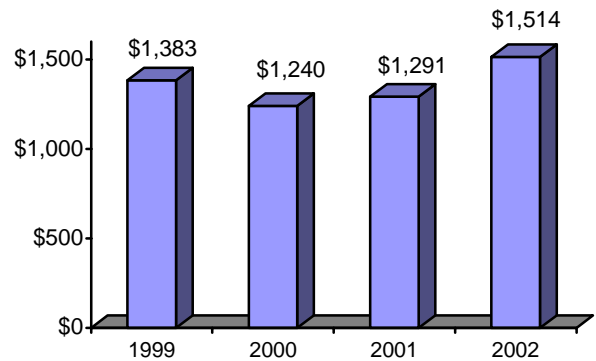
*A reduction in the number of insurers monitored impacted significantly on the performance indicator result because of the weighting applied to this class of service provider.*



## Output 5

The average cost to resolve each dispute:

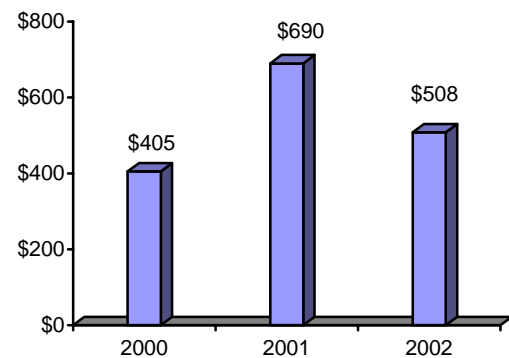
*The cost per dispute resolved was higher than previous years primarily due to more matters being progressed to the review stage in the dispute resolution process and a reduced number of applications being received.*



## Output 6

The cost per agreement to register agreements or determinations:

*The number of agreements processed increased by almost 30% over 2000/2001. The increased number of agreements was processed utilising existing resources resulting in a reduction in the cost per agreement.*





## Notes to the Performance Indicators

### *How were the performance indicators derived?*

#### **Effectiveness Indicator 1.1 – Information Seminars**

The indicator was derived from a survey of information and education session attendees. At the conclusion of each session people who attended were requested to complete a survey form with a four point rating scale. The respondents rated their level of agreement (from strongly disagree through disagree and agree, to strongly agree) with a statement indicating they had increased their knowledge of workers' compensation as a result of their attendance at the seminar.

The proportion of "agree" and "strongly agree" responses to total responses is reported as an indication of an increase in the attendees' level of knowledge of the workers' compensation scheme and their rights and responsibilities.

The information and education session attendees surveyed belong to targeted segments of WorkCover's primary customer groups: workers, employers and service providers. Of the 1,974 persons who attended information or education sessions, 1,822 were surveyed, with 1506 providing useable responses. This is a response rate of 82.66% with a sampling error rate of  $\pm 1.23\%$  at a 95% confidence level assuming 0.5 as the proportion of incidence in the population.

#### **Effectiveness Indicator 1.2 – Enquiries**

The indicator is derived from a survey of Info-line callers. At the conclusion of their Info-line call a sample of callers requesting workers' compensation related information was asked the question; Do you know more about the workers' compensation scheme as a result of the information provided to you during your call to Info-line? The proportion of "yes" answers to total responses forms the basis of this indicator.

During 2001/2002, 459 Info-line callers were surveyed out of 20719 calls received. 392 of those surveyed provided useable responses. This is a response rate of 85.4% with a sampling error rate of  $\pm 2.85\%$  at a 95% confidence level assuming .5 as the proportion of incidence in the population.

#### **Effectiveness Indicator 1.3 – Policy Advice**

WorkCover's effectiveness in providing policy advice to Government is measured by surveying the Minister for Consumer and Employment Protection to assess his perception of how effectively WorkCover has provided Government with accurate policy advice consistent with Government requirements.

The Minister for Consumer and Employment Protection rated the policy advice provided by WorkCover by responding to the question "How effectively has WorkCover provided the Minister with accurate policy advice consistent with Government's requirements". The rating was provided on a 3 point scale consisting of ineffective, effective and very effective.

This is the first year the Minister has rated WorkCover's policy advice on a 3 point scale rather than the 4 point scale used in previous years. For this reason no direct comparison with the results for previous years is possible.

#### **Effectiveness Indicator 2.1 – Compliance**

The indicator is derived from the results of monitoring carried out by WorkCover. WorkCover inspects businesses to determine their compliance with the requirement to hold workers' compensation insurance. One of the primary categories of businesses subject to inspection is new business. The indicator shows the percentage of new businesses inspected, which had workers' compensation, insurance at the time checks were made.

New business inspections are used as the basis for this indicator because all other businesses are subject to continuous monitoring by WorkCover. If an existing business with a workers' compensation insurance policy fails to renew its policy the insurer notifies WorkCover and the agency follows up to ensure the business has a current policy if required. Further field inspection activities are targeted at locating any other existing businesses that do not hold appropriate insurance cover. Consequently, new businesses represent the most likely category of business to include uninsured employers.

Since April 2002, information on new business registrations has been obtained directly from the Department of Consumer and Employment Protection (DOCEP). Prior to this, the information was obtained from Dunn and Bradstreet who published information on new business registrations obtained from DOCEP in their publication, Dunn's Gazette.

An inspection may consist of an on site visit or other contact such as a letter or telephone call.

## **Effectiveness Indicator 2.2 – Accreditation & Licensing**

WorkCover accredits and licenses key service providers and monitors their activities to ensure services are being delivered to the agreed standard. Service providers subject to monitoring are insurers, self insurers, vocational rehabilitation providers and air conduction (hearing) testers.

The Accreditation & Licensing effectiveness indicator is derived from internal records of the results of service provider monitoring for compliance with legislation and standards. All accredited/licenced service providers are included the results for the performance indicator.

## **Effectiveness Indicators 3.1 & 3.2 - Dispute Resolution**

The Dispute Resolution effectiveness indicators are derived from case records of all disputes held by WorkCover's Conciliation and Review Directorate.

## **Efficiency Indicators**

Efficiency indicators are formulated to measure the cost per output unit. Cost data is taken from the financial statements. Quantity measures are extracted from the agency's Output Based Management reporting system and agency files.

### ***What are the differences from previous performance indicators?***

The Policy Advice effectiveness indicator is based on the results of a survey of the Minister for Consumer and Employment Protection. This is the first year the Minister has rated WorkCover's policy advice on a 3 point scale. In previous years a 4 point scale was used. For this reason no direct comparison with previous year's results is possible.

