

Annual Report

To Parliament

2004-05



» a new direction

for workers' compensation and
injury management in WA



WorkCover
WESTERN AUSTRALIA

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To the 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 WorkCover Western Australia Authority for the financial year ended 30 June 2005.

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

GREG JOYCE

Chairman
WorkCover Western Australia Authority
25 August 2005

ADRIAN WARNER
Chief Executive Officer
WorkCover Western Australia Authority
25 August 2005

In accordance with a resolution of the governing body of the WorkCover Western Australia Authority on 25 August 2005.

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GUIDE TO THE REPORT

The WorkCover WA Annual Report for 2004-05 presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2005.

Guide to Sections

The Year in Review section outlines WorkCover WA's achievements during the year, significant issues and developments impacting the organisation and the Western Australian workers' compensation system, reports by the Chairman and the Chief Executive Officer and the outlook for the coming year.

The Statutory Framework section contains information on WorkCover WA's establishment, enabling legislation, statutory role, funding and changes to written laws.

The Corporate Governance section contains management and accountability reporting incorporating the organisational structure, the agency's contribution to the Government's strategic framework and the agency's outcomes and services structure.

The Workers' Compensation Environment section contains statistical information on the performance of the Western Australian workers' compensation system including premium rates, premium income, claim payments and claim statistics.

The Report on Operations section contains WorkCover WA's outcomes and service delivery performance information reported as effectiveness and efficiency indicators. This section also contains information on WorkCover WA's business and support services. A summary of the key initiatives and activities for the year is reported against each area.

The Accountability Framework section contains responses to obligatory reporting and information on service delivery to customers, stakeholders and the community.

The Performance Indicators and Financial Statements sections contain WorkCover WA's audited performance indicators and financial statements for the financial year ending 30 June 2005 and corresponding audit opinions by the Auditor General of Western Australia.

The Appendices section contains more detailed information required under specific legislation and other useful information to support the content of the report.

AT A GLANCE 2004-05

The Workers' Compensation Environment

Average Recommended Premium Rate for 2005-06 increased to:	2.32%
Average Recommended Premium Rate from 2004-05 to 2005-06 increased by:	2.9%
Employers' Indemnity Supplementation Fund Levy for 2005-06 maintained at:	1.0%
Claim Payments from June 2004 to June 2005 increased by:	10.2%
Claim Payments for Common Law from June 2004 to June 2005 increased by:	35.3%
Number of Lost Time Claims from July 2000 to June 2004 increased by:	10.3%
Number of Long Duration Claims from July 2000 to June 2004 increased by:	2.1%

Organisational Information

	2003-04	2004-05
Expenditure:	\$14.1 Million	\$14.2 Million
Number of Employees at 30 June:	140	142

Summary of Operations

	2003-04	2004-05
OUTCOME 1: Information and Education		
% Customers with increased knowledge (Seminars):	97%	96%
% Customers with increased knowledge (Enquiries):	84%	95%
Attendees at seminars:	2,037	1,888
Enquiries answered:	23,425	27,724
Cost per customer contact:	\$77	\$71
OUTCOME 2: Scheme Regulation		
% Employers to hold policies following inspection:		
- New business inspections	97%	96%
- Field inspections	98%	91%
- Targeted inspections	98%	97%
Inspections conducted:	29,943	24,544
Cost per inspection:	\$51	\$66
% Service provider that achieved accreditation standards:		
- Insurers	91%	100%
- Self insurers	100%	100%
- Vocational rehabilitation providers	90%	100%
- Approved air conduction testers	88%	83%
Service providers monitored:	343	396
Cost per service provider monitored:	\$8,541	\$10,780
OUTCOME 3: Dispute Resolution		
% Disputes resolved at Conciliation:	82%	82%
% Disputes resolved within 12 weeks:	62%	64%
Disputes Resolved:	3,092	2,423
Agreements Registered:	3,942	4,003
Cost to resolve a dispute:	\$1,996	\$2,614
Cost to register an agreement:	\$603	\$698

CHAIRMAN'S REVIEW

Hon. John Kobelke MLA

Minister for Consumer and Employment Protection

I am pleased to present the WorkCover Western Australia (WorkCover WA) Annual Report with audited Performance Indicators and Financial Statements for the year ended 30 June 2005.

As a new era in workers' compensation and injury management dawns on Western Australia, I take this opportunity to reflect on the changes, challenges and achievements of the past 12 months. The year was characterised by a re-organisation of our business operations to respond to legislative changes and to re-focus our service delivery on our core vision - *a workers' compensation scheme that is fair, accessible to injured workers and affordable to employers and the community.*

Changes to compensation benefits, governance, common law threshold and the dispute resolution structure are among many far reaching amendments contained in the Workers' Compensation Reform Act 2004. The legislative reforms will bring greater long-term certainty, timeliness and consistency to the workers' compensation scheme whilst maintaining fair benefits to injured workers. The legislative reforms also aim to provide an equitable balance between the benefits and rights of injured workers and the need for a stable and affordable insurance system for employers. A primary function of the system is to get injured workers back in full employment as soon as possible. The governance of WorkCover WA was also impacted significantly, with greater administrative responsibility and accountability assigned to the new Board.

Many challenges have been faced in the implementation of the legislative reforms especially in relation to the transition to a new governance structure, communication with stakeholders and allocation and use of resources. We are positioned well to meet the challenges of the immediate future and to implement the remaining reforms on 14 November 2005.

In the long run, all Western Australians will benefit from a financially sustainable workers' compensation system. The legislative reforms are the key to ensuring the system's financial sustainability. The Board is committed to the sound financial management of the system for the benefit of workers, employers, and the all other stakeholders.

In addition to the implementation of the legislative reforms, there were many achievements in 2004-05 including:

- adopting an agreed indexation methodology for the determination of medical and allied service provider fee increases;
- determination of the recommended premium rates for workers' compensation insurance, a function previously performed by the Premium Rates Committee;
- monitoring of national developments in relation to the Productivity Commission and the New South Wales Inquiry into James Hardie's Medical Research and Compensation Foundation;
- initiating legislative reforms that joined other States and Territories in nationally agreed principles clarifying which State or Territory workers are connected if they are injured;
- monitoring of the performance of approved service providers including the development of a licensing and accreditation program which facilitates regulatory compliance and industry best practice;
- training medical practitioners in the new impairment methodology for the assessment of a work-related injury; and
- approving the sale of the West Perth premises and co-location of all WorkCover WA operations to one location.

I assumed the role as Chairman in May 2005, following the successful establishment of the new Board in January 2005. I would like to thank Mr Tony Cooke, the inaugural Chairman, for his direction and leadership at a time when the Board was in its infancy. Prior to the establishment of the Board, the Workers' Compensation and Rehabilitation Commission oversaw the administration of the workers' compensation system in Western Australia for nearly 23 years. I would like to recognise the efforts of the Workers' Compensation and Rehabilitation Commission, guided by Mr Brian Bradley, former Chairman, who managed the agency during the first half of the financial year. At its conclusion, the Workers' Compensation and Rehabilitation Commission handed over to the Board a financially sound organisation and a stable workers' compensation system.

The future direction of the Board will be impacted by legislative and strategic outcomes as well as stakeholder expectations and relationships. I look forward to the challenges of the next twelve months as we develop a strategic direction to help guide the workers' compensation system and the organisation into a new era. The Board's focus on best practice corporate governance will continue into next year to ensure we maintain open, accountable decision making.

A new direction for the organisation also occurred with the retirement of Mr Harry Neesham in 2004, who had led the management of WorkCover WA for over 22 years. His successor, Mr Adrian Warner, was appointed and commenced as the Chief Executive Officer of WorkCover WA in January 2005. Mr Warner will play a key role in the implementation of the Board's vision and direction for the organisation into the future.

In conclusion, 2004-05 was a year of significant change of a level unprecedented in the history of the WorkCover WA. I would like to acknowledge both the members of the former Workers' Compensation and Rehabilitation Commission and members of the Board for their professionalism and commitment over the past twelve months. I would also like to take this opportunity to thank WorkCover WA management and staff for their perpetual hard work and professionalism. Their efforts have ensured the successful transition to a renewed and improved workers' compensation and injury management system in Western Australia.



GREG JOYCE

Chairman

WorkCover Western Australia Authority

25 August 2005

CHIEF EXECUTIVE OFFICER'S REVIEW

Since taking up my appointment on 10 January 2005 my primary focus has been on the implementation of the changes required by the Workers' Compensation Reform Act 2004.

I am pleased to report that WorkCover WA is on track for the commencement of the second stage of the reforms on 14 November 2005, which focuses on the new dispute resolution service and the enhancement of injury management disciplines including the need for early intervention by appropriate practitioners in developing return to work programs for injured workers. The hard work and commitment of WorkCover WA staff to this end is to be commended. In addition, the contribution by key stakeholders in the development of new rules and regulations associated with the reforms has been overwhelmingly positive and constructive.

Whilst there are differing and sometimes competing perspectives between these stakeholders, I have been impressed by the general understanding and agreement of the important social purpose that WorkCover WA fulfils in our community and the need for the system to operate efficiently in delivering the best outcome for injured workers. This is a sound basis upon which WorkCover WA will seek to build and broker stronger and more productive relationships within the workers' compensation system.

The implementation of the Workers' Compensation Reform Act 2004 is not the sole focus of WorkCover WA. If we are to be successful in our role as the regulator of the workers' compensation market, then we need to develop an organisational culture that is flexible and innovative, that empowers staff and rewards initiative, and that asks what can WorkCover WA do differently to better make a difference in the outcomes generated by the scheme. Already, existing assumptions are being questioned and established practices reviewed.

The pressures for change impacting on WorkCover WA are several and include:

- New legislation;
- New Board and governance framework;
- Expectations of the Government and key stakeholder groups; and
- The establishment by the Federal Government of the Australian Safety and Compensation Commission and the push for national consistency across the State and Federal workers' compensation systems.

The scope and scale of change ahead of WorkCover WA is substantial and the capacity and commitment of the leadership team will be critical to our success over the next few years. The focus for WorkCover WA in the next financial year is to:

1. Finalise implementation of the Workers' Compensation Reform Act 2004 and bed down the new dispute resolution service.
2. Develop and implement appropriate performance evaluation frameworks to measure the impact of the legislative changes and the scheme performance as a whole.
3. Review and refocus our operations on activities that create higher levels of confidence within the community of WorkCover WA's performance and the scheme outcomes.
4. Constructively engage with stakeholders in the ongoing development and implementation of business initiatives.
5. Review the organisational structure and staffing to align with the Board's strategic objectives and build the organisational capacity to lead and deliver in a changing environment.
6. Co-locate all staff and integrate business operations at our Shenton Park premises.

The journey so far towards the new WorkCover WA has been a positive and sometimes challenging one and I would like to thank my colleagues on the WorkCover WA Board for their guidance and support, which I have found invaluable. None of the significant changes to date could have been achieved without the enthusiasm and professional efforts of all the WorkCover WA staff. I thank them sincerely for their welcome to me personally and for their dedicated service to the delivery of the new WorkCover WA during the year. I look forward in the next financial year to working with them in consolidating and building upon the improvements made over the past months.



ADRIAN WARNER

Chief Executive Officer

WorkCover Western Australia Authority

25 August 2005

SIGNIFICANT DEVELOPMENTS AND ISSUES

Western Australia in Focus

Legislative Environment

Workers' Compensation Reform Act 2004

During 2004-05, the Western Australian workers' compensation system was reformed to provide injured workers with more benefits, better injury management services and greater legal protection. The legislative reforms were also designed to deliver a more efficient resolution of disputes and balance the rights of injured workers against the need for competitive, stable and affordable premiums for employers. The Workers' Compensation Reform Act 2004 received Royal Assent on 9 November 2004 after being passed by the Western Australian Parliament.

The Government adopted a two-stage introduction of the Workers' Compensation Reform Act 2004 with increases in statutory benefits and the establishment of the new WorkCover WA Board structure commencing on 4 January 2005. It is estimated a total of \$130 million additional benefits will go to injured workers in the first year of the new system. On 7 June 2005, the deferral of the second stage changes until 14 November 2005 was proclaimed. The second stage of the provisions includes significant changes to dispute resolution, common law, injury management and the introduction of a new impairment assessment methodology and specialised retraining programs.

Deferral of Implementation: Stage 2 of Workers' Compensation Reform Act 2004

On 18 May 2005, the Minister for Consumer and Employment Protection announced the deferral of implementation of stage two of the Workers' Compensation Reform Act 2004 from 1 July 2005 to 14 November 2005. The deferral occurred to provide stakeholders with additional time to further familiarise themselves with the changes and to make any necessary alterations to support the new provisions and processes. The deferral also allowed time for the appointment of a Commissioner to the Dispute Resolution Directorate. The additional time provided an opportunity for WorkCover WA to consult more widely on regulations developed to support the significant stage two changes, specifically in the areas of dispute resolution and injury management. As a result of this decision, WorkCover WA revised the implementation plan for the changes to support the new commencement date.

New Impairment Assessment Methodology

The Workers' Compensation Reform Act 2004 introduces to Western Australia a new method of impairment assessment. The assessment methodology is primarily based on the American Medical Association's *Guides to the Evaluation of Permanent Impairment (5th edition)*. WorkCover WA, as part of an ongoing initiative to train and support stakeholders in the workers' compensation system, sponsored a visit to Perth by Professor Mohammed I. Ranavaya. Professor Ranavaya is an internationally renowned expert in the field of impairment assessment. The inaugural training in the use of the American Medical Association's *Guides to the Evaluation of Permanent Impairment* was held on 30 April 2005 and 1 May 2005 with 143 medical practitioners attending. Training on the *WorkCover WA Guides for the Evaluation of Permanent Impairment* was conducted on the 1 and 2 May 2005 with a total of 162 medical practitioners attending. Many leading Perth specialists attended both training sessions and provided positive feedback to WorkCover WA with a number of attendees indicating their willingness to assist in the development of this ongoing initiative. Overall the training was an outstanding success and an important initiative in developing closer ties between WorkCover WA and the medical profession. In addition to the training for medical practitioners, an information seminar was held for other interested stakeholders, which was equally well received with over 240 participants attending.



Dr Barrie Slinger, Hon. John Kobelke MLA Minister for Consumer and Employment Protection; Professor Mohammed Ranavaya, Dr Alan Home, Dr Trevor Lord at the opening of the training in the AMA *Guides to the Evaluation of Permanent Impairment* in May 2005.