### ***Why are the indicators relevant to the outcomes and outputs?***

WorkCover's outcomes for 2001/2002 were:

- **Outcome 1: Information, Education & Advice**

Workers' compensation scheme participants are aware of their rights and responsibilities and Government receives accurate, timely policy advice regarding workers' compensation matters.

- **Outcome 2 – Scheme Regulation**

Workers' compensation scheme participants comply with legislative requirements and standards.

- **Outcome 3**

Workers' compensation disputes are resolved and agreements are registered.

## **Effectiveness Indicators 1.1 and 1.2**

In order to maximise the impact on the workers' compensation scheme, WorkCover has adopted a two pronged approach to its delivery of information and education. Firstly, key groups of scheme participants are identified and targeted for delivery of information and education seminar style sessions. This approach directs specific information to those most in need.

Secondly, answers are provided to individual scheme participants' enquiries on a one-to-one basis through WorkCover's general enquiry service. The vast majority of enquiries are via WorkCover's Info-line telephone enquiry service.

Effectiveness indicators 1.1 and 1.2 are directly relevant to the information & education component of Outcome 1 in that they measure the increase in targeted scheme participants' level of knowledge of the workers' compensation scheme achieved as a result of outputs of the agency.

## **Effectiveness Indicator 1.3**

As the agency responsible for providing workers' compensation related policy advice to Government, WorkCover provides advice to the Minister for Consumer and Employment Protection. The Minister's satisfaction with policy advice provided by the agency directly measures the extent to which WorkCover has achieved the policy advice component of Outcome 1.

## **Effectiveness Indicator 2.1**

The indicator shows the percentage of sampled employers with workers' compensation insurance at the time checks were made.

This indicator supports Outcome 2 in that it indicates the extent to which employers comply with the provisions of the Workers' Compensation and Rehabilitation Act 1981 relating to requirements to hold workers' compensation insurance policies.

## **Effectiveness Indicator 2.2**

The percentage of service providers that met agreed standards is directly relevant to Outcome 2 in that it measures the extent to which service providers complied with the provisions of the Workers' Compensation and Rehabilitation Act 1981 and agreed standards.

## **Effectiveness Indicator 3.1 and 3.2**

In 1993 the Government amended the Workers' Compensation and Rehabilitation Act 1981 to streamline the dispute resolution process. The amended process is aimed at resolving disputes in a manner that is fair, just, economical, informal and quick. These objectives are implicit in the Dispute Resolution Outcome.

As parties to a dispute must agree for a dispute to be resolved at conciliation, conciliated resolutions are the most equitable outcome to a dispute. Also, disputes resolved in a timely manner contain costs and promote an early return to work for injured workers.

Effectiveness indicators 3.1 and 3.2 directly measure these aspects of the dispute resolution process and are therefore directly relevant to the Outcome 3 – Dispute Resolution.

## **Efficiency Indicators**

The efficiency indicators are based on the cost and quantity measures for each Output and as such gauge the overall efficiency in achieving desired Outcomes.

### *Why are they key indicators of performance*

The indicators reported directly measure WorkCover's effectiveness and efficiency in producing outputs and achieving Outcomes.

### *How can the indicators assist the reader to assess performance*

The effectiveness indicators inform the reader of the extent to which:

- Targeted workers' compensation scheme participants perceived the information and education provided by WorkCover increased their knowledge of the workers' compensation scheme;
- WorkCover provided accurate, timely advice regarding workers' compensation matters to the Government, as perceived by the Minister for Consumer and Employment Protection;
- Key workers' compensation scheme participants complied with legislative and other standards and
- Disputes between parties in the workers' compensation scheme were resolved in an equitable and timely manner.

Efficiency indicators show the cost of each output based on a measurable unit of quantity.

Performance indicator results are presented as simple percentages, ratios or plain English statements. In most cases results can be compared with previous years' performance.

## Audit Opinion



AUDITOR GENERAL

To the Parliament of Western Australia

### WORKERS' COMPENSATION AND REHABILITATION COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

**Matters Relating to the Electronic Presentation of the Audited Financial Statements**  
This audit opinion relates to the financial statements of the Workers' Compensation and Rehabilitation Commission for the year ended June 30, 2002 included on the Commission's web site. The Commission is responsible for the integrity of the Commission's web site. I have not been engaged to report on the integrity of the Commission's web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

#### Scope

I have audited the accounts and financial statements of the Workers' Compensation and Rehabilitation Commission for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Commission.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Commission to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Commission's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Page 1 of 2

4<sup>th</sup> Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

### Workers' Compensation and Rehabilitation Commission Financial statements for the year ended June 30, 2002

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Workers' Compensation and Rehabilitation Commission provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at June 30, 2002 and its financial performance and its cash flows for the year then ended.

D D R PEARSON  
AUDITOR GENERAL  
August 27, 2002

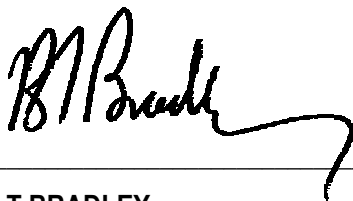
Page 2 of 2

4<sup>th</sup> Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

## Certification of Financial Statements

The accompanying financial statements of the Workers' Compensation and Rehabilitation Commission have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2002 and the financial position as at 30 June 2002.

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.



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**B T BRADLEY**

Chairman

Workers' Compensation and Rehabilitation Commission

27 August 2002



---

**H T NEESHAM**

Member

Workers' Compensation and Rehabilitation Commission

27 August 2002



---

**M D'OVIDIO**

Acting Principal Accounting Officer

Workers' Compensation and Rehabilitation Commission

27 August 2002

# Financial Statements

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Statement of Financial Performance  
For the year ended 30 June 2002

	Note	2002 \$	2001 \$
<b>REVENUE</b>			
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
Insurer contributions		12,347,470	9,479,077
Goods and services	2	384,822	384,052
Commonwealth grants and contributions	3	25,546	41,852
Fines and penalties		21,571	30,831
Net profit on sale of non-current assets	12	23,689	-
Other revenues from ordinary activities	5	27,009,198	396,593
<i>Revenue from non-operating activities</i>			
Interest revenue	4	288,053	757,908
Reduction in the charge to provision	11, 25	50,800,954	-
<b>Total revenues from ordinary activities</b>		<b>90,901,303</b>	<b>11,090,313</b>
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	6	7,109,485	6,989,335
Supplies and services	7	1,265,705	1,383,216
Depreciation and amortisation expense	8	762,720	822,537
Doubtful debts expense		7,993	418,182
Administration expenses	9	1,193,474	1,025,450
Accommodation expenses	10	720,588	582,474
Charge to provisions	11	1,165,324	124,075,220
Uninsured claims		463,094	230,706
Refund of Commonwealth grant		-	111,098
Net loss on sale of non-current assets	12	-	8,089
Other expenses from ordinary activities	13	677,962	9,332,207
<b>Total expenses from ordinary activities</b>		<b>13,366,345</b>	<b>144,978,514</b>
<b>Profit/(loss) before grants and subsidies from Government</b>		<b>77,534,958</b>	<b>(133,888,201)</b>
Resources received free of charge		116,676	100,642
<b>Net Profit/(loss)</b>		<b>77,651,634</b>	<b>(133,787,559)</b>
Net (increase)/decrease in asset replacement reserve		(107,497)	(101,246)
<b>Total revenues, expenses and adjustments recognised directly in equity</b>		<b>(107,497)</b>	<b>(101,246)</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>		<b>77,544,137</b>	<b>(133,888,805)</b>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

# Financial Statements

## WORKERS' COMPENSATION & REHABILITATION COMMISSION Statement of Financial Position As at 30 June 2002

	Note	2002 \$	2001 \$
<b>Current Assets</b>			
Cash assets	14	116,962	24,641
Restricted cash assets	15	3,895,483	2,419,157
Receivables	16	402,383	177,108
Investments	17	5,031,242	4,074,831
Other assets	18	1,668,736	58,639
<b>Total Current Assets</b>		<b>11,114,806</b>	<b>6,754,376</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	19	8,159,775	8,577,993
Relocation capitalisation	20	-	31,571
<b>Total Non-Current Assets</b>		<b>8,159,775</b>	<b>8,609,564</b>
<b>Total Assets</b>		<b>19,274,581</b>	<b>15,363,940</b>
<b>Current Liabilities</b>			
Payables	21	1,460,812	3,206,091
Provisions	22	18,493,545	40,707,723
<b>Total Current Liabilities</b>		<b>19,954,357</b>	<b>43,913,814</b>
<b>Non-Current Liabilities</b>			
Provisions	22	37,607,875	87,389,411
<b>Total Non-Current Liabilities</b>		<b>37,607,875</b>	<b>87,389,411</b>
<b>Total Liabilities</b>		<b>57,562,232</b>	<b>131,303,225</b>
<b>NET ASSETS</b>		<b>(38,287,651)</b>	<b>(115,939,285)</b>
<b>Equity</b>			
Reserves	23	336,858	229,361
Retained profits/(accumulated losses)		(38,624,509)	(116,168,646)
<b>TOTAL EQUITY/(DEFICIT)</b>		<b>(38,287,651)</b>	<b>(115,939,285)</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



# Financial Statements

## WORKERS' COMPENSATION & REHABILITATION COMMISSION

### Statement of Cash Flows

For the year ended 30 June 2002

	Note	2002 \$	2001 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Supplementation Fund levy collected		24,811,935	-
Insurer contributions		12,347,470	9,060,895
Goods and services		384,822	376,412
Interest Received		312,653	766,018
GST Receipts on sale		60,874	46,852
GST Receipts from taxation authority		362,170	233,403
Other receipts		391,203	457,004
<b>Payments</b>			
Supplementation Fund claim payments		(23,415,784)	(6,225,493)
Employee entitlements		(7,864,873)	(7,796,634)
Supplies and services		(3,373,353)	(3,149,902)
GST Payments on purchases		(434,737)	(340,160)
Other payments		(702,081)	(581,133)
<b>Net cash provided by/(used in) operating activities</b>	<b>24</b>	<b>2,880,299</b>	<b>(7,152,738)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets	12	171,955	42,953
Purchase of non-current physical assets		(527,196)	(234,925)
<b>Net cash provided by/(used in) investing activities</b>		<b>(355,241)</b>	<b>(191,972)</b>
<b>Net increase (decrease) in cash held</b>		<b>2,525,058</b>	<b>(7,344,710)</b>
Cash at the beginning of the financial year		6,518,629	13,863,339
<b>Cash at the end of the financial year</b>	<b>24</b>	<b>9,043,687</b>	<b>6,518,629</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

## 1 Significant Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the preceding year.

### General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views 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 Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention. Additions to non-current physical assets are stated at cost.

#### (a) Workers' Compensation and Rehabilitation General Fund and the Employers' Indemnity Supplementation Fund

The financial statements represents transactions of the General Fund established under section 106 of the Workers' Compensation and Rehabilitation Act 1981, and the Supplementation Fund established under section 5 of the Employers' Indemnity Supplementation Fund Act 1980.

#### (b) Grants and Other Contributions Revenue

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Authority obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2002**

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Contributions 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.

**(c) Revenue Recognition**

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Authority has passed control of the goods or other assets or delivery of the service to the customer.

**(d) Acquisitions of assets**

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

**(e) Depreciation of non current assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner, which reflects the consumption of their future economic benefits.

Depreciation is calculated on the straight-line basis, using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Buildings	20 to 25 years
Office furniture & equipment	10 to 15 years
Information technology	5 years
Motor vehicles	2 years

**(f) Workers' Compensation Board-relocation costs/Conciliation and Review Directorate-office re fit**

Costs for 15 Rheola Street West Perth are being amortised over 10 years using the straight-line method.

**(g) Cash**

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2002

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(h) Receivables

Account receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

(i) Investments

Investments are brought to account at the lower of cost and recoverable amount.

Interest revenues are recognised as they are accrued.

(j) Web site costs

Costs in relation to web sites controlled by the Authority are charged as expenses in the period in which they are incurred.

(k) Payables

Payables, including accruals not yet billed, are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(l) Employee entitlements

Annual leave

*This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.*

Long service leave

Leave entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by Barton Consultancy Pty Ltd in 2000 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

## WORKERS' COMPENSATION & REHABILITATION COMMISSION

### Notes to the Financial Statements

For the year ended 30 June 2002

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#### Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme are partially unfunded and the liability for future payments are provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by regular payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The GESB's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

#### (m) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Authority considers the carrying amount approximates net fair value.