Appointment of the new Dispute Resolution Directorate's Commissioner

On 25 May 2005, the Minister for Consumer and Employment Protection appointed His Honour Judge Peter Nisbet as the Commissioner of the new Dispute Resolution Directorate. Commissioner Nisbet will commence his appointment on 1 July 2005 to oversee the new workers' compensation dispute resolution system. The new Dispute Resolution Directorate will provide a fair and cost effective system for the resolution of disputes; reduce administrative costs across the system; meet user expectations; be effective in settling matters; lead to durable agreements between the parties; and establish effective communication and liaison with parties. Stakeholder feedback on the Dispute Resolution Directorate's Rules was sought and at the end of the financial year, the feedback was under consideration by the Commissioner.

Working Directors

During the year, the legislative reform provisions relating to working directors were examined as a result of stakeholder and industry concerns. Concerns expressed by these groups included the coverage provisions and the fact many small and large businesses would potentially be required to insure other company directors. As a result, the WorkCover WA Board established consultation mechanisms with a number of key stakeholders and leading workers' compensation legal professionals. The aim was to develop a workable solution that achieves the Government's intent in providing certainty in coverage for working directors without the unintended consequences associated with the Workers' Compensation Reform Act 2004 provisions. In June 2005, the WorkCover WA Board provided advice to the Minister for Consumer and Employment Protection on options to redress the unforeseen consequences of these reform changes and at the end of the year the matter was under consideration by Cabinet.

Workers' Compensation (Common Law Proceedings) Act 2004

The Workers' Compensation (Common Law Proceedings) Act 2004 was passed by the Western Australian Parliament in October 2004 and came into effect on 25 October 2004. Due to uncertainty following several court decisions, an amendment was required to clarify the intent of the 1999 legislative changes in relation to the circumstances in which a worker may seek access to the common law system under the pre-October 1999 changes. The amendment also allowed for the reimbursement of legal fees for workers who had District Court applications pending but were unable to proceed as a result of the enactment. The Workers' Compensation (Common Law Proceedings) Act 2004 allowed workers affected by the Supreme Court decision in *Re Monger; Ex Parte Dutch & Ors* [2001] WASCA 220 to resubmit medical evidence to support their common law claim.

Workers' Compensation and Rehabilitation Amendment (Cross Border) Act 2004

The Workers' Compensation and Rehabilitation Amendment (Cross Border) Act 2004 was passed by the Western Australian Parliament in October 2004 and was proclaimed on 22 December 2004. The amendments clarify the State or Territory to which individual workers are connected and reflect nationally agreed principles, developed and adopted by all Australian workers' compensation jurisdictions. The amendments reduce the need for employers to take out workers' compensation insurance for their injured workers in more than one State or Territory where these workers are working temporarily in another jurisdiction. Employers will also be able to determine, with certainty, the jurisdiction in which insurance is required.

The legislation ensures workers, temporarily working in another jurisdiction, have their access to workers' compensation entitlements restricted to those available in their "home" jurisdiction, including arrangements applying in relation to common law. This provides certainty as to workers' compensation entitlements and eliminates "jurisdiction shopping", as each worker will be connected ("State of connection") to a particular jurisdiction.

Further Information

Further details on these changes are provided under the Appendices section of this report and are also available on WorkCover WA's internet site at www.workcover.wa.gov.au.

Organisational Environment

New Board Appointed

In January 2005, responsibility for the agency and administration of the Workers' Compensation and Injury Management Act 1981 was transferred from the Workers' Compensation and Rehabilitation Commission to the WorkCover WA Board by amendments contained in the Workers' Compensation Reform Act 2004. The philosophical change contained in the governing body reforms was to create greater efficiencies through ensuring a high standard of administrative responsibility and accountability for workers' compensation in the State. Mr Tony Cooke was appointed as the inaugural Chairman of the Board and he oversaw the establishment of the new governing body until May 2005, when Mr Greg Joyce was appointed to the role. The remaining membership of the Board includes a person experienced in employers' interests; a person experienced in workers' interests; a person experienced in insurance matters; a person experienced in accounting and financial management; the Chief Executive Officer of WorkCover WA; and the Chief Executive Officer of the Department of Consumer and Employment Protection.

New Chief Executive Officer Appointed and Organisational Restructure

In August 2004, the Executive Director of WorkCover WA, Mr Harry Neesham, retired after 22 years as the head of the organisation. His permanent replacement, Mr Adrian Warner, was appointed in late 2004 and commenced as the Chief Executive Officer on 10 January 2005. Mr Warner's appointment will oversee a new era for the organisation and provide a direct focus on meeting the strategic objectives of the WorkCover WA Board and the Government. In early 2005, a temporary transitional structure was implemented. The new transitional structure aligned executive and management responsibilities and workloads with the key strategic priorities, having regard to the scope of changes required for the transition to the new legislation and the associated risks for the agency. The transitional organisational structure is aimed at minimising the risk of not having all essential changes in place; ensuring an even distribution of workload amongst the executive, including change management projects; and aligning the day to day responsibilities; and providing clarity to the management team about roles and expectations during the transition period.

Change Management

In 2004-05, the agency embarked on a change management project to co-ordinate the implementation of the Workers' Compensation Reform Act 2004. The project included development of new business processes and information systems to support aspects of the legislative changes. In addition, the agency will relocate all its operations to the Shenton Park premise to create greater efficiencies for the agency by removing duplication; replacing aging plant and equipment; and providing additional employee and client facilities. For the later part of 2004 and beginning of 2005, WorkCover WA's resources and activities were centred on ensuring the successful completion of key stages of the project. It is envisaged the legislative reforms aspect of the project will be completed in November 2005, while the co-location of employees to Shenton Park will be completed in early 2006.

Strategic Direction

WorkCover WA has undergone considerable change over the past year. The establishment and appointment of a new Board and Chief Executive Officer as well as major changes to the legislation administered has the potential to significantly impact on the organisation's strategic direction, and the way in which services are structured and delivered. The WorkCover WA Board has commenced developing a strategic direction that sets long-term goals for the agency and guides the delivery of services.

Workers' Compensation Scheme Environment

Recommended Premium Rates 2005-06

On 21 April 2005, the Chairman of the WorkCover WA Board announced an overall increase of 2.9% in the recommended premium rates for compulsory workers' compensation insurance in 2005-06. The average premium rate for Western Australia increased from 2.252% for 2004-05 to 2.317% for 2005-06. The increase allowed for the impact of major reforms to workers' compensation legislation passed by Parliament in 2004. The modest increase in rates reflects generally positive trends within the scheme, enabling benefits to be increased without a major impost on employers. The recommended premium rates were gazetted at 4.00pm on Friday, 22 April 2005 and are available on WorkCover WA's internet site at www.workcover.wa.gov.au.

Medical and Allied Health Service Provider Fees

On 22 December 2004, the Executive Council approved the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations (No. 3) 2004, which adjusted the scale of fees paid to all medical and allied health providers (with the exception of diagnostic imaging services). There was a 3.13% increase in the fees for compensable medical and allied health services. The increase was based on the percentage change in a composite index developed by WorkCover WA's Actuary, as a means for annual adjustments to fees for all compensable medical and allied health services. The indexation methodology incorporates movements in the Wage Cost and Consumer Price Indices and the Australian Medical Association's Medical Fees Index. The scale of fees also provided for a combined 3.45% and 3.13% increase in fees for exercise based programs, in accordance with the composite index for 2004 and 2005; an increase in the maximum time for an exercise program consultation/assessment; and adjusted the travel fee for the metropolitan area. The medical and allied health service provider fees were effective from 4 January 2005 and are available on WorkCover WA's internet site at www.workcover.wa.gov.au.

Trends in Claim Benefits

The 2004-05 year saw a 10% increase in claim payments on the previous year. The 2004-05 claims payment data indicates weekly payments remained stable at 32% of all payments. Common law experienced a 35% increase on last year and accounts for 13% of claims payments. The remaining claims experience is credited to medical practitioners and specialists (11%), legal expenses (7%), all other treatment (6%), schedule 2 (4%), vocational rehabilitation (4%), miscellaneous (4%), hospital (5%) and fatalities (0.3%).

Trends in Claims

In 2003-04, 42,417 workers' compensation claims were lodged in Western Australia of which 44.8% were lost-time claims. Over the past four years, the number of lost-time claims has risen by 10.3%. Long duration claims accounted for 23.6% of lost-time claims in 2003-04, while claims with less than 60 working days lost accounted for more than three quarters of all lost-time claims. Despite accounting for only 10.5% of all claims lodged with the workers' compensation system (lost-time and no lost time claims), long duration claims accounted for 79.3% of all costs.

Australia in Focus

Special Commission of Inquiry (New South Wales) into the Medical Research and Compensation Foundation (James Hardie)

The Medical Research and Compensation Foundation (the Foundation) was established by James Hardie Industries NV (James Hardie) in 2001 for the purpose of funding claims against former James Hardie subsidiaries for asbestos related diseases. On 25 February 2004, the Premier of New South Wales, Mr Bob Carr announced a Special Commission of Inquiry (Inquiry) into the activities of James Hardie headed by Mr David Jackson QC. The Inquiry's report was released on 21 September 2004.

WorkCover WA examined the findings of the report; the impact of the report on the Western Australian workers' compensation system; and the status of James Hardie companies in relation to workers' compensation insurance coverage in Western Australia. In Western Australia, the cost of any workers' compensation claims, including claims for asbestos-related diseases, made on a Western Australian insured employer is met by the employer's insurer. James Hardie was insured throughout its operations in Western Australia. Consequently, any workers' compensation claim made on James Hardie by a worker exposed to asbestos in one of the company's Western Australian workplaces will be met by the relevant insurer.

The report also focused attention on the potential impact of asbestos disease related claims on the Western Australian workers' compensation system. It was identified that there were broader issues for the system concerning the impact of any expected increase in asbestos related disease claims over the next two decades. WorkCover WA conducted an examination to ensure that insurers made adequate provision for their current and future liabilities in this regard and that any potential exposure of the scheme's General and Supplementation Funds, in relation to asbestos related diseases, was monitored.

FAREWELL TO HARRY NEESHAM

In August 2004, Mr Harry Neesham retired as Executive Director of WorkCover WA, a job he held since the organisation's inception in 1982. Mr Neesham joined the Government in 1962 and worked in various roles such as the State Auditor and a bench clerk at Fremantle Courthouse.

As the Executive Director of WorkCover WA, Mr Neesham led the organisation towards the achievement of the mission, vision and strategic objectives contained in the strategic plan; fulfilled the role of Executive Director as set out in the Workers' Compensation and Rehabilitation Act 1981, including that of Commission member and deputy Chairman; and provided policy advice on the Act and subsidiary legislation to Government and the Workers' Compensation and Rehabilitation Commission.

During his 22 year period as Executive Director of WorkCover WA, Mr Neesham advised nine different Ministers from both major political parties during the most volatile changes instituted in the system. Some of his major achievements were:

- Drafted legislation to implement the findings of the Dunn Judicial Enquiry 1978, Chapman Report 1993, Pearson Review 1999, Guthrie Inquiry 2001 and the Cooke Review 2002. All of these reviews resulted in substantial structural changes to the workers' compensation system.
- Innovation in workers' compensation including the establishment of effective premium rate setting processes which resulted in compensation costs in Western Australia remaining stable or reducing globally for the majority of the past 20 years; development of workers' compensation, vocational rehabilitation and injury management services recognised nationally as best practice; and development and implementation of the State's response to the issue of terrorism including drafting of legislation and securing of agreement with insurers and self insured companies to support the solutions.
- Represented the State on National and International Committees of Inspection in relation to the liquidation of failed insurers.
- A founding member of the Heads of Workers' Compensation Authorities in 1983.
- Established systems for performance monitoring of service providers, which significantly improved data quality and transfer resulting in effective workplace injury statistics, recognised as the most relevant in Australia.

Mr Neesham was one of the longest-serving permanent heads in the Western Australian Public Service. The immense contribution, leadership and service Mr Neesham provided to the people of Western Australia, WorkCover WA, the workers' compensation scheme in Western Australia and workers' compensation at a national level is gratefully acknowledged.



LOOKING AHEAD: OUTLOOK FOR 2005-06

The new direction for WorkCover WA and the workers' compensation system in Western Australia will continue into 2005-06. The achievements and initiatives in 2005-06 will be set against a continually changing environment and will be highlighted by:

- Development and implementation of new strategic direction for the workers' compensation scheme and WorkCover WA.
- Implementation of stage two of the Workers' Compensation Reform Act 2004 including the establishment of the Dispute Resolution Directorate; the gazettal of supporting subsidiary legislation; and commencement of supporting information technology which will provide key information to assist in the evaluation of the effectiveness of the changes, as well as ensuring the effective delivery of services and information to customers and stakeholders.
- Finalisation of organisational changes for WorkCover WA employees including the accommodation changes project and implementation of a new management structure to support the reforms and the strategic direction of the Board.
- Continued focus on fostering relationships with stakeholders including other Government departments and key customer groups.
- Improvements in service delivery to customers and stakeholders through enhanced information and data collection systems, implementation of a new telecommunications system, and increased focus on the regions.

STATUTORY FRAMEWORK

The **Statutory Framework** section provides information on:

- Vision and Mission
- History and Enabling Legislation
- Role
- Legislation Administered
- Authority and Funding
- Changes to Written Laws

Vision and Mission

Vision	Mission
Workers, employers, service providers and WorkCover WA working together to achieve a workers' compensation scheme that is fair, accessible to injured workers and affordable to employers and the community.	To minimise the social and economic impact on workers of work-related injury and disease and achieve cost effectiveness for employers and the community.

History and Enabling Legislation

The Workers' Compensation and Rehabilitation Commission was established in 1982 under the Workers' Compensation and Assistance Act 1981 to oversee the administration of the workers' compensation system in Western Australia. In 1991, the legislation was renamed the Workers' Compensation and Rehabilitation Act 1981. Since 1982, the legislation has undergone many amendments, none so significant as the Workers' Compensation Reform Act in 2004 which provides for improved statutory provisions and injury management services; more efficient resolution of disputes; and balances the rights of injured workers against the need for competitive, stable and affordable premiums for employers.

The Workers' Compensation Reform Act 2004 is to be implemented in two stages. The first stage commenced on 4 January 2005 and the remaining provisions take effect from 14 November 2005. The key legislative amendments of the first stage relating to the agency were:

- the change of the name of the legislation to the Workers' Compensation and Injury Management Act 1981;
- a restructure of the Workers' Compensation and Rehabilitation Commission to the WorkCover Western Australia Authority to oversee implementation of the reforms; and
- changes to the way in which recommended premium rates are set.

The new WorkCover Western Australia Authority was formally constituted under section 94 (1) of the Workers' Compensation and Injury Management Act 1981 on 4 January 2005. The WorkCover Western Australia Authority replaces the Workers' Compensation and Rehabilitation Commission as the statutory authority responsible for workers' compensation in Western Australia.

The WorkCover Western Australia Authority is authorised to use and operate under the trading name WorkCover Western Australia (WorkCover WA or WorkCover). WorkCover Western Australia Authority has a governing body (the Board) that performs the functions of the Authority.