#### (n) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2002**

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**(o) Segment Information**

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the segment reporting Accounting Standard AASB 1005 Segment Reporting.

Segment revenues and expenses are allocated on the basis of direct attribution and reasonable estimates of usage.

Segment information has been disclosed by output (see note 33).

**(p) Provision for Uninsured Claims Pursuant to Section 174**

Provision is made to meet payments required under section 174 of the Workers' Compensation and Rehabilitation Act 1981 where the Conciliation and Review Directorate have made an order and the worker has not received the compensation due from the General Fund by 30 June 2002.

**(q) Asset Replacement Reserve**

The Commission set up the reserve to address the specific area associated with computing technology because of the cost and high rate of change in technology applications. Funds are set aside in the reserve for the following assets:

- PC's
- IT hardware and software
- PABX
- Printers

The parameters for inclusion in the reserve is if the asset costs more than \$5,000 and there is an ongoing need for it.

**(r) IT Software Written Off**

Capitalised IT Software costs from previous years were reviewed and removed from the Authority's accounts, as they were not considered to be non current assets (see note 13).

**(s) Comparative Figures**

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

# Financial Statements

**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2002**

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>2 Goods and Services</b>		
Revenue from tenant	321,539	302,236
Transcripts	19,830	23,796
Other	43,453	58,020
	<u>384,822</u>	<u>384,052</u>
<b>3 Commonwealth grants and contributions</b>		
The Commonwealth Government has a Service Delivery Arrangement with the Commission for the provision of services to Christmas Island and Cocos-Keeling Island.		
Opening balance	29,947	111,098
Funding received from the Commonwealth	25,546	41,852
	<u>55,493</u>	<u>152,950</u>
Payments by Program		
Statistical Database	2,677	1,343
Policy & Legislation	122	1,389
Noise Induced Hearing loss	24	242
Dispute Resolution	26	366
Community Awareness	705	5,037
Compliance	-	119
Support	3,324	3,409
Refund of Grant to the Commonwealth	-	111,098
Total Payments	<u>6,878</u>	<u>123,003</u>
Balance carried forward	<u>48,615</u>	<u>29,947</u>
<b>4 Interest revenue</b>		
<u>General Fund</u>	164,533	227,877
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>	123,520	530,031
	<u>288,053</u>	<u>757,908</u>
<b>5 Other revenues from ordinary activities</b>		
<u>General Fund</u>		
Recoveries from uninsured employers	132,487	9,772
Seminars	23,099	30,545
Other	3,349	130
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Surcharge	26,644,569	-
Recovery	205,694	354,156
Other	-	1,990
	<u>27,009,198</u>	<u>396,593</u>

# Financial Statements



**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
Notes to the Financial Statements  
For the year ended 30 June 2002

	2002 \$	2001 \$
<b>6 Employee expenses</b>		
Wages and salaries	6,076,718	5,996,751
Superannuation	575,707	573,807
Other related expenses(I)	457,060	418,777
	7,109,485	6,989,335

(I) These employee expenses include superannuation, payroll tax, WorkCover premiums and other employment on-costs associated with the recognition of annual and long service liability. The related on-costs liability is included in employee entitlement liabilities at Note 22.

**7 Supplies and services**

Actuarial Fees	162,370	174,994
Advertising	35,677	46,894
Audit	33,720	36,593
Court Recording	134,129	100,188
Legal	143,945	123,158
Library	38,424	39,233
Medical Panels	465,398	567,482
Motor Vehicle	54,312	54,200
Printing	44,608	78,714
Professional Fees	78,201	64,764
Other expenses	74,921	96,996
	1,265,705	1,383,216

**8 Depreciation and amortisation expense**

<b>Depreciation</b>		
Buildings	455,608	453,568
Information Technology	199,669	238,219
Furniture & Equipment	30,036	31,254
Motor Vehicles	45,835	46,102
<b>Amortisation</b>		
Relocation costs	31,572	53,394
	762,720	822,537

**9 Administration expenses**

Insurance	134,532	104,966
Information Technology	732,418	581,734
Photocopy & Fax Running Costs	49,159	37,521
Postage	86,195	87,867
Staff Training	24,122	27,289
Stationery	25,850	26,441
Telephone	132,269	136,543
Other expenses	8,929	23,089
	1,193,474	1,025,450

**10 Accommodation expenses**

Accommodation expenses - West Perth	332,918	308,795
Accommodation expenses - Shenton Park	387,670	273,679
	720,588	582,474



# Financial Statements

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2002

	2002 \$	2001 \$
<b>11 Charge to provisions</b>		
<u>General Fund</u>		
Annual Leave	455,555	491,098
Long Service leave	204,085	320,638
Superannuation	505,684	951,484
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Initial estimation of future claim payments	-	122,312,000
	1,165,324	124,075,220
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Reduction in the charge to provision	(50,800,954)	-
	(50,800,954)	-
<b>12 Net profit/(loss) on sale of non-current assets</b>		
Motor Vehicles	24,213	(6,251)
Information Technology	670	(1,594)
Furniture & Equipment	(1,194)	(244)
	23,689	(8,089)
Gross proceeds from disposal of assets	171,955	42,953
<b>13 Other expenses from ordinary activities</b>		
<u>General Fund</u>		
Joint Initiative with WorkSafe	262,993	-
IT Software Written Down	65,999	-
Research Grants	41,281	56,211
Sitting Fees	10,993	12,279
Seminars	29,629	40,625
Other expenses	16,852	23,933
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Claim Payments	165,838	9,157,985
Insurance Commission of WA expenses in recovery	16,825	31,836
Other	67,552	9,338
	677,962	9,332,207
<b>14 Cash assets</b>		
Bank account	115,462	23,341
Cash on hand	1,500	1,300
	116,962	24,641

# Financial Statements



## WORKERS' COMPENSATION & REHABILITATION COMMISSION

### Notes to the Financial Statements

For the year ended 30 June 2002

	2002 \$	2001 \$
<b>15 Restricted Cash Assets</b>		
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Supplementation Fund cash balance at Treasury	3,846,868	2,389,210
<u>Commonwealth Funding - Christmas &amp; Cocos Keeling Island</u>		
The Commonwealth Government provides funding in accordance with the Service Level Agreement. Under the agreement the Commission provides a range of workers' compensation related services.		
Unspent funds for Christmas & Cocos-Keeling Island	48,615	29,947
	3,895,483	2,419,157
<b>16 Receivables</b>		
Current		
<u>General Fund</u>		
Trade debtors	495,396	478,978
Provision for doubtful debts	(444,444)	(437,542)
Fines and penalties	72,335	67,932
GST receivable	81,073	67,740
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Trade debtors	197,659	-
GST receivable	364	-
	402,383	177,108
<b>17 Investments</b>		
Current		
At cost:		
-Short Term Money Market	2,580,985	1,200,345
-Funds held at Treasury	2,450,257	385,397
-Bank Bills	-	2,489,089
	5,031,242	4,074,831
<b>18 Other assets</b>		
Current-Accrued income		
<u>General Fund</u>		
Administration fee - Trust Fund	1,239	1,517
Interest	17,751	13,122
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Interest	14,771	44,000
Surcharge	1,634,975	-
	1,668,736	58,639

# Financial Statements

**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2002**

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>19 Property, plant, equipment &amp; vehicles</b>		
Plant, equipment & vehicles		
At cost	1,659,545	1,946,595
Accumulated depreciation	(949,132)	(1,196,843)
	<u>710,413</u>	<u>749,752</u>
Office furniture & equipment		
At cost	390,437	356,922
Accumulated depreciation	(239,776)	(226,525)
	<u>150,661</u>	<u>130,397</u>
Freehold land		
At cost(I)	<u>1,588,828</u>	<u>1,588,828</u>
Buildings		
At cost(I)	11,438,517	11,382,052
Accumulated depreciation	(5,728,644)	(5,273,036)
	<u>5,709,873</u>	<u>6,109,016</u>
	<u>8,159,775</u>	<u>8,577,993</u>

(I) A valuation performed by the Valuer General's Office dated 28 May 2002 shows the market value of land and buildings at \$10.15 million. The difference is due to the Commission valuing assets on the historical cost convention.

## Reconciliations

Reconciliations of carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below.

	Plant, equipment & vehicles	Office furniture & equipment	Freehold land	Buildings	Total
Carrying amount at start of year	749,752	130,397	1,588,828	6,109,016	8,577,993
Additions	408,828	61,904	-	56,465	527,197
Disposals	(202,663)	(11,604)	-	-	(214,267)
Depreciation	(245,504)	(30,036)	-	(455,608)	(731,148)
Carrying amount at end of year	<u>710,413</u>	<u>150,661</u>	<u>1,588,828</u>	<u>5,709,873</u>	<u>8,159,775</u>

## 20 Relocation Capitalisation

Relocation Capitalisation		
At cost	533,941	533,941
Accumulated amortisation	(533,941)	(502,370)
	<u>-</u>	<u>31,571</u>

# Financial Statements

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2002

	2002 \$	2001 \$
<b>21 Payables</b>		
Current		
<u>General fund</u>		
Trade payables	375,287	257,802
Salaries	180,943	179,205
Superannuation	18,597	13,335
GST payable	6,158	4,154
Other creditors	20,568	18,238
<u>Employers' Indemnity Supplementation Fund</u>		
Claim payments	859,259	2,733,357
	1,460,812	3,206,091
<b>22 Provisions</b>		
Current		
<u>General Fund</u>		
Annual leave	485,085	474,307
Long service leave	490,166	489,483
Superannuation(I)	416,944	389,933
Uninsured Claims	15,350	25,000
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Liability for estimated future claim payments	17,086,000	39,329,000
	18,493,545	40,707,723
Non-current		
<u>General Fund</u>		
Long service leave	704,550	641,900
Superannuation(I)	4,066,325	3,764,511
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Liability for estimated future claim payments	32,837,000	82,983,000
	37,607,875	87,389,411

(I) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and WorkCover premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses) at Note 6.

(II) The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

# Financial Statements

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2002

	2002 \$	2001 \$
The Commission considers the carrying amount of employee entitlements approximates the net fair value.		
<b>Provision for Employee Entitlement</b>		
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Provision for employee entitlements:		
Current	1,392,195	1,353,723
Non-current	4,770,875	4,406,411
	<u>6,163,070</u>	<u>5,760,134</u>

## 23 Equity

### Reserves

#### Asset Replacement Reserve(I):

Opening balance	229,361	128,115
Transfer to reserve	200,000	159,000
Transfer from reserve	(92,503)	(57,754)
Closing balance	<u>336,858</u>	<u>229,361</u>

#### Retained profits/(accumulated losses)(II)

Opening balance	(116,168,646)	17,720,159
Net profit/(loss)	77,651,634	(133,787,559)
Transfer (to reserve)/from reserve	(107,497)	(101,246)
Closing balance	<u>(38,624,509)</u>	<u>(116,168,646)</u>

(I) The Asset Replacement Reserve is used to replace/purchase non-current assets, as described in accounting policy note 1(r).

(II) As at 30 June 2001 an amount of \$12,852,126 was disclosed as Capital. In accordance with contemporary accounting practices and principles, this amount has been reclassified and is included as part of retained profits/accumulated losses for 2001/2002. Comparative figures for 2000/2001 have been reclassified accordingly.



WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2002

	2002 \$	2001 \$
<b>24 Notes to the Statement of Cash Flows</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	116,962	24,641
Restricted cash assets	3,895,483	2,419,157
Investments	5,031,242	4,074,831
<b>Total Cash Assets (per Statement of Cashflows)</b>	<b>9,043,687</b>	<b>6,518,629</b>
<b>(b) Non-cash financing and investing activities</b>		
During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Statement of Cash Flows.		
<b>(c) Reconciliation of profit/loss from ordinary activities to net cash flows provided by/(used in) operating activities</b>		
Profit/(loss) from ordinary activities	77,651,634	(133,787,559)
Non-cash items:		
Depreciation & Amortisation expense	762,720	822,537
Net profit/(loss) on sale of non-current assets	(23,689)	8,089
Asset write off & recoup asset cost from insurer	65,999	4,432
(Increase)/decrease in assets:		
Current receivables(III)	(211,578)	(21,367)
Other assets	(1,610,097)	11,701
Net GST receipts/(payments)(I)	(373,863)	(293,308)
Change in GST receivables/(payables)(II)	362,170	233,403
Increase/(decrease) in liabilities		
Payables	(1,747,283)	2,517,140
Current provisions	(22,214,178)	38,748,106
Non-current provisions	(49,781,536)	84,604,088
<b>Net cash provided by/(used in) operating activities</b>	<b>2,880,299</b>	<b>(7,152,738)</b>

(I) This is the net GST paid/received, ie. cash transactions.