For the purposes of this report, when referring to the WorkCover Western Australia Authority as an organisation, the name WorkCover WA will be used. The name WorkCover WA Board or the Board will be used to refer to WorkCover WA's governing body.

To reflect the changes implemented during 2004-05, corporate governance information has been provided separately for the WorkCover WA Board and the Workers' Compensation and Rehabilitation Commission.

Role

In carrying out our role, WorkCover WA:

- ensures workers' compensation scheme participants comply with legislative requirements and standards;
- provides information and educates workers, employers and other workers' compensation scheme participants;
- resolves disputes; and
- provides Government with accurate, timely policy advice.

The functions and powers of WorkCover WA are outlined in sections 100 and 101 respectively of the Workers' Compensation and Injury Management Act 1981.

Legislation Administered

WorkCover WA administers the following legislation:

- the Workers' Compensation and Injury Management Act 1981;
- the Employers' Indemnity Supplementation Fund Act 1980;
- the Workers' Compensation and Injury Management (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 WorkCover WA'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 employers who are approved to self insure by WorkCover WA.

Changes to Written Laws

During 2004-05, the following changes to written laws occurred:

- Workers' Compensation Reform Act 2004 (Royal Assent given 9 November 2004 and proclaimed on 22 December 2004) amended various Acts including the Workers' Compensation and Rehabilitation Act 1981;
- Workers' Compensation (Common Law Proceedings) Act 2004 (Royal Assent and proclamation on 25 October 2004) amended the Workers' Compensation and Rehabilitation Act 1981;
- Workers' Compensation and Rehabilitation Amendment (Cross Border) Act 2004 (Royal Assent given 28 October 2005 and proclaimed on 22 December 2004) amended the Workers' Compensation and Rehabilitation Act 1981;
- Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations (No. 2) 2004 (Gazetted on 29 October 2004);
- Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations (No. 3) 2004 (Gazetted on 4 January 2005); and
- Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2005 (Gazetted on 21 January 2005).

CORPORATE GOVERNANCE

The **Corporate Governance** section provides information on the structure and management of WorkCover WA including:

- Establishment of the Board: 4 January 2005
 - Role of the Board
 - Board Membership
 - Board Committees
 - Workers' Compensation and Rehabilitation Commission: Prior to 4 January 2005
 - Disclosure of Interest in an Existing or Proposed Contract
 - Operating Structure
 - Contribution to Government Strategic Goals
 - Summary of Agency Level Outcomes and Services
-

Establishment of the Board: 4 January 2005

On 4 January 2005, upon the coming into effect of section 81(1) of the Workers' Compensation Reform Act 2004, the statutory authority responsible for workers' compensation in Western Australia transferred from the Workers' Compensation and Rehabilitation Commission to the WorkCover WA Authority. The Workers' Compensation Reform Act 2004 also abolished the Premium Rates Committee established under the Workers' Compensation and Rehabilitation Act 1981 and the Insurers Advisory Committee constituted under the Employers' Indemnity Supplementation Fund Act 1980. The responsibility for these activities was transferred to the WorkCover WA Board.

The legislative amendments, resulting from the Workers' Compensation Reform Act 2004, were designed to ensure the efficient operation of the workers compensation system through greater administrative responsibility and accountability of the new governing body as well as ensuring independent advice was provided to the Government. In addition, a key role of the new governing body was to ensure diligence and discipline among service providers in order to achieve greater efficiencies. The legislative amendments also transferred the key function for premium setting to the new governing body with a focus on ensuring a mechanism which balances the interests of employers and insurers on issues relating to loadings, notification and appeal processes.

Role of the Board

The primary role of WorkCover WA is to oversee the operation of the workers' compensation system in Western Australia. The WorkCover WA Board's corporate governance responsibilities include the setting of strategic direction, approval and review of service providers, establishment of goals for the agency and monitoring achievement against these goals to optimise the agency's performance.

The Board's corporate governance arrangements ensure transparency in decision making and operation, as well as ensuring accountability to stakeholders by promoting strong leadership, sound management and effective planning and review. WorkCover WA has structures and processes in place to ensure that it is effective in meeting its policy objectives, efficient in its operations, accountable for its decisions and compliant with Acts and Regulations. WorkCover WA aims to achieve high standards in corporate governance to assure the Government, stakeholders and the community that it is fulfilling its responsibilities and meeting expectations with due diligence and accountability.

The Chief Executive Officer directs the operations and day to day administration of the agency in the implementation of the Board's strategic direction. The Chief Executive Officer and all other personnel engaged by WorkCover WA are employed under the provisions of the Public Sector Management Act 1994.

Board Membership

The WorkCover WA Board is comprised of a Chairman and six members who exercise the functions, powers and duties conferred under the Workers' Compensation and Injury Management Act 1981. Section 95 of the Workers' Compensation and Injury Management Act 1981 requires that WorkCover WA's Board is to be led by a Chairman, who is not a public servant, recommended by the Minister for Consumer and Employment Protection and appointed by the Governor. A Deputy Chairman may also be appointed. Other members appointed to the Board include:

- the Chief Executive Officer of WorkCover WA;
- the Chief Executive Officer of the department of the Public Service of the State principally assisting the Minister charged with the administration of the Occupational Safety and Health Act 1984;
- a person experienced in employers' interests;
- a person experienced in workers' interests;
- a person experienced in insurance matters; and
- a person experienced in accounting and financial management.

Board Members

Founding Chairman

Mr Anthony Cooke was appointed as a member and Chairman of WorkCover WA's Board for the term 4 January 2005 to 30 April 2005. Mr Cooke is an Associate Professor in the School of Social Work and Social Policy at Curtin University of Technology. Mr Cooke also had two decades of experience with UnionsWA (formerly the Trades and Labour Council of WA). Mr Cooke is the current Chairman of the Commission for Occupational Safety and Health. He served on the Premium Rates Committee for fourteen years and as a deputy member of the Workers' Compensation and Rehabilitation Commission for ten years. As a result of the Government's Review of Statutory Authorities, an outcome of the Machinery of Government Review, in 2002, the Minister for Consumer and Employment Protection appointed Mr 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.

Current Chairman



Mr Greg Joyce was appointed as a member and Chairman of WorkCover WA's Board for a term commencing 1 May 2005 to 3 January 2008. Mr Joyce was the Director General of the Department of Housing and Works from July 2001 until his retirement in January 2005. Prior to this appointment, from December 1992 he held the position of Executive Director of Homeswest. Mr Joyce is currently a director on the Western Australian Treasury Corporation. Mr Joyce has also served of the State Housing Commission, Keystart Loan Companies, Landstart Board, the State Supply Commission Board and the State Records Advisory Committee. Mr Joyce has a law degree from the University of Western Australia and is qualified to practice as a Barrister and Solicitor in Western Australia.

Members

Mr Adrian Warner is Chief Executive Officer of WorkCover WA and is a member of WorkCover WA's Board. Mr Warner was previously General Manager, Strategy, at the Government Employees Superannuation Board and has a Bachelor of Economics degree from the University of Western Australia.





Mr Brian Bradley, PSM, was appointed as a member of WorkCover WA's Board for a term ending 3 January 2008. Mr Bradley is the Director General of the Department of Consumer and Employment Protection. Mr Bradley served previously as Chairman of the Workers' Compensation and Rehabilitation Commission from May 2000 to 4 January 2004. Mr Bradley is also the Western Australian representative on the National Occupational Health and Safety Commission and is the Government's nominee on the Western Australian Commission for Occupational Safety and Health.

Mr Graham Greig was appointed as a member of WorkCover WA's Board for a term ending 3 January 2008 and is experienced in employers' interest. Mr Greig resigned from the Board on 12 July 2005. Mr Greig was the Managing Director of Emeco International Pty Ltd and is the Western Australian President of the Chamber of Commerce and Industry. Mr Greig also holds directorships for the Anglican Homes Inc and Sir James McCusker Training Foundation. Mr Greig was founding Director of Australian Commercial Disputes Centre Ltd and Past President/Chairman of the Industrial Foundation for Accident Prevention.



Ms Janine Freeman was appointed as a member of WorkCover WA's Board for a term ending 3 January 2008 and is experienced in workers' interests having worked in the union movement for the past 11 years and as a workers compensation officer for 5 years. Ms Freeman is the Assistant Secretary of UnionsWA, WorkSafe Commission member, a Westscheme Superannuation Trustee, Chair of the Welfare Rights and Advocacy Service, Member of the UnionsWA Workers' Compensation committee and Secretary of the Women's Law Centre.

Mr Daryl Cameron was appointed as a member of WorkCover WA's Board for a term ending 30 June 2006 and is experienced in insurance matters. Mr Cameron is the Insurance Council of Australia's Group Manager for Western Australia and the Northern Territory, and was previously the State Manager for VACC Insurance Ltd. Mr Cameron served on the Workers' Compensation and Rehabilitation Commission as a member for 9 years. Mr Cameron is also an affiliate of the Australian Insurance Institute and has served in senior positions for several national and international insurance and banking companies.



Mrs Victoria Wilmot was appointed as a member of WorkCover WA's Board for a term ending 3 January 2008 and is experienced in accounting and financial management. Mrs Wilmot is currently acting Business Manager, Finance and Resources at the University of Western Australia. Mrs Wilmot previously held the positions of Assistant Director, Financial Services at the University of Western Australia and Senior Accountant at Coopers & Lybrand (now PricewaterhouseCoopers). Mrs Wilmot is a member of the Institute of Chartered Accountants in Australia and the Securities Institute of Australia and on the Board of the Western Australian Sports Centre Trust and the University Credit Society Limited.

Board Meetings and Member Attendance

The first meeting of the WorkCover WA Board was held on 15 February 2005, following an orientation meeting on 28 January 2005. The Board met six times during the period 4 January 2005 to 30 June 2005. The membership of the WorkCover WA Board and corresponding meeting attendance during this period is provided in table 1.

Table 1: WorkCover WA Board membership and attendance

Member	No. of meetings held	No. of meetings attended
Mr Tony Cooke (Inaugural Chairman)	6	3*
Mr Greg Joyce (Chairman)	6	3*
Mr Graham Greig	6	3
Ms Janine Freeman	6	5
Mr Daryl Cameron	6	6
Mrs Vicky Wilmot	6	6
Mr Brian Bradley	6	5
Mr Adrian Warner	6	6

* During the reporting period Mr Tony Cooke, Inaugural Chairman, attended three out of three meetings during the period 4 January 2005 to 30 April 2005 and Mr Greg Joyce, Chairman, attended three out of three meetings during the period 1 May 2005 to 30 June 2005.

Code of Conduct

In February 2005, the Board endorsed a Code of Conduct that promotes good practice, identifies the obligations of members and provides guidance on ethical conduct. The Code of Conduct is based on the Western Australian Public Sector Code of Ethics, applicable to all public sector bodies, including boards and committees created for a public purpose under Western Australian legislation. The Code of Conduct is also applicable to Committees of the WorkCover WA Board.

Board Committees

The corporate governance responsibilities of the WorkCover WA Board are discharged, in part, by advisory committees constituted under section 100(A) of the Workers' Compensation and Injury Management Act 1981. The Board established the following Committees on 15 March 2005:

- Audit Committee
- Corporate Governance Committee
- Costs Committee
- Medical Committee
- Premium Rates Review Committee

A member of the Board chairs each Committee. The membership to the Committees of the Board has been provided under the Appendices section of this report.

Audit Committee

The Audit Committee provides advice to the Board on audit matters. In particular, the Committee reviews the strategic and annual internal audit plans; examines and provides advice on the performance and effectiveness of the internal audit function; attends both the entrance and exit interviews with representatives of the Office of the Auditor General; and provides advice on the findings.

In 2005, the Audit Committee approved its standing orders; considered two internal audit reports on general ledger, fixed assets and investments and internet online applications review (applications for insurers, rehabilitation & noise induced hearing loss providers); and met with representatives of the Auditor General's Office for the entrance interview.

Corporate Governance Committee

The Corporate Governance Committee assists the Board in discharging its corporate governance responsibilities. The Committee examines and provides advice to the Board on key governance activities and practices including ensuring compliance with legislative requirements, accountability, managing risk, monitoring performance and operating in an efficient management environment.

Costs Committee

The Costs Committee was established utilising the provision of section 25 of the Interpretation Act 1984 to facilitate effective legislative transition on 14 November 2005. The Costs Committee sets a cost scale structure for legal practitioners and registered agents who provide services under Part XI (Dispute Resolution) and Part XII (Interim orders and minor claims) of the Workers' Compensation and Injury Management Act 1981. The Costs Committee also has authority to fix maximum costs for matters that are not legal services or agent services but are related to a claim for compensation. The Cost Committee will be formally constituted under section 269 of the Workers' Compensation and Injury Management Act 1981 on 14 November 2005. On commencement of this section, the Costs Committee will be an independent Committee, which will not require Board approval to fix maximum costs.

In 2005, the Costs Committee endorsed its constitution and procedures; actively consulted with interested stakeholders and received written submissions to assist in the development of a costs scale for legal practitioners and registered agents. Upon approval from the Minister for Consumer and Employment Protection, the costs scale for legal practitioners and registered agents will be gazetted accordingly in 2005-06 to take effect from 14 November 2005.

Medical Committee

The Medical Committee provides advice to the Board on medical matters. The Committee advises on such issues as the *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment* (the WorkCover WA Guides); criteria for designation and monitoring of approved medical specialists providing impairment assessments; the role of approved medical specialists within the scheme; and guidance on matters of a medical nature within the Western Australian workers' compensation system.

In 2005, the Medical Committee reviewed and made recommendations to the WorkCover WA Board on the WorkCover WA Guides, which were originally developed by the Expert Medical Committee convened by the Minister for Consumer and Employment Protection, and is to be used by approved medical specialists in providing impairment assessments of injured workers from 14 November 2005. The Board endorsed the WorkCover WA Guides in accordance with the Medical Committee's recommendations on 19 April 2005. The Medical Committee also commenced work on the development of criteria for designation of a medical practitioner as an approved medical specialist.

Premium Rates Review Committee

The Premium Rates Review Committee provides advice to the Board on matters relating to the setting of workers' compensation insurance premiums and other related matters. The Premium Rates Review Committee recommends to the Board the recommended premium rates for workers compensation insurance; the minimum premium; and provides advice on the publication of a report on the determination.

In 2005, the Premium Rates Review Committee recommended to the Board the premium rates for 2005-06. The advice to the Board gave regard to the Ministerial Direction issued under section 154AB of the Workers' Compensation and Injury Management Act 1981 and the impact of the Workers' Compensation Reform Act 2004.

Workers' Compensation and Rehabilitation Commission: Prior to 4 January 2005

Please note, for the purposes of this section, any reference to the Act means the Workers' Compensation and Rehabilitation Act 1981, as the relevant sections referred to relate to the Act before commencement of stage one of the Workers' Compensation Reform Act 2004 on 4 January 2005.

Prior to 4 January 2005, WorkCover WA's governing body was the Workers' Compensation and Rehabilitation Commission. Section 95 of the Workers' Compensation and Rehabilitation Act 1981 provided that the Workers' Compensation and Rehabilitation Commission was to consist of a Chairman recommended by the Minister for Consumer and Employment Protection and appointed by the Governor. In accordance with the provisions of the Workers' Compensation and Rehabilitation Act 1981, the Executive Director of WorkCover WA was a member of the Workers' Compensation and Rehabilitation Commission.

The Workers' Compensation and Rehabilitation Commission also consisted of five other nominee members who were persons experienced respectively in management in commerce or industry, or both; trade union affairs; the insurance business but not employed in the Insurance Commission of Western Australia; employed by the Insurance Commission of Western Australia; and a medical practitioner. Under section 95 (4) of the Workers' Compensation and Rehabilitation Act 1981, there was also the ability to appoint deputy members to the members of the Workers' Compensation and Rehabilitation Commission.

The Workers' Compensation and Rehabilitation Commission ceased to exist on 4 January 2005 when the Workers' Compensation Reform Act 2004 commenced.

Commission Members

Members of the Workers' Compensation and Rehabilitation Commission during 2004 were:

Former Chairman

Mr Brian Bradley, PSM, is the Director General of the Department of Consumer and Employment Protection and was Chairman of the Workers' Compensation and Rehabilitation Commission from 3 May 2000 to 4 January 2005. Mr Bradley is the Western Australian representative on the National Occupational Health and Safety Commission and is one of the Government's nominees to the Commission for Occupational Safety and Health.

Members

Mr Vic Evans is the Managing Director of the Insurance Commission of Western Australia and was the nominee of the Insurance Commission of Western Australia. Mr Evans served as a member on the Workers' Compensation and Rehabilitation Commission since 1992.

Mr Nigel Glass, AM, was appointed as a member to the Workers' Compensation and Rehabilitation Commission in May 1997 and was the nominee of the Chamber of Commerce and Industry (WA).

Mr Daryl Cameron is the Group Manager, WA & NT, of the Insurance Council of Australia and has 30 years of experience in the insurance industry. Mr Cameron was a member of the Workers' Compensation and Rehabilitation Commission since April 1996. Mr Cameron is also an affiliate of the Australian Insurance Institute and has served in senior positions for several national and international insurance and banking companies.

Ms Miriam Angus was a member of the Workers' Compensation and Rehabilitation Commission since July 1999 and was a nominee of UnionsWA. Ms Angus was the Executive Officer for the Labour Movement Work Experience Programme, is legally qualified and has extensive experience in trade union affairs, particularly in the area of workers' compensation.

Dr Robert Gillett is a specialist medical practitioner and was the nominee of the WorkSafe Western Australia Commissioner to the Workers' Compensation and Rehabilitation Commission. Dr Gillett was a member on the Workers' Compensation and Rehabilitation Commission since 1991 and has extensive experience in the area of occupational medicine and workers' compensation medicine.

Mr Harry Neesham served as Deputy Chairman and was a member of the Workers' Compensation and Rehabilitation Commission since its inception in 1982 to 10 August 2004, when he retired as Executive Director of WorkCover WA.

Ms Diane Munrowd was a member of the Workers' Compensation and Rehabilitation Commission while undertaking the role of acting Executive Director from 11 August 2004 to 9 January 2005. Ms Munrowd had previously served on the Workers' Compensation and Rehabilitation Commission as a deputy member for a period of 13 years.

Deputy Members

Deputy members were as follows:

- Mr Lew Watts, deputy member for Mr Vic Evans;
- Ms Anne Bellamy, deputy member for Mr Nigel Glass;
- Mr Garry Moore, deputy member for Mr Daryl Cameron;
- Mr David Robinson, deputy member for Ms Miriam Angus;
- Dr Evelyn Lee, deputy member for Dr Robert Gillett; and
- Ms Diane Munrowd, deputy member for Mr Harry Neesham.

Commission Meetings and Member Attendance

The Workers' Compensation and Rehabilitation Commission met on six occasions during the period 1 July 2004 to 4 January 2005. The final meeting of the Workers' Compensation and Rehabilitation Commission was held on 14 December 2004. Since its inception on 5 May 1982, the Workers' Compensation and Rehabilitation Commission met a total of 294 times.

The membership of the Workers' Compensation and Rehabilitation Commission and corresponding meeting attendance during the period 1 July 2004 to 4 January 2005 is provided in table 2.:

Table 2: Workers' Compensation and Rehabilitation Commission membership and attendance

Member	No. of meetings held	No. of meetings attended
Mr Brian Bradley (Chairman)	7	6
Mr Vic Evans	7	7
Mr Nigel Glass	7	5
Mr Daryl Cameron	7	7
Ms Miriam Angus	7	7
Dr Robert Gillett	7	4
Mr Harry Neesham (also Deputy Chairman)	7	2*
Ms Diane Munrowd	7	5*

* During the reporting period Mr Harry Neesham, former Executive Director, attended two out of two meetings before his retirement on 10 August 2004 and Ms Diane Munrowd attended five out of five meetings whilst acting in the role as Executive Director until 9 January 2005.

Code of Conduct

The Workers' Compensation and Rehabilitation Commission maintained a Code of Conduct, which promoted good practice, identified the obligations of members and provided guidance on ethical conduct.

Commission Advisory Committees

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

The advisory committees of the Workers' Compensation and Rehabilitation Commission were:

- Audit and Budget Advisory Committee
- Legislative Review Advisory Committee
- Medical and Allied Services Advisory Committee.

A member of the Workers' Compensation and Rehabilitation Commission chaired each Committee. Membership comprised members or deputy members of the Workers' Compensation and Rehabilitation Commission or a nominee of the representative body on the Commission.

Audit and Budget Advisory Committee

The Audit and Budget Advisory Committee undertook the functions of audit and budget on behalf of the Workers' Compensation and Rehabilitation Commission. The audit function related to advising on the audit measures to achieve the effective and efficient administrative performance of its functions. The budget function related to the review of the agency's budget and recommendation to the Commission.

Legislative Review Advisory Committee

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

Medical and Allied Services Advisory Committee

The Medical and Allied Services Advisory Committee provided the Workers' Compensation and Rehabilitation Commission with advice on medical, allied health and vocational rehabilitation service issues. The Medical and Allied Services Advisory Committee considered different modalities of treatment and service provider groups for recognition as approved treatments and approved treatment providers under the Workers' Compensation and Rehabilitation Act 1981. The Medical and Allied Services Advisory Committee also undertook negotiation on behalf of the Workers' Compensation and Rehabilitation Commission with relevant medical and allied health provider groups to set scales of fees for services provided to injured workers and to determine the structure of service schedules to ensure effective delivery of these services.

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 WA.

WorkCover Western Australia Authority (Board) – 4 January 2005 to 30 June 2005

Board Member Mr Brian Bradley is the Director General of Department of Consumer and Employment Protection. WorkCover WA provides funding to support preventative activities in the form of the ThinkSafe Campaign run by WorkSafe WA division of the Department of Consumer and Employment Protection.

Workers' Compensation and Rehabilitation Commission – 1 July 2004 to 4 January 2005

Commission Chairman Mr Brian Bradley is the Director General of Department of Consumer and Employment Protection. WorkCover WA provides funding to support preventative activities in the form of the ThinkSafe Campaign run by WorkSafe WA division of the Department of Consumer and Employment Protection.

Commission Member Mr Nigel Glass is the Chief Executive Officer of the Paraplegic Quadriplegic Association of WA (Inc). The Paraplegic Quadriplegic Industries, a subsidiary of Paraplegic Quadriplegic Association of WA (Inc), has a garden maintenance contract with WorkCover WA for its Shenton Park site.

Commission Member Mr Vic Evans is Managing Director of the Insurance Commission of Western Australia. The Insurance Commission of WA 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. The Insurance Commission of Western Australia receives an agreed administration fee for providing the service.

Commission Deputy Member Mr Lew Watts is General Manager of Insurance for the Insurance Commission of Western Australia. The Insurance Commission of WA 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. The Insurance Commission of Western Australia receives an agreed administration fee for providing the service.

Commission Deputy Member Dr Evelyn Lee is a Member of the Industrial Diseases Medical Panel and the Medical Assessment Panel, which is established under the Act. Dr Lee is remunerated at an hourly rate for this service.

Operating Structure

In March 2005, the Corporate Executive of WorkCover WA, led by the Chief Executive Officer, implemented a temporary transitional structure to align executive and management responsibilities and workloads with key strategic priorities. The temporary structure also gave regard to the scope of the changes required for the transition to the new legislation and the associated risks for the agency. The organisational structure as at the end of the financial year is provided in figure 1.

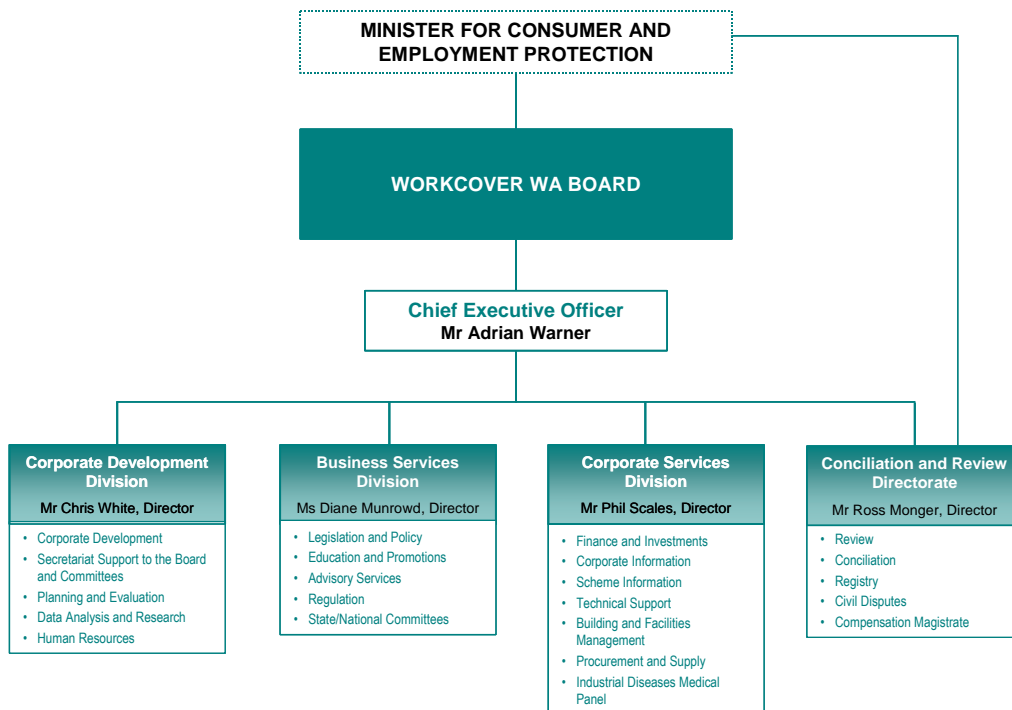


Figure 1: Organisational Structure as at 30 June 2005

During 2005-06, WorkCover WA's Corporate Executive will give further consideration to the appropriate shape of the agency for the long term. The changes to the organisation's structure will better focus the executive and management team's attention and efforts on positioning WorkCover WA to operate effectively in the environment that will exist following the implementation of legislative changes on 14 November 2005. This is the next step in the finalising of the long-term structure of the agency. In 2005-06, strategic directions set by the Board and the experience of implementing the new dispute resolution framework may further influence the structure. Figure 2 sets out the likely long term functional alignment of the agency.

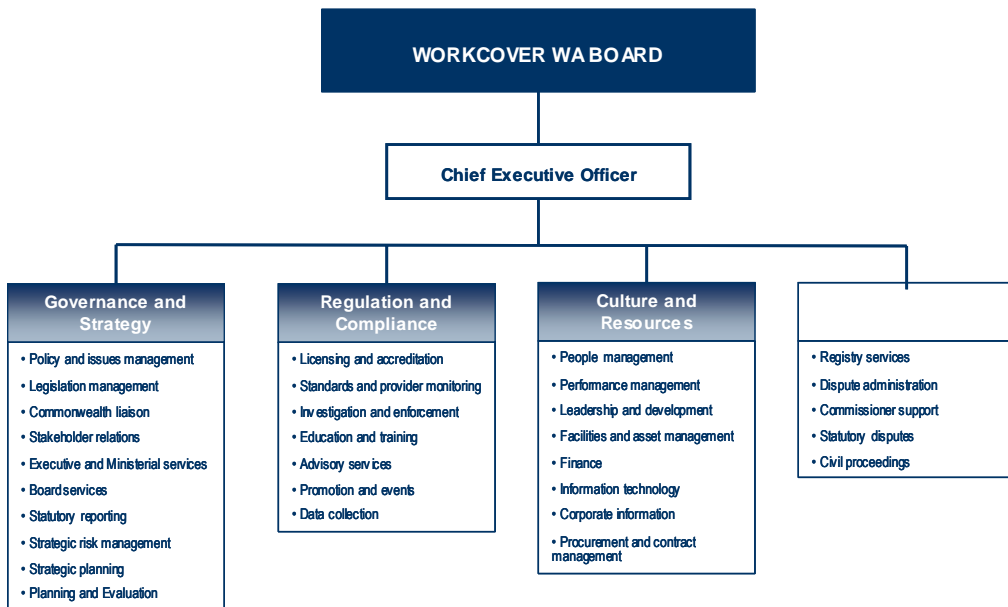


Figure 2: New Organisational Structure

Corporate Executive

The Corporate Executive comprises of the Chief Executive Officer and Divisional Directors. The Corporate Executive is responsible for developing and monitoring the agency's overall corporate direction, as well as budgeting, planning and monitoring of operational performance outcomes. The Corporate Executive also oversees a range of operational issues, including human resource management issues, risk management and other issues central to the operations of the agency. The Corporate Executive ensures the effective management of resources, accountability and integrity within the agency, while providing a high level of support and advice to Government.



Divisions

WorkCover WA's outcomes and services are delivered through four divisions: Corporate Development; Business Services; Corporate Services; and Conciliation and Review.

Executive Office

The Executive Office has responsibility for Ministerial support and liaison, secretariat support to the Board and Board Committees, direct support to the Chief Executive Officer, and assist in strengthening the relationships between all areas of WorkCover WA.

Chief Executive Officer

Mr Adrian Warner was appointed to the position of Chief Executive Officer on 10 January 2005. His previous position was General Manager, Strategy at Government Employees Superannuation Board.