(II) This reverses out the GST in accounts receivable and payable.

(III) Note that ATO receivable/payable in respect of GST and receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they are not reconciling items.

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2002

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2002	2001
\$	\$

## 25 Employers' Indemnity Supplementation Fund (EISF)

The EISF was established by the Employers' Indemnity Supplementation Fund Act (the Act) to provide for payment of workers' compensation claims in Western Australia:

- in the event an approved insurer collapses.
- to waterfront workers suffering from asbestos related diseases under the Waterfront Workers' (Compensation for Asbestos Related Diseases) Act.

HIH Insurance was officially placed into liquidation on 27 August 2001. All claims up to and including 15 March 2001, the date HIH was placed into provisional liquidation, are required to be paid from the EISF.

In accordance with Australian Accounting Standard 26 "Financial Reporting of General Insurance Activities" the outstanding claims liability at 30 June 2001 was assessed at \$122.312 million. The actuarial assessment at 30 June 2002 has estimated the liability to be \$49.923 million at inflated and discounted values including an 75% prudential margin. A provision of \$49.923 million has been included in the financial statements as at 30 June 2002 as a liability (See note 22). Consequently, the provision has been reduced (See note 11).

For the purpose of addressing the outstanding claims liability, a 5% surcharge is imposed on employers' insurance policies for the 2001/02 year. For the 2002/2003 financial year the surcharge was reduced to 3%. Revenue collected from the surcharge will be used to pay this liability.

## 26 Contingent Liabilities

In addition to the liabilities incorporated in the financial, statements the Commission has the following contingent liabilities:

On the 29 July 2002, the Full Court quashed the assessment/surcharge payable by two Self Insurers pursuant to section 16 of the EISF. The legal advice suggests the money received by WorkCover to the value of \$304,132, be refunded and a new assessment/surcharge be issued to the Self Insurers to pay.



## WORKERS' COMPENSATION & REHABILITATION COMMISSION

Notes to the Financial Statements

For the year ended 30 June 2002

### 27 Explanatory Statement

**(i) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year for the General and Supplementation Fund.**

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% and \$50,000.

	Note	2002 \$	2001 \$	Variance \$
Insurer contributions	1	12,347,470	9,479,077	2,868,393
Interest revenue	2	288,053	757,908	(469,855)
Reduction in the charge to provision	3	50,800,954	-	50,800,954
Other revenues from ordinary activities	4	27,009,198	396,593	26,612,605
Doubtful debts expense	5	7,993	418,182	(410,189)
Administration expenses	6	1,193,474	1,025,450	168,024
Accommodation expenses	7	720,588	582,474	138,114
Charge to provisions	8	1,165,324	124,075,220	(122,909,896)
Uninsured claims	9	463,094	230,706	232,388
Refund of Commonwealth grant	10	-	111,098	(111,098)
Other expenses from ordinary activities	11	677,962	9,332,207	(8,654,245)

#### 1 Insurer contributions

Contributions were less in 2001 due to funds received from the Employers' Indemnity Supplementation Fund (EISF) to fund the agency's operations and the non payment of contribution by HIH Insurance due to it being placed into liquidation.

#### 2 Interest revenue

The variance is due to a reduction in the level of funds in the EISF. These funds were used to pay for HIH Insurance workers' compensation claims in Western Australia and therefore less interest revenue was generated in 2002.

#### 3 Reduction in the charge to provision

This variance relates to the collapse of HIH Insurance and reflects a reduction in the outstanding provision for workers' compensation claim payments in this State. Refer to note 11 and 25.

#### 4 Other revenues from ordinary activities

The variance is due to the introduction of a 5% surcharge on employers workers' compensation insurance policies on 25 June 2001. Refer to note 25.

#### 5 Doubtful debts expense

In 2001 the doubtful debts expense represents contribution to the General Fund that was outstanding from HIH Insurance due to it being placed into liquidation.

#### 6 Administration expenses

The variance is due to increased Information Technology costs and workers' compensation insurance premiums.

#### 7 Accommodation expenses

The variance is mainly due to refurbishing premises in Shenton Park.



# Financial Statements

## WORKERS' COMPENSATION & REHABILITATION COMMISSION Notes to the Financial Statements For the year ended 30 June 2002

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### 8 Charge to provisions

In 2001 the charge to provision included an increase in the Commission's superannuation liability and allowance was made for the estimated claim payments due to workers under the EISF as a consequence of HIH Insurance being placed into liquidation.

For 2002 there is a return to normal allocation to provision accounts.

### 9 Uninsured claims

The variance is due to an increase in payments to workers of uninsured employers during the financial year.

### 10 Refund of Commonwealth grant

This year there was no refund of money paid to the Commonwealth Government.

### 11 Other expenses from ordinary activities

The variance is mainly due to HIH Insurance workers' compensation claim payments being paid from the provision account in 2002.

### **(ii) Significant variations between estimates and actual results for the financial year for the General Fund.**

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% and \$50,000.

	<u>Estimate</u>	<u>Actual</u>	<u>Variance</u>
Other revenues from ordinary activities	53,600	158,935	105,335
Uninsured claims	161,620	463,094	301,474

### Other revenues from ordinary activities

The variance is due to the recovery of money from an uninsured employer that was not anticipated.

### Uninsured claims

The variance is due to an increase in payments to workers of employers that were uninsured for workers' compensation purposes.

WORKERS' COMPENSATION & REHABILITATION COMMISSION  
Notes to the Financial Statements  
For the year ended 30 June 2001

## 28 Financial Instruments

### (a) Interest Rate Risk Exposure

Investments represent Commercial Bills purchased by the Commission that mature in 30-60 days. Restricted cash resources is at call. The following table details the Commission's exposure to interest rate risk as at the reporting date:

2002	Weighted Average Effective Interest Rate %	Variable Interest Rate	Non Interest Bearing	Total
<b>Financial Assets</b>				
Cash assets		-	116,962	116,962
Restricted cash assets	4.67	3,895,483	-	3,895,483
Receivables		-	402,383	402,383
Investments	4.23	5,031,242	-	5,031,242
Other assets		-	1,668,736	1,668,736
		8,926,725	2,188,081	11,114,806
<b>Financial Liabilities</b>				
Payables		-	1,460,812	1,460,812
Provisions		-	56,101,420	56,101,420
		-	57,562,232	57,562,232
<b>2001</b>				
Financial Assets	5.86	6,493,988	260,388	6,754,376
Financial Liabilities		-	131,303,225	131,303,225