Acting Executive Director (11 August 2004 – 9 January 2005)

Ms Diane Munrowd acted in the role of Executive Director for the period 11 August 2005 to 9 January 2005.

Former Executive Director (1 July 2004 - 10 August 2004)

Mr Neesham was the Executive Director of WorkCover WA since its inception in 1982 to 10 August 2004.

Corporate Development

The Corporate Development Division provides a strategic focus to assist the Board and Government in effectively managing the workers' compensation system in Western Australia. The division undertakes a strategic policy and planning role to ensure objectives of the WorkCover WA Board and Government are met. Emphasis is placed on strategic development, research and data analysis, coordination of ministerial briefings, media responses and participation on National workers' compensation committees. The division also undertakes corporate policy development, performance evaluation, corporate reporting, business improvement and the provision of human resource services.

Director

Mr Chris White is the Acting Director of Corporate Development. Prior to commencing at WorkCover WA in October 2004, Mr White was the Acting Executive Director of the Office of the Director General at the Department of Consumer and Employment Protection and has extensive experience within the WorkSafe WA Division of Department of Consumer and Employment Protection. Mr White is experienced in the areas of policy development and implementation, strategic planning, data analysis and Ministerial liaison.

Business Services

The Business Services Division delivers information, education and training services to customers and is responsible for promotional activities of the agency. The division also provides policy and legislation support; ensures compliance with legislation by 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.

Director

Ms Diane Munrowd is the Director of Business Services. During 2004-05, Ms Munrowd undertook the role of Executive Director in an acting capacity to 9 January 2005. Ms Munrowd has a Masters Degree in Rehabilitation and has extensive experience in workers' compensation and injury management at a State and National level.

Corporate Services

The Corporate Services Division supports the corporate governance of the agency by providing business management services. These services include financial, purchasing, asset, technical and information services. The division develops and implements systems, procedures and co-ordination mechanisms across the agency.

Director

Mr Scales is the Director of Corporate Services and has worked in the public sector since 1976. Mr Scales has a background in information technology and corporate services.

Conciliation and Review

The Conciliation and Review Directorate 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 Injury Management Act 1981.

Director

Mr Ross Monger has been the Director Conciliation and Review since the inception of the Directorate in March 1994. Mr Monger has extensive experience of some 29 years in Courts and Court Administration.

Contribution to Government Strategic Goals

WorkCover WA's agency level outcomes and mission contribute to the Government's strategic goal of developing a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth. Specifically, the agency's operations support the Government strategic outcome of an efficient labour market that utilises a fair but flexible system of employment. The diagram below reflects the relationship between WorkCover WA's outcomes and services and our contribution to the Government's strategic planning framework.

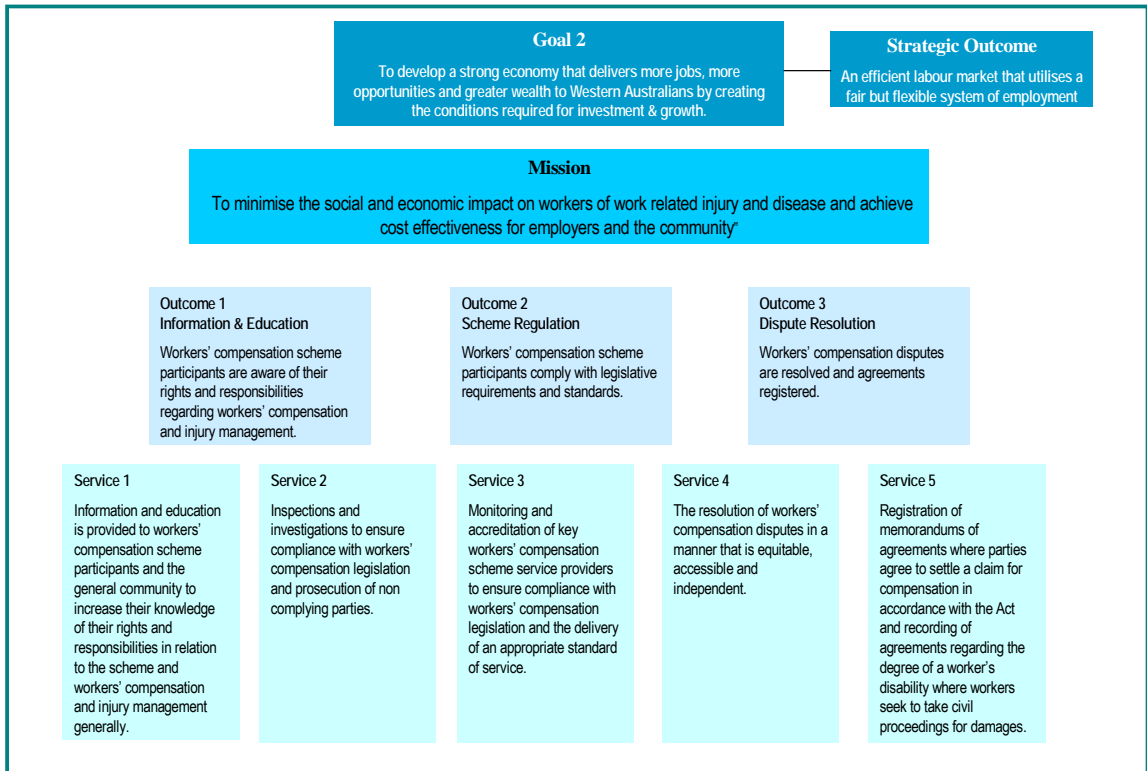


Figure 3: Summary of the Agency's Contribution to Government Strategic Goals, Mission, Outcomes and Services

Summary of Agency Level Outcomes and Services

WorkCover WA'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.

Outcomes and Services

To achieve the broad aims embodied in the Mission statement, WorkCover WA delivers three primary agency level outcomes: Information and Education, Scheme Regulation and Dispute Resolution. The services delivered by the agency directly support the achievement of these agency level outcomes which, in turn, influence the broader aims of our Mission.

Agency Level Outcomes

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

1. Information and Education

Workers' compensation scheme participants are aware of their rights and responsibilities regarding workers' compensation and injury management.

2. Scheme Regulation

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

3. Dispute Resolution

Workers' compensation disputes are resolved and agreements registered.

Services

To achieve our outcomes we deliver the following services:

Information and Education

Information and education is provided to targeted participants of the workers' compensation scheme. The aim is to increase their knowledge of their rights and responsibilities regarding the workers' compensation scheme and injury management matters. WorkCover WA targets specific groups of participants to maximise the impact on the scheme.

Information and education are delivered:

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

Compliance

WorkCover WA is responsible for assisting the Minister for Consumer and Employment Protection in the administration of the Workers' Compensation and Injury Management Act 1981. In line with this responsibility, the agency seeks to secure compliance with the provisions of the legislation. 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 all employers hold a workers' compensation insurance policy. Large-scale non-compliance would result in increased premium rates and pressure on the General Fund. WorkCover WA seeks to ensure employers hold appropriate workers' compensation insurance cover through workplace visits and contact with employers by letters and telephone.

Accreditation and Licensing

Key service providers including insurers and self-insurers, vocational rehabilitation providers and approved (hearing) testers are subject to accreditation or licensing standards and their activities are monitored. Sanctions are imposed on service providers that do not consistently deliver services to the agreed standard.

Dispute Resolution

WorkCover WA 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.

Registration of Agreements

WorkCover WA registers agreements between scheme participants where:

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

Key Performance Indicators

WorkCover WA evaluates and reports on its performance through Key Performance Indicators. The Key Performance Indicators comprise of effectiveness and efficiency indicators. Effectiveness indicators show the extent to which the agency has achieved its agency level outcomes and efficiency indicators represent the cost of services delivered. The audited Key Performance Indicators are included under the Performance Indicators and in the Report on Operations sections of this report.

WORKERS' COMPENSATION ENVIRONMENT

The **Workers' Compensation Environment** section contains Western Australian scheme statistical information on:

- Average Premium Rates
- Premium Income
- Claim Payments
- Claim Statistics

In the following section, statistics should be interpreted in conjunction with the explanatory notes that accompany the data. WorkCover WA publishes comprehensive information on claims in the annual Workers' Compensation Statistical Report. This report and other statistical research documents are available on WorkCover WA's internet site at www.workcover.wa.gov.au.

Premium Rates

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 gazetted for 480 industry based classifications and set for the privately underwritten market, inclusive of State Government experience.

In 2005-06, recommended premium rates range from 0.40% to 12.78%. The average recommended premium rate increased by 2.9% from 2.252% for 2004-05 to 2.317% for 2005-06. Figure 4 shows the trend in the average recommended premium rate over the past eleven years.

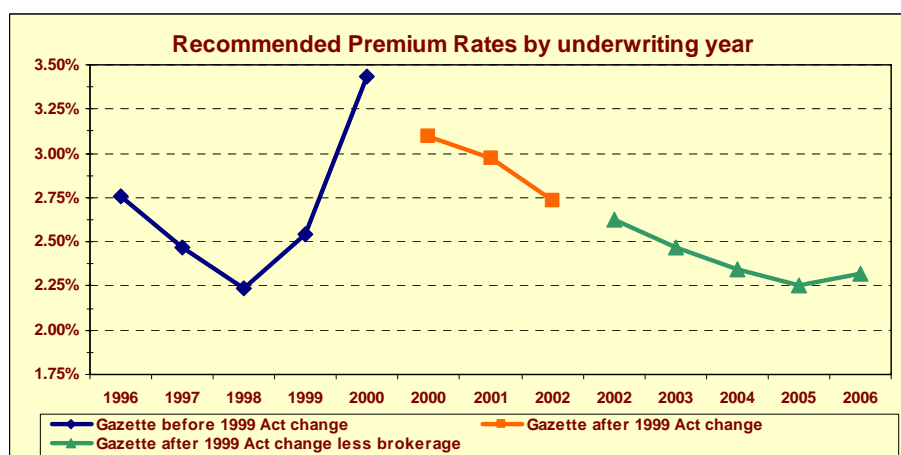


Figure 4: Average recommended premium rates by underwriting year

Source: PricewaterhouseCoopers; WorkCover Western Australia – Actuarial Assessment of the Recommended Premium Rates for 2005-06: April 2005, Page 1.

Premium Income

The Western Australian workers' compensation scheme is primarily underwritten by private insurance companies (insurers) who are approved by WorkCover WA to underwrite workers' compensation in the State. The Workers' Compensation and Injury Management Act 1981 also provides WorkCover WA with the ability to approve an exemption from insuring for employers who wish to self insure (self insurers). The statutory obligations of the State Government as an employer are arranged through a self insurance scheme managed by the Insurance Commission of Western Australia (under the name of RiskCover).

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 seven years for serious claims to reach finalisation. Consequently, premiums 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.

In the annual determination of the recommended premium rates, WorkCover WA includes provision for the cost of claims and allowances for:

- a target loss ratio (the expected cost of all claims for each respective underwriting year);
- claims administration expenses;
- inflation and interest earned on premium collected;
- statutory charges; and
- profit.

Thus, the premium income collected by insurers (as reported in this section) does not represent premium income collected solely for the purpose of paying for the cost of claims.

Premium Income 2004-05

Funds required for WorkCover WA to carry out its functions are obtained from an annual levy on premiums paid by employers to insurers approved to underwrite workers' compensation insurance in Western Australia and by self insurers. The information provided in this section is derived from contribution returns provided by insurers and self insurers under section 109 of the Workers' Compensation and Injury Management Act 1981. Insurers declare the actual premium received whilst self insurers declare a notional premium based on the gross wages paid and the industry premium rate.

As at the 30 June 2005, there were 11 insurers (including the Insurance Commission of WA) and 28 self insurers in the State. In 2004-05, the total premium for the scheme declared in contribution returns to WorkCover WA was \$679.492 million, which comprised of \$597.325 million for insurers and \$82.167 million for self insurers.

Premium Income Historical

Since 1995-96, the total income of the scheme has increased by 23.5%, from \$569.346 million to \$703.274 million. As can be seen in figure 5, the total scheme income rose overall to 1999-00 by a total of 54.8% before falling by a total of 21.7% to 2003-04. In 2004-05, total scheme income increased by 1.9% from the 2003-04 figure of \$690.392 million.

Note: Indexation has been applied to the actual premium income for the first time in 2003-04. Income has been indexed using past wage inflation rates, which are based on Australian Bureau of Statistics Average Weekly Earnings (ABS Cat. 6302.0), to ensure that all reported income is represented in 2004-05 dollars. These figures are therefore not comparable to those presented in previous annual reports.

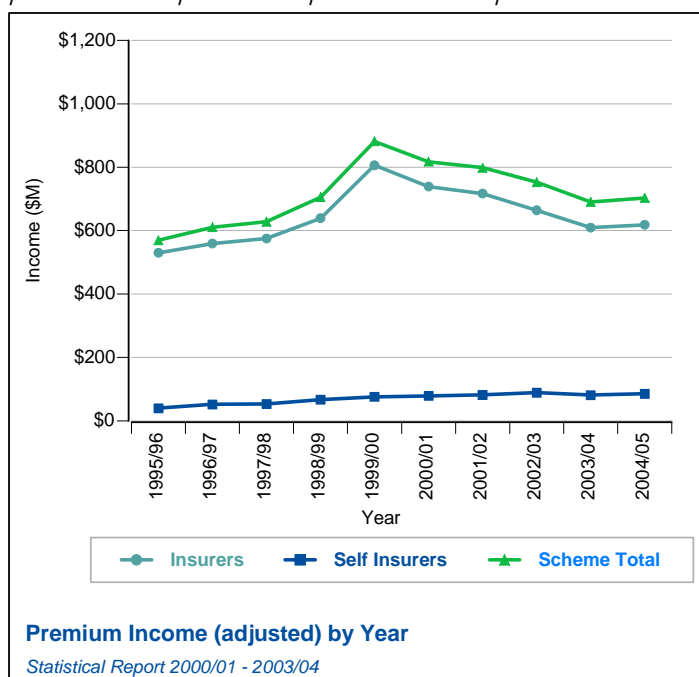


Figure 5: Adjusted premium income by year for 1995-96 to 2004-05

Figure 5 Notes:

- 'Insurers' premium income comprises the income of those approved and formerly approved insurers under Section 161 of the Workers' Compensation and Injury Management Act 1981 and the Insurance Commission of WA in relation to insurance arrangements for Government workers and industrial diseases (ie. Mining).
- The actual premium collected in a year does not necessarily reflect the premium earned in the year. That is, it may include premiums outstanding from the previous year or premiums paid in relation to the following year.
- 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 represent returns as at 30 June each year and may be subject to change due to income payment variations subsequently reported by approved insurers, former approved insurers and self insurers.

Claim Payments

Claim payments information includes expenses for all workers' compensation claims reported by approved and former insurers under section 161 of the Workers' Compensation and Injury Management 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. Claim payments are the actual expenses incurred during each financial year, regardless of the claim's date of accident, for the cost of unfinalised claims. Claim payment information is collected for the purpose of monitoring scheme outcomes, setting recommended premium rates for workers' compensation insurance and for strategic planning purposes.

Claim Payments by Category 2004-05

In 2004-05 unadjusted claim payments incurred against all accident years was \$424,385,058, 10.2% higher than the total payments made in 2003-04. In 2004-05 weekly payments accounted for 31.7% and common law and other Acts for 13.1% of the total claim payments. In 2003-04, these payments accounted for 32.3% and 10.6% respectively of the total claim payments. These two categories of payments accounted for 44.8% of the total scheme payments in 2004-05, 42.9% in 2003-04, and 44.7% in 2002-03.

Table 3 shows unadjusted claim payments by category of expense. The table shows that the only decreases during the four-year period were for fatal payments (48.3% decrease) and legal expenses (11.1% decrease). The largest increases recorded in the period 2001-02 to 2004-05 were for hospital expenses (63.1%), all other treatments (13.5%) and weekly payments (12.2%).

Table 3: Claim payment by category of expense (unadjusted) for 2001-02 to 2004-05

	2001/02		2002/03		2003/04		2004/05	
	Payments (\$M)	% of Total	Payments (\$M)	% of Total	Payments (\$M)	% of Total	Payments (\$M)	% of Total
Weekly Payments	119.939	30.9%	118.125	30.2%	124.329	32.3%	134.622	31.7%
Redemptions	57.010	14.7%	59.976	15.3%	55.992	14.5%	59.805	14.1%
For Specific Injuries (2nd Schedule)	16.695	4.3%	16.130	4.1%	16.907	4.4%	17.047	4.0%
Fatal (including funeral expenses)	2.055	0.5%	1.164	0.3%	1.769	0.5%	1.063	0.3%
Medical Practitioners & Specialists	44.145	11.4%	42.588	10.9%	41.582	10.8%	46.488	11.0%
Hospital Expenses	12.895	3.3%	14.428	3.7%	18.184	4.7%	21.028	5.0%
All Other Treatments	23.341	6.0%	24.110	6.2%	26.280	6.8%	26.489	6.2%
Vocational Rehabilitation	15.127	3.9%	14.870	3.8%	16.818	4.4%	16.677	3.9%
Miscellaneous	16.265	4.2%	14.488	3.7%	17.331	4.5%	18.137	4.3%
Legal Expenses	31.092	8.0%	28.781	7.3%	24.912	6.5%	27.634	6.5%
Common Law and Other Acts	49.789	12.8%	57.082	14.6%	40.930	10.6%	55.396	13.1%
Total (\$M)	388.352	100.0%	391.742	100.0%	385.033	100.0%	424.385	100.0%

Table 3 Notes:

- Comprised of payments made under Clauses 17(1), (3), (4), (5) and (6) of Schedule 1 of the Workers' Compensation and Injury Management 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.
- These are costs reported as at 30 June each year and may be subject to change due to payment variations subsequently reported by approved, former approved insurers and self insurers.
 - Claim payments represents the actual payments and do not reflect liabilities incurred but not yet paid.

Historical Claim Payments

Historical claim payments data has been adjusted for inflation using Australian Bureau of Statistics Average Weekly Earnings (ABS Cat. 6302.0). This adjustment ensures that past payments are represented in 2004-05 dollars. Total adjusted claim scheme payments in 2004-05 totalled \$439.239 million. Claim payments consistently decreased between 2000-01 and 2003-04, by a total of 19.1%, but increased by 4.2% in 2004-05.

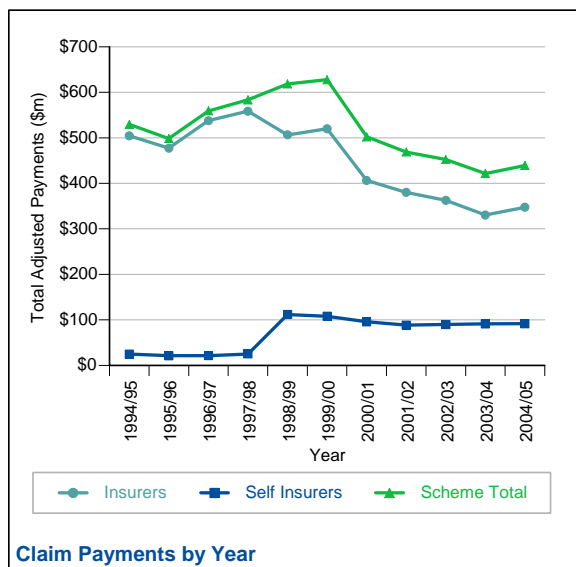


Figure 6: Adjusted claim payments by year for 1994-95 to 2004-05

Claim Statistics

Claim data represents information on lost-time workers' compensation claims by the financial year in which the claim was lodged. This is in contrast to claim payments, which reflect actual payments during a financial year. It should be noted that no adjustments have been made for inflation, as costs are grouped according to the year the claim was lodged and expenses may span more than one year.

Claims data is dynamic in nature and as a result WorkCover WA continuously updates its lost-time claims database as information is received from insurers and self insurers. Over time a greater proportion of lost-time claims become finalised and subsequent snapshots of the system provide more up-to-date claims information. The information contained within this section of the report was extracted in December 2004 and should therefore be considered as a snap shot of the workers' compensation system in Western Australia. It should be noted that due to the nature of capturing, verifying and analysing claims data, information for the 2004-05 year was not available at the time of publishing this report.

Number of Claims Lodged

A total of 42,417 workers' compensation claims were lodged with approved insurers and exempt employers in 2003-04. Of these, 44.8% (19,008) were classified as lost-time claims in that they related to an injury or disease, which resulted in an absence from work of one day/shift or more. Figure 7 shows that the proportion of claims that are lost-time claims has risen by 10.3% over the four-year period 2000-01 to 2003-04, although the actual number of lost-time claims declined between 2000-01 and 2002-03, before rising by 3.0% in 2003-04.

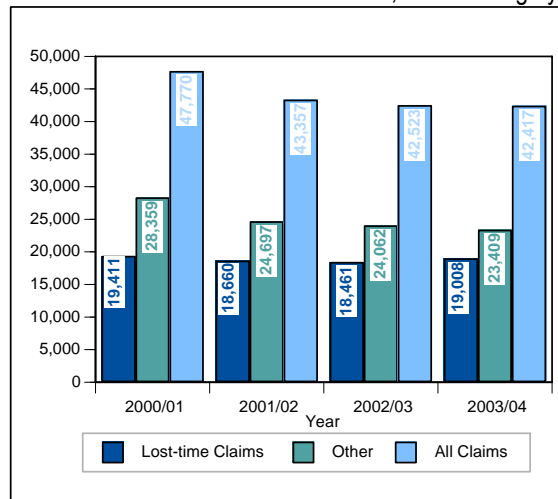


Figure 7: Number of lost time claims lodged for 2000-01 to 2003-04

Claim Duration

For reporting purposes "long duration claims" are considered to be those claims that result in 60 working days or more being lost as a result of a work related injury or disease. As is shown in figure 8, long duration claims accounted for 23.6% of lost-time claims in 2003-04, while claims with less than 60 working days lost accounted for more than three quarters of all lost-time claims. Despite accounting for only 10.5% of all claims lodged with the workers' compensation system (lost-time and no lost time claims), long duration claims accounted for 79.3% of all costs.

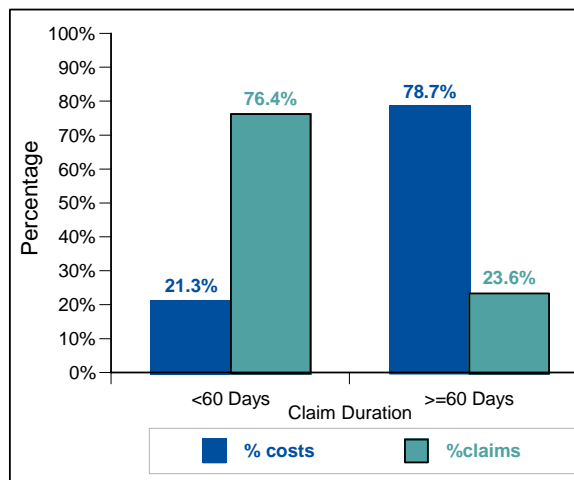


Figure 8: Claim cost by claim duration for 2003-04

Frequency Rate of Lost Time Claims

The frequency rate represents the number of lost-time claims per million hours worked. As shown in figure 9, the frequency rate for males, females and all persons increased by 2.4%, 1.2% and 2.1% respectively between 2002-03 and 2003-04. It can also be seen that between 2000-01 and 2002-03, however, that the frequency rate for males and all persons decreased by 8.5% and 7.4% respectively. The frequency rate for females, on the other hand, increased slightly between 2000-01 and 2001-02, but then decreased between 2001-02 and 2002-03 (by 7.4%). Despite this, the frequency rate of lost-time claims for males was 1.5 times higher than that for females in 2003-04.

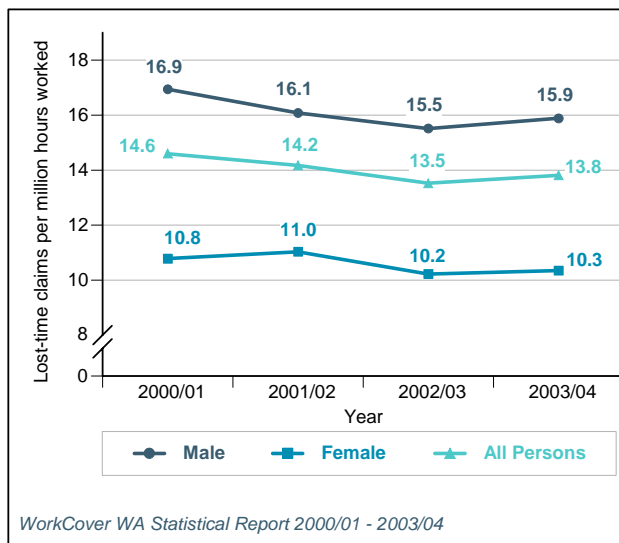


Figure 9: Frequency rate for lost-time claims by gender for 2000-01 to 2003-04

Lost-Time Claims by Industry

In 2003-04 the highest proportion of lost-time claims occurred in the manufacturing industry (19.9%). As can be seen in table 4, the manufacturing industry was followed by the health and community services industry (12.2%), the construction industry (11.3%) and the retail industry (also 11.3%). Together these four industries accounted for 54.7% of all lost-time claims in 2003-04. The industry recording the lowest proportion of lost-time claims was the communication services industry, which accounted for 0.3% of all lost-time claims.

Table 4: Number of lost-time claims by industry for 2000-01 to 2003-04

	2000/01		2001/02		2002/03		2003/04		4 Year % Change
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	
Agriculture, Forestry and Fishing	1,039	5.4%	952	5.1%	1,061	5.7%	1,101	5.8%	6.0%
Mining	864	4.5%	846	4.5%	795	4.3%	752	4.0%	-13.0%
Manufacturing	4,058	20.9%	3,776	20.2%	3,882	21.0%	3,790	19.9%	-6.6%
Electricity, Gas and Water Supply	121	0.6%	88	0.5%	82	0.4%	93	0.5%	-23.1%
Construction	2,097	10.8%	1,800	9.6%	1,854	10.0%	2,152	11.3%	2.6%
Wholesale Trade	885	4.6%	872	4.7%	800	4.3%	807	4.2%	-8.8%
Retail Trade	2,430	12.5%	2,310	12.4%	2,165	11.7%	2,141	11.3%	-11.9%
Accommodation, Cafes and Restaurants	819	4.2%	742	4.0%	749	4.1%	746	3.9%	-8.9%
Transport and Storage	1,238	6.4%	1,168	6.3%	1,025	5.6%	1,164	6.1%	-6.0%
Communication Services	36	0.2%	47	0.3%	62	0.3%	55	0.3%	52.8%
Finance and Insurance	111	0.6%	143	0.8%	120	0.7%	107	0.6%	-3.6%
Property and Business Services	1,386	7.1%	1,342	7.2%	1,209	6.5%	1,207	6.3%	-12.9%
Government Administration and Defence	203	1.0%	235	1.3%	269	1.5%	356	1.9%	75.4%
Education	990	5.1%	932	5.0%	914	5.0%	1,091	5.7%	10.2%
Health and Community Services	2,023	10.4%	2,321	12.4%	2,233	12.1%	2,317	12.2%	14.5%
Cultural and Recreational Services	348	1.8%	338	1.8%	329	1.8%	423	2.2%	21.6%
Personal and other Services	763	3.9%	748	4.0%	912	4.9%	706	3.7%	-7.5%
Total	19,411	100.0%	18,660	100.0%	18,461	100.0%	19,008	100.0%	-2.1%

REPORT ON OPERATIONS

The **Report on Operations** section provides information on WorkCover WA's:

- **Outcomes and Services:** Information and Education, Scheme Regulation and Dispute Resolution
- **Business Services:** Policy, Legislation and Research, and Prevention
- **Support Services:** People Management, Financial Management, Technical and Online Management and Change Management

Outcomes and Services

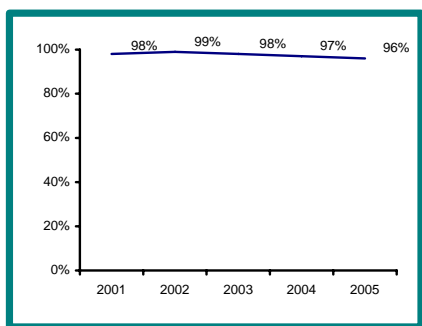
To achieve the broad aims embodied in the Mission statement, WorkCover WA delivers three primary agency level outcomes: Information and Education, Scheme Regulation and Dispute Resolution. The services delivered by the agency directly support the achievement of these agency level outcomes which, in turn, influence the broader aims of WorkCover WA's Mission.

Information and Education

Outcome Description

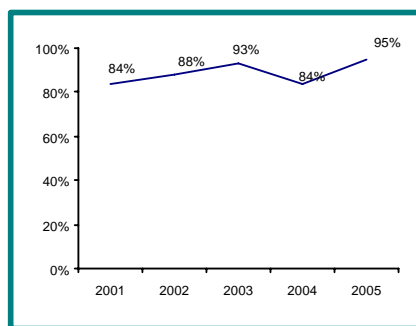
Workers' compensation scheme participants are aware of their rights and responsibilities regarding workers' compensation and injury management.