### (b) Credit Risk Exposure

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Commission's maximum exposure to credit risk:

Financial Assets	Maximum Credit Risk	
	2002	2001
<b>Recognised Financial Assets</b>		
Cash assets	116,962	24,641
Restricted cash assets	3,895,483	2,419,157
Receivables	402,383	177,108
Investments	5,031,242	4,074,831
Other assets	1,668,736	58,639
	11,114,806	6,754,376

### (c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

# Financial Statements

**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2002**

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>29 Remuneration of Members of the Accountable Authority and Senior Officers</b>		
<u>Remuneration of Members of the Accountable Authority</u>		
The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, fall within the following bands are:		
\$0 - \$10,000	6	6
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	1	-
The total remuneration of the members of the Accountable Authority is:	<u>184,127</u>	<u>179,289</u>

The superannuation included here represents the superannuation expense incurred by the Commission 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 the members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, fall within the following bands are:

\$90,001 - \$100,000	1	-
\$100,001 - \$110,000	-	1
\$110,001 - \$120,000	2	1
\$120,001 - \$130,000	-	1
The total remuneration of senior officers is:	<u>323,925</u>	<u>346,332</u>

The superannuation included here represents the superannuation expense incurred by the Commission 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.

**30 Remuneration of Auditor**

The total of fees paid to the Auditor General during the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	<u>22,500</u>	<u>25,500</u>
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**WORKERS' COMPENSATION & REHABILITATION COMMISSION**  
 Notes to the Financial Statements  
 For the year ended 30 June 2002

	2002 \$	2001 \$
<b>31 Workers' Compensation &amp; Rehabilitation Trust Fund</b>		
The purpose of the Trust Fund is to hold funds paid into the custody of the Commission pursuant to section 110 of the Workers' Compensation and Rehabilitation Act 1981.		
<b>Income And Expenditure Statement</b>		
For the year ended 30 June 2002		
<b>Income</b>		
Amounts paid to the custody of the Commission	363,600	332,411
Interest on Investments	69,000	135,879
	432,600	468,290
<b>Expenditure</b>		
Payments by the Commission	825,327	676,261
Administration Fee	14,922	21,211
	840,249	697,472
Surplus/(Deficit)	(407,649)	(229,182)
Balance July 1,	1,885,000	2,114,182
Balance June 30	1,477,351	1,885,000
<b>Balance of funds held represents:</b>		
Bank	21,834	11,803
Investments	1,451,589	1,866,740
	1,473,423	1,878,543
Add Accrued Interest	5,162	8,125
Less Accrued Expenses	(1,234)	(1,668)
	1,477,351	1,885,000

**32 Supplementary Information**

Write-Offs

Debts written off by the agency during the financial year

Uninsured Claims	141,372	16,400
Fines and penalties	1,091	7,639
	142,463	24,039

Losses Through Theft, Defaults And Other Causes

Losses of public moneys and public and other property through theft

Amount recovered through insurance	14,901	3,596
	13,546	3,596
	1,355	-

# Financial Statements

## WORKERS' COMPENSATION & REHABILITATION COMMISSION

Notes to the Financial Statements

For the year ended 30 June 2002

### 33 Output Information

The Commission operates within one industry segment as per AAS 16 however, for information purposes the following summary information is provided for each of the Commission's outcomes.

	Information Education and Advice		Scheme Regulation		Dispute Resolution		Not Attributed		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues from ordinary activities	1,761,943	1,461,967	1,757,059	1,553,064	7,923,479	6,090,804	79,458,822	1,984,478	90,901,303	11,090,313
Expenses from ordinary activities	1,959,661	2,002,567	1,795,063	2,163,150	8,352,822	8,681,159	1,258,799	132,131,638	13,366,345	144,978,514
Grants and subsidies from Government	-	-	-	-	-	-	116,676	100,642	116,676	100,642
Profit/(loss) from ordinary activities	(197,718)	(540,600)	(38,004)	(610,086)	(429,343)	(2,590,355)	78,316,699	(130,046,518)	77,651,634	(133,787,559)

## List of Publications

### General

The Complete Guide to Workers' Compensation  
Employers' Liabilities for Contractors and Sub-contractors  
Injury Management and Workers' Compensation – Information for Workers  
Injury Management and the Medical Practitioner  
Injury Management and the Employer  
Guidelines for Injury Management at the Workplace (cost \$15.00)  
Small Business Guide to Injury Management and Workers' Compensation  
Learn How to Reduce your Workers' Compensation Costs  
A Guide to Resolving Disputes  
Injury Management and the Services of the Rehabilitation Review Unit  
A Guide to Noise Induced Hearing Loss Legislation  
Noise Induced Hearing Loss Directory of Service Providers  
Protecting Your Hearing From Workplace Noise (Website)  
List of Approved Insurance Companies  
List of Approved Self Insurance Companies  
List of Approved Vocational Rehabilitation Providers

### Statistical Reports

Workers' Compensation Statistical Report 1996/97 – 1999/00  
Workers' Compensation Statistical Report 1995/96 – 1998/99  
Workers' Compensation Work Related Stress Report 1995/96 – 1998/99  
Statistical Report On Female Workers 1995/96 – 1998/99  
Workers' Compensation Statistical Report 1994/95 – 1997/98  
Work Related Stress Report 1994/95 to 1997/98

### Research Papers (funded by the Commission)

Does Workers' Compensation Influence Recovery Rates?  
Stress, Compensation and the General Practitioner  
Report on Occupational Stress: Factors that Contribute to its Occurrence and Effective Management  
Needs Assessment Report on Workers' Compensation and Rehabilitation Education, Training and Research for General Practitioners in WA  
Management Practices, Medical Interventions and Return to Work

## Requirements for Insurers and Self Insurers

- Performance Monitoring Methodology for Approved Insurers
- Performance Criteria for the Approval and Review of Self Insurers
- Data Specification for E4 requirements
- Data Specification for Q1 requirements

## Corporate Information

- Customer Service Charter
- Strategic Plan 2001 – 2004
- Annual Reports

## Ministerial Reviews

- Report on the Review of the Western Australian Workers' Compensation System (Pearson 1999)
- Report on the Review of Workers' Compensation Insurance Arrangements in Western Australia (Ansell 2000)
- Report on the Review of Medical and Associated Costs (Knowles 2000)
- Report on the Implementation of the Labor Party Direction Statement on Workers' Compensation (Guthrie 2001)

# Information and Education Services

The following information and education services are provided by WorkCover:

## Infoline - Information Line

The WorkCover information line provides general information on workers' compensation and injury management matters to workers, employers and other parties of the system. Infoline operates from 8.00am to 5.00pm, Monday to Friday.