Effectiveness Indicators



Target 2005-06: 95%

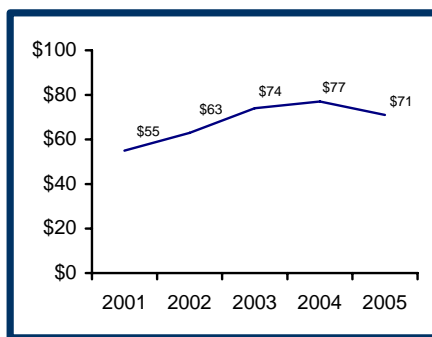
This figure indicates the percentage of people attending WorkCover WA information and education seminars who reported an increase in their level of knowledge of the workers' compensation scheme as a result of the seminar (*Outcome 1: Information and Education, Seminar Attendees*).



Target 2005-06: 96%

This figure indicates the percentage of Infoline callers who said their level of knowledge of the workers' compensation scheme increased as a result of their call (*Outcome 1: Information and Education, Enquiries*).

Efficiency Indicator



Target 2005-06: \$80

This figure indicates the cost per contact to provide information, education and training services (*Service 1: Information and Education*).

Key Initiatives and Activities

Information and education services are provided to workers' compensation scheme participants and the general community to increase their knowledge of their rights and responsibilities with respect to the scheme, workers' compensation legislation and injury management processes. Information and education strategies aim to assist with minimising the social and economic impact of work related injuries. The information service (Infoline) provides responses to enquiries on all aspects of the workers' compensation and injury management. Enquiries are received by telephone, written correspondence, the internet and in person.

WorkCover WA's key information and education initiatives and activities in 2004-05 were:

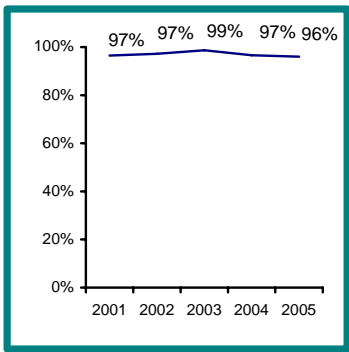
- Responded to 27,724 telephone enquiries relating to all aspects of workers' compensation and injury management. This was an increase on the previous year and mainly attributable to enquiries on the new legislative changes.
- Trained and educated 1,888 customers through information sessions for injured workers, employers and health professionals, as well as injury management co-ordinators courses, provider legislation training (including noise induced hearing loss requirements) and specialised training requests. Most notably during the year, there was an increase in the delivery of information and training to trade unions, following identification of a specific need to increase WorkCover WA's profile with this group.
- Improved the information dissemination function providing employees with greater access to WorkCover WA data systems and training as well as the introduction strategies to prepare for the implementation of the legislative changes on 4 January 2005 and 14 November 2005.
- Implemented an Infoline Call Centre Online system to enable accurate recording of the demographic data and to assist in the identification of information needs. The system will assist in appropriately targeting the delivery of information services and in employee training and development.
- Introduced a new "E-News" initiative, an email newsletter designed to provide up to date information on what is happening in the workers' compensation scheme. E-News newsletters are available on WorkCover WA's internet site at www.workcover.wa.gov.au or customers may register on a mailing list.
- Delivered training, in May 2005, to 143 medical practitioners and general information seminars to over 240 stakeholders on the new methodology for the assessment of impairment of injured workers. At the end of the financial year, 162 medical practitioners had undertaken the required training to be eligible for consideration by the WorkCover WA Board as an Approved Medical Specialist.
- Undertook targeted education activities in the Armadale, Canning Vale and Broome areas following the identification of a high rate of workers' compensation claims. The targeted activities focussed on educating and informing employers, workers, medical practitioners and business advisors. Special events attended during the year also included the Dowerin Field Days, where over 300 information packs were distributed to rural employers and workers; the Financial Counsellors Resource Project's annual conference, which was attended by over 70 community financial counsellors; and the Business Opportunities Expo.
- Participated in education programmes with the WorkSafe WA Division of the Department of Consumer and Employment Protection as well as collaborating on an employer's information evening organised by Edith Cowan University. In addition during the year, existing partnerships were strengthened and expanded with a special outreach programme that contacted peak organisations such as the Australian Hotel Association, the Chiropractors Association, the WA Farmers Federation and the Kwinana Industry Council.
- Released a new WorkCover WA brochure to provide information on the legislative changes implemented in January 2005 and the remaining changes, which will occur on 14 November 2005.

Scheme Regulation

Outcome Description

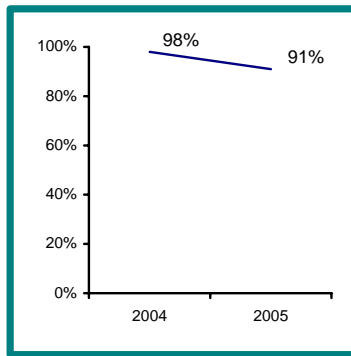
Workers' compensation scheme participants comply with legislative requirements and standards.

Effectiveness Indicators



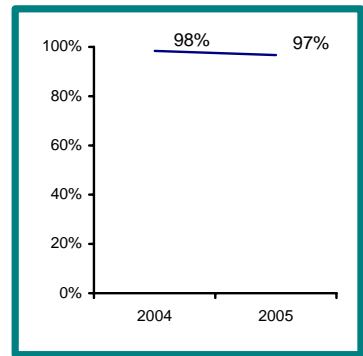
New business inspections

Target 2005-06: 95%



Field inspections

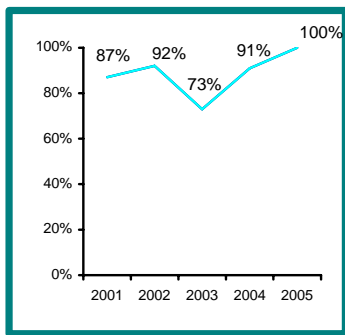
Target 2005-06: 90%



Targeted inspections

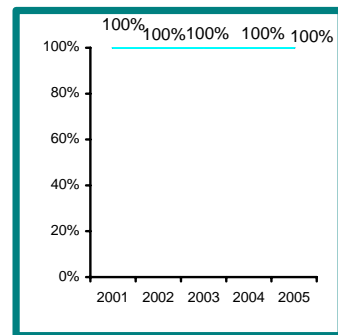
Target 2005-06: 95%

These figures indicate the percentage of employers found to hold workers' compensation insurance at the time of inspection (*Outcome 2: Scheme Regulation, Compliance*).



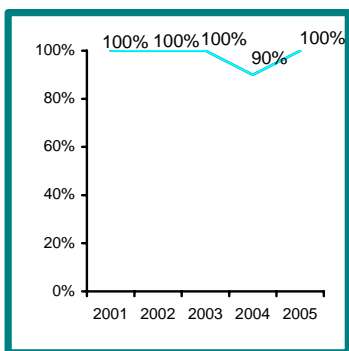
Target 2005-06: 100%

This figure indicates the percentage of approved insurers that met accreditation or licensing standards (*Outcome 2: Scheme Regulation, Accreditation and Licensing*).



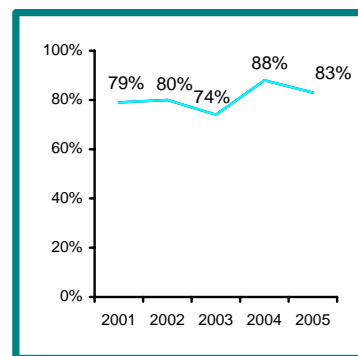
Target 2005-06: 100%

This figure indicates the percentage of approved self insurers (exempt employers) that met accreditation or licensing standards (*Outcome 2: Scheme Regulation, Accreditation and Licensing*).



Target 2005-06: 100%

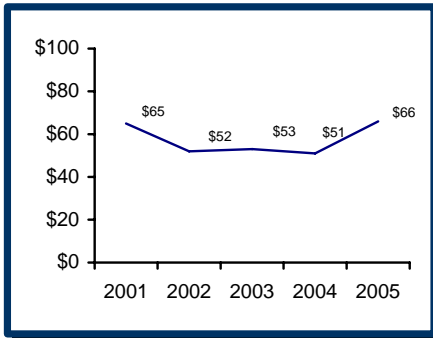
This figure indicates the percentage of approved vocational rehabilitation providers that met accreditation or licensing standards (*Outcome 2: Scheme Regulation, Accreditation and Licensing*).



Target 2005-06: 85%

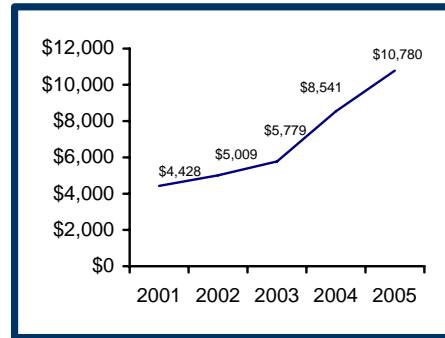
This figure indicates the percentage of approved air conduction testers that met accreditation or licensing standards (*Outcome 2: Scheme Regulation, Accreditation and Licensing*).

Efficiency Indicators



Target 2005-06: \$60

This figure indicates the cost per inspection to ensure compliance with the Workers' Compensation and Injury Management Act 1981 (*Service 2: Compliance*).



Target 2005-06: \$12,000

This figure indicates the average weighted cost per service provider to monitor accredited or licensed service providers (*Service 3: Accreditation and Licensing*).

Key Initiatives and Activities

The compliance activity involves inspection and investigation to ensure employers comply with the workers' compensation legislation and to prosecute employers and other parties, where necessary. The accreditation and licensing activity monitors the performance of insurers, self insurers, approved vocational rehabilitation providers and air conduction testers (and the equipment used) to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service.

WorkCover WA's key regulatory initiatives and activities in 2004-05 were:

- Undertook 24,544 inspections and prosecuted 7 employers for failing to hold a current workers' compensation policy. There were 1,826 requests from insurers to cancel an employer's workers' compensation policy of insurance processed by the agency. The total fines awarded during the year for prosecutions amounted to \$13,681.41 and a further \$22,246.74 in avoided premiums were ordered to be reimbursed to the General Fund. Five prosecutions were ongoing at the end of the financial year.
- Implemented various initiatives to identify non-compliant employers and targeted industries to address compliance concerns through various inspection activities.
- Examined the coverage of clergymen, as a result of a claim on the General Fund, and conducted a targeted inspection program to ensure compliance with the provisions of the Workers' Compensation and Injury Management Act 1981. In addition, investigations were also conducted into the establishment and use of so called "umbrella" insurance policies within the workers' compensation scheme. WorkCover WA conducted an investigation of the industry affected to ensure employers were aware of their obligations under the Workers' Compensation and Injury Management Act 1981 and ensured policies of insurance were in place to cover workers.
- Reviewed the performance of 10 insurers and the Insurance Commission of Western Australia recommending that all underwriting licences maintained. During the year, an onsite audit methodology of the Performance Monitoring Methodology for Approved Insurers 2003 (Version 2) was undertaken for the client services and dispute resolution programmes
- Reviewed the performance of 28 self insurers and endorsed their continuation as exempt employers under the Workers' Compensation and Injury Management Act 1981. In 2004-05, self insurers submitted performance information for the first time against the new approval and review criteria. The new criteria was based on the insurer performance monitoring methodology. Onsite reviews will be conducted in 2005-06 against the criteria.
- Approved 26 applications by insurers to load the recommended premium rate by more than 100% on the basis that claims experience of the employer warranted such a loading.

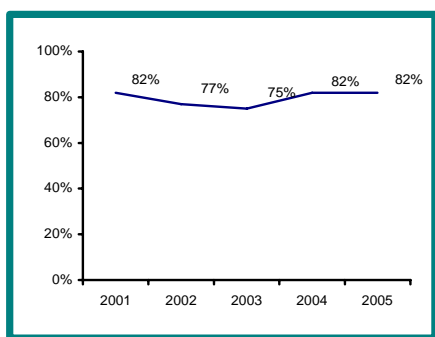
- Declined one appeal by an employer against the industry classification applied for the calculation of their insurance premium. In addition, three employers lodged appeals against their workers' compensation insurance premium assessment with all applications withdrawn before determination.
- Reviewed and assessed the performance of approved vocational rehabilitation providers against the agreed benchmarks. All providers maintained their accreditation. One new agency and two new single providers were approved during the year, while six providers sought voluntary revocation. At the end of the financial year, there were 40 vocational rehabilitation providers approved in Western Australia (20 agency providers, 14 single providers and 6 employer based providers).
- Accredited and evaluated the performance of new noise induced hearing loss testers (audiometric officers and audiologists) in the system. At 30 June 2005, there were 259 testers approved to conduct hearing tests for the purposes of legislation. A total of 49 new testers were approved and 53 testers cancelled as a result of not meeting performance criteria. At the end of the financial year, there were 155 booths and 165 audiometers approved within the scheme.

Dispute Resolution

Outcome Description

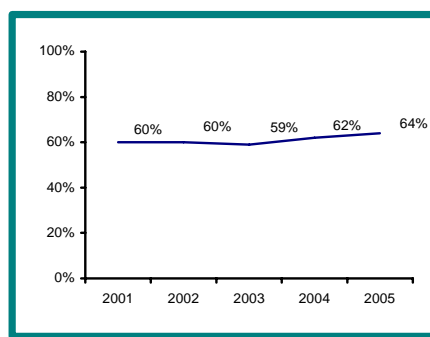
Workers' compensation disputes are resolved and agreements registered.

Effectiveness Indicators



Target 2005-06: 80%

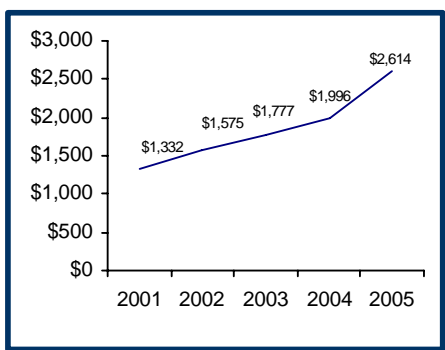
This figure indicates the percentage of workers' compensation disputes resolved at conciliation (*Outcome 3: Dispute Resolution*).



Target 2005-06: 65%

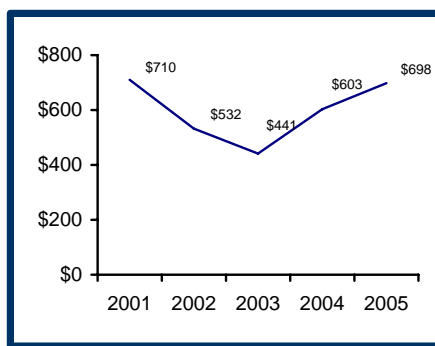
This figure indicates the percentage of workers' compensation disputes resolved within 12 weeks of lodgement (*Outcome 3: Dispute Resolution, timeliness*).