Telephone: 08 9388 5555 / Country Callers: 1800 670 055 / TTY:08 9388 5537

## Information Seminar for Injured Workers

This 2 hour seminar provides injured workers with information on entitlements, the claim process, legislation relating to workers' compensation and responsibilities of parties in the system. The session is conducted every three weeks at WorkCover, no fee applies.

## Information Seminar for Employers

This 2 hour seminar provides employers with information on the workers' compensation system, legislative requirements and the injury management system. The session is conducted on a six weekly basis, no fee applies.

## Injury Management Co-ordinators Course

This is a 2 day course held at WorkCover based on a fee for service. The course is offered to individuals working as injury management coordinators and covers injury management principles, employer based rehabilitation, legislation and entitlements. Offered on an as needs basis.

## Legislation Training

Workshops are offered to provide practical information on the workers' compensation legislation to various parties within the scheme. This one day interactive program presents various sections of the legislation and utilises case studies to demonstrate understanding. Courses are specifically designed and offered to approved vocational rehabilitation providers, insurance claims officers and self insurers. This training forms a regular part of the WorkCover training calendar and is provided on a fee for service basis.

## Employer and Community Based Training

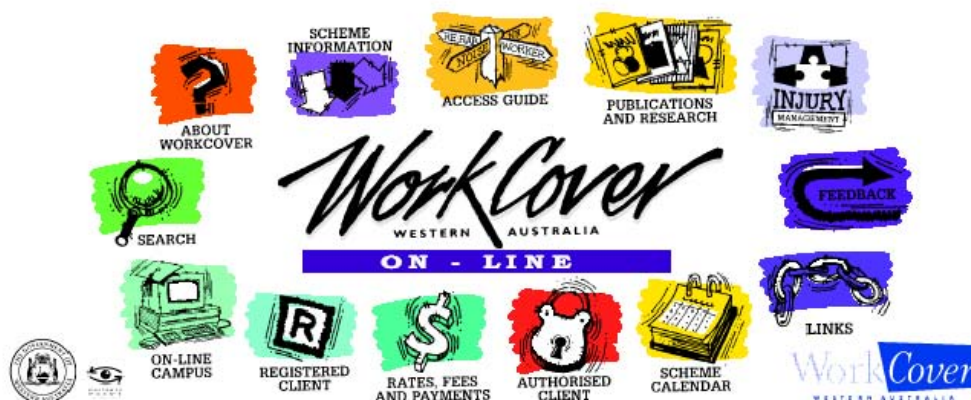
Individual training programs can be developed to suit the needs of stakeholder and service providers concerning the operation of the Western Australian workers' compensation system. A fee for service may be associated with onsite training.

## For more information on Seminars/Courses/Training:

For more information or to register for a course or seminar, please contact WorkCover's Legislation and Education Branch on 08 93885555.

## Our Internet Site

<http://www.workcover.wa.gov.au/>





## Our Senior Staff

### WorkCover Western Australia

#### Executive Director, Mr Harry Neesham

Telephone: (08) 9388 5555

Facsimile: (08) 9388 5600

### Conciliation and Review Directorate

#### Director, Mr Ross Monger

Telephone: (08) 9324 6666 / Facsimile: (08) 9324 6677

##### Registry

Manager, Ms Kathy Willett (Acting)

Telephone: (08) 9324 6607

Facsimile: (08) 9324 6677

##### Civil Disputes

Manager, Mr Adam Quinn (Acting)

Telephone: (08) 9324 6659

Facsimile: (08) 9324 6677

### Strategic Policy and Planning Division

#### Director, Ms Diane Munrowd

Telephone: (08) 9388 5555 / Facsimile: (08) 9388 5600

##### Assistant Director, Mr Chris White

Telephone: (08) 9388 5577

Facsimile: (08) 9388 5550

##### Senior Policy Analyst, Ms Donna Haney (Acting)

Telephone: (08) 9388 5569

Facsimile: (08) 9388 5550

### Operations and Support Division

#### Director, Mr Phil Scales

Telephone: (08) 9388 5555 / Facsimile: (08) 9388 5550

##### Regulation

Manager, Mr Joseph Carrello

Telephone: (08) 9388 5566

Facsimile: (08) 9388 5550

##### Information, Education and Legislation

Manager, Ms Gianna Cammarano

Telephone: (08) 9388 5501

Facsimile: (08) 9388 5550

##### Human Resources

Manager, Mr Rocky Grasso

Telephone: (08) 9388 5513

Facsimile: (08) 9388 5550

##### Finance and Investments

Manager, Mr Mario D'Ovidio (Acting)

Telephone: (08) 9388 5522

Facsimile: (08) 9388 5550

##### Operational Planning, Review and Support

Manager, Mr Robert Erickson

Telephone: (08) 9388 5503

Facsimile: (08) 9388 5550

## WorkCover Annual Report Feedback Form

WorkCover Western Australia is interested in your feedback and comments on the 2001/02 Annual Report. Your feedback will assist us in improving the content of future reports, ensuring it is more informative to readers.

In general terms, how would you rate the 2001/02 Annual Report?

<input type="checkbox"/> Excellent	<input type="checkbox"/> Very good	<input type="checkbox"/> Average	<input type="checkbox"/> Poor
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In what ways do you think the Annual Report could be improved?

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Other comments

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Please identify the type of the customer group to which you belong:

<input type="checkbox"/> Worker	<input type="checkbox"/> Medical Practitioner	<input type="checkbox"/> Service Provider	<input type="checkbox"/> Researcher
<input type="checkbox"/> Employer	<input type="checkbox"/> Government	<input type="checkbox"/> Professional Association	<input type="checkbox"/> Other

Please return this form to:

Planning and Support Officer, WorkCover Western Australia  
2 Bedbrook Place  
SHENTON PARK WA 6008

OR FAX 08 9388 5550  
OR <http://www.workcover.wa.gov.au/Feedback/feedback.cfm>

*Your feedback is valuable to us. Thank you for taking the opportunity to complete this form.*