Efficiency Indicators



Target 2005-06: \$3,000

This figure indicates the average cost to resolve each dispute (*Service 4: Dispute Resolution*).



Target 2005-06: \$700

This figure indicates the cost per agreement to register agreements or determinations (*Service 5: Registration of Agreements*).

Key Initiatives and Activities

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

WorkCover WA's key dispute resolution initiatives and activities in 2004-05 were:

- Processed 2,312 new disputes referred to the Conciliation and Review Directorate, compared to 2,737 for the previous 12 month period.
- Resolved 2,423 matters with 82% (1,987) at conciliation and 18% (436) following review. During the year, a rapid turnover of disputes was maintained with approximately 48% of disputes resolved at conciliation within four weeks of lodgement and a further 18% between four and eight weeks. Accordingly more than 66% were resolved within 8 weeks. Of disputes resolved at review, 11% were resolved within four weeks of referral and a further 17% between four and eight weeks. For information on the workload statistics for the statutory dispute resolution proceedings refer to table 13 in the Appendices section of this report.
- Processed 723 referrals for common law made to employers compared to 799 in 2003-04. The number of civil proceedings matters referred to employers has slightly reduced on the previous year. For information on the workload statistics for civil proceedings refer to table 14 in the Appendices section of this report.
- Registered 3,990 Memorandums of Agreement for Schedule 2, Schedule 5 and Redemptions.
- Recorded 139 settlements pursuant to section 92(f) of the Workers' Compensation and Injury Management Act 1981.
- Referred 40 workers to a medical assessment panel.
- Conducted training seminars for stakeholders on the Conciliation and Review Directorate's policies and procedures. Seminars on the new dispute resolution process, to be implemented on 14 November 2005, were also conducted during the year.
- Developed procedures and rules to support the establishment of the new Dispute Resolution Directorate.

Business Services

Policy, Legislation and Research

Service Description

The provision of policy advice and legislation support is a major activity of the agency. This includes research, policy development and advice to the Board 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 submissions, second reading speeches, explanatory memorandums, committee notes and correspondence are also co-ordinated via this function. Other activities include data analysis and publication of statistical reports and research notes, management of internal and external research projects, and participation in various State and National workers' compensation committees.

Key Initiatives and Activities

WorkCover WA's key policy, legislation and research initiatives and activities in 2004-05 were:

- Provided policy and legislative support in relation to the Workers' Compensation Reform Act 2004; the Workers' Compensation (Common Law Proceedings) Act 2004; and the Workers' Compensation and Rehabilitation Amendment (Cross Border) Act 2004.
- Gazetted the Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2005 which provided for an increase in the scales of fees paid to medical practitioners, medical specialists, physiotherapists, chiropractors, occupational therapists, speech pathologists, clinical psychologists, osteopaths and vocational rehabilitation providers. The indexation is based on a composite indexation methodology.

- Developed drafting instructions for subsidiary legislation (Regulations, Rules and Code) to support the implementation of the Workers' Compensation Reform Act 2004. Subsidiary legislation drafted included:
 - Dispute Resolution Rules and Regulations;
 - Common Law Regulations;
 - Infringement Notices and Modified Penalties Regulations;
 - Specialised Retraining Program Regulations;
 - Injury Management Code of Practice; and
 - Approved Medical Specialist Assessment Regulations.

The deferral in implementation of stage two of the Workers' Compensation Reform Act 2004 to 14 November 2005 provided an opportunity for the agency to further consult with stakeholders on aspects of the subsidiary legislation.

- Participated on various state and national workers' compensation committees. During 2004-05, WorkCover WA was the national convener of the Heads of Workers' Compensation Authorities. Statistical and technical information was provided for the following projects:
 - The *Workplace Relations Ministers' Council Comparative Performance Monitoring Report* compares trends in workers' compensation and occupational health and safety across Australian jurisdictions and New Zealand. WorkCover WA continued to provide various forms of data for the report and assist with refining 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.
 - Productivity Commission Inquiry into *National Workers' Compensation and Occupational Health and Safety Frameworks*.
- Completed the feasibility study into the development of an internet based decision tool/software to flag high risk long duration claims. The study builds on previous research undertaken into long duration claims. The research applied statistical mathematical modeling to identify the potential for long duration claims. The project involved discussions with approved insurance claims managers, self insurers and representatives of employers to obtain feedback on the design of software, its practicality and usefulness, and determined the feasibility of linking the software to existing online systems maintained by WorkCover WA.

Injury Management Review Unit

Service Description

The Injury Management Review Unit provides specialist advice, education and information on injury management matters to injured workers, approved vocational rehabilitation providers, insurers, doctors, employers and the Conciliation and Review Directorate. It is also responsible for the injury management review system, which acts as "safety net" for all injured workers, and the monitoring of the injury management process. The injury management review system has been operational for six years. All claims are monitored monthly and the Injury Management Review Unit reviews those claims identified as not having returned to work and being referred to rehabilitation. Insurers are required to submit monthly reports on the status of these claims. The Injury Management Review Unit reviews these responses and follows up claims identified as requiring further investigation and/or injury management assistance.

Key Initiatives and Activities

WorkCover WA's key injury management initiatives and activities in 2004-05 were:

- Identified 3,129 injured workers, through the injury management review system who were reviewed by insurers to establish their need for injury management services. Cases identified as requiring injury management are forwarded back to the insurer, who is then responsible for contacting the employer regarding injury management activities. Evidence that vocational rehabilitation referrals took place, if appropriate, was confirmed via on-line data submitted to WorkCover WA.

- Dealt with 111 formal issues and 325 telephone enquiries referred to the Injury Management Review Unit. Of the formal issues, 66 were referred by the Conciliation and Review Directorate, 17 by injured workers, 15 by insurers, 6 by others, 6 by approved vocational rehabilitation providers and 1 by employers. Of the telephone contacts, 115 were from injured workers, 60 from approved vocational rehabilitation providers, 52 from insurers, 49 from employers, 33 from others, and 16 from medical practitioners. The main issues referred to the Injury Management Review Unit included participation in vocational rehabilitation, return to work and retraining, key party contact, service delivery plans and referral matters.
- Processed eight formal complaints lodged to the Injury Management Review Unit, who is responsible for investigating complaints lodged against approved vocational rehabilitation providers. The majority of complaints were from injured workers relating to the cost of rehabilitation programs where no return to work outcome was achieved.
- Issued 849 questionnaires seeking feedback on the injury management process to injured workers, who had been referred to an approved vocational rehabilitation provider, with 210 completed questionnaires returned.

Prevention

Service Description

WorkCover WA contributes towards reducing the incidence of workplace injury and disease in Western Australia by promoting safety measures in the workplace aimed at preventing or minimising the occurrences of injuries and diseases.

Key Initiatives and Developments

During 2004-05, WorkCover WA jointly funded the ThinkSafe Campaign with the WorkSafe Division of the Department of Consumer and Employment Protection (WorkSafe WA). The ThinkSafe Campaign is a community education campaign developed by WorkSafe WA and WorkCover WA. The campaign strategy was to increase the number of Western Australian small businesses within high-risk industry sectors that have compliant occupational safety and health systems and policies in place. The campaign again successfully raised the awareness of safety and health in the workplace by promoting it as an issue for community concern. Ultimately, the campaign was designed to reduce workplace related injury and disease in Western Australian workplaces.

The 2004-05 campaign focused on WorkSafe WA's priority areas and continued to target small business in the aged care, agriculture, construction, retail and transport industries. Targeting these industries is consistent with National strategies and WorkSafe WA's targeted high-risk industries. The ThinkSafe Campaign targeted the business sector using a broad range of media, such as television and radio, press (metropolitan and rural areas), SafetyLine Online and direct mail. The initiatives focused on the provision of information, advice, training and assistance with the implementation of systemic changes to achieve adoption of compliant occupational safety and health practices and policies by small business owners.

Support Services

Support services ensure human, financial, technical and other resources are used efficiently and effectively to provide services responsive to the needs of employees and stakeholders.

People Management

Service Description

The management of WorkCover WA employees is undertaken in accordance with public sector human resource practices, procedures and policies in order to support the agency's goals and objectives. People management practices ensure compliance with statutory, legal and other authorised work practices, provide for a discrimination free work environment, effective employee management and the establishment of classification procedures.

Public Accountability: Certification of Public Sector Standards, Codes of Ethics and Code of Conduct

WorkCover WA 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 WA's intranet site, which is accessible to all employees. During the induction process, new employees are introduced to the public sector standards in human resource management, code of ethics and code of conduct.

The human resources area plays a monitoring and advisory role to Directors, who are responsible for compliance with public sector standards and ethical codes. During 2004-05, human resource activities included a review of all processes that were subject to the standards to ensure compliance. In addition, as part of the internal audit program, a review of WorkCover WA's compliance with the public sector standards in human resource management was conducted. There were no matters raised regarding compliance with the code of ethics or WorkCover WA's code of conduct.

Compliance with Public Sector Management Act Section 31(1)

1. In the administration of WorkCover WA, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in (1) is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged	NIL
Number of breaches found including details of multiple breaches per application	NIL
Number still under review	NIL



ADRIAN WARNER

Chief Executive Officer, WorkCover WA

Date: 23 August 2005

Key Initiatives and Activities

WorkCover WA's key people management initiatives and activities in 2004-05 were:

- Appointment of a new Chief Executive Officer to oversee the future direction of the agency and lead WorkCover WA's employees.
- Implemented a process of change to create an organisation that supports the Government's legislative reform of the workers' compensation scheme in Western Australia. A transitional structure was introduced to align the executive and management responsibilities and workloads with the key strategic priorities and requirements of the WorkCover WA Board.
- Implemented components of the agency's Workforce Development Plan 2005-2008. As part of the nation's ageing workforce, it was identified that WorkCover WA has the potential for 40% of its employees to exit the workforce for relevant reasons, over the next five years, and nearly 60% over the next ten years. The workforce demographic changes occurred at a time of major legislative change, and changing methods of human resource operation, arising from the Government's Functional Review. In order to position itself to meet these challenges, WorkCover WA developed a Workforce Development Plan to guide its workforce development over the next 3 to 5 years. The WorkCover WA Workforce Development Plan, consistent with the Government's Workforce Planning process, addresses the future needs of WorkCover WA, the impact of changes to WorkCover's enabling legislation, the impact of actions from the Government's Functional Review implementation, equal opportunity and diversity and the aging population.
- Commenced the co-location and accommodation of WorkCover WA employees, services and facilities at one premises.

- Completed the migration to a new personnel and payroll system, adopted in line with the State Government's contract. The new system provides WorkCover WA employees with online access to pay and leave details including the ability to change personal details.
- Introduced salary packaging arrangements facilitated by a contracted provider.
- Monitored the activities of the Office of Shared Services established by the Functional Review Implementation Team. The expected intake of WorkCover WA employees into this structure is not anticipated until April 2008.
- Commenced monthly meetings of the Occupational Safety and Health Committee and the Joint Consultative Committee as forums to consult on workplace issues affecting employees.
- Developed a variety of workplace policies including the Media Policy, Corruption Prevention Policy, Customer Focus – Name Badges Policy, Sustainability Action Plan, the Occupational Safety and Health Policy, Consulting Citizens and Engaging with Aboriginal Western Australians Policy, Building and Sustaining Integrity Policy, Inclusive Language Policy, Accessing Abilities Policy and Equal Employment Opportunity and Diversity Policy.

Employee Profile

WorkCover WA consists of 142 dedicated employees who are committed to providing high quality, timely services to workers, employers and the community of Western Australia. Employees are located on premises in Shenton Park, West Perth and Perry Lakes. WorkCover WA's approved average staffing level (FTE) for the 2004-05 financial year was 131.5. Table 5 provides details of WorkCover WA's employees categorised by gender and level with comparative totals for 2004. The number of employees has remained stable over the past two years, with a greater percentage of female to male employees.

Table 5: Number of Employees by Gender as at 30 June 2005

Employees by Gender – at 30 June 2005 (Comparative figures for 2004 are in parenthesis)						
Level	Male		Female		Total	
Level 1	7	(7)	23	(31)	30	(38)
Level 2	3	(5)	17	(21)	20	(26)
Level 3	5	(6)	17	(9)	22	(15)
Level 4	6	(7)	10	(6)	16	(13)
Level 5	9	(12)	9	(8)	18	(20)
Level 6	6	(5)	2	(1)	8	(6)
Level 7	9	(7)	5	(3)	14	(10)
Level 8	1	(1)	1	(0)	2	(1)
Level 9	6	(5)	4	(4)	10	(9)
Above Level 9	2	(2)	0	(0)	2	(2)
TOTAL	54	(57)	88	(83)	142	(140)

- The average employment figure (FTE) for 2004-05 was 130.81. This was below the AASL of 131.5.
- The total employee figure at 30 June 2005 is higher than the FTE figure due to part time employees.

Equal Employment Opportunity

WorkCover WA's Corporate Executive approved a new policy for Equal Opportunity and Diversity in 2005 and a new plan will be developed in line with the policy in 2005-06. WorkCover WA met its targets for the Equity and Diversity Plan for 2003 and 2005 in all areas except youth and Indigenous Australians. The agency will continue to try and achieve these targets into 2005-06.

Workers' Compensation and Rehabilitation for WorkCover WA Employees

Table 6 provides details on workers' compensation and rehabilitation for WorkCover WA employees.

Table 6: Workers' Compensation and Rehabilitation for WorkCover WA Employees

	2000-01	2001-02	2002-03	2003-04	2004-05
Number of lost time injuries	1	0	2	1	0
Frequency rate (per million hours worked)	3.74	0.00	7.61	4.02	0.00
Incidence rate (per 100 workers)	0.73	0.00	1.46	0.71	0.00
Estimate cost of claims incurred per \$100 wage roll	0.099	0.00	0.448	0.003	0.087
Premium rate (%)	0.88%	0.50%	0.58%	0.46%	0.42%
Rehabilitation success rate:			s		
- Finalised	Nil	Nil	Nil	Nil	Nil
- Ongoing	1	2	2	2	2

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 2004-05 include:

- Computer skills
- Business writing
- Telephone courtesy and techniques
- Leadership – making the tough decisions
- Occupational safety and health
- Train the trainer
- First Aid
- Executive skills – strategic finance
- Interview skills for job applicants
- Government risk management
- A range of training needs identified through the performance management process.

Industrial Relations Environment

Employees at WorkCover WA are engaged under the Public Service Award, Government General Agreement and WorkCover WA Agency Specific Agreement. In July 2004, the Western Australian Industrial Relations Commission determined salary and condition matters contained in the Public Service General Agreement 2004. Also during the year, management and employee representatives agreed to withdraw from WorkCover WA's Agency Specific Agreement, as it was no longer required, due to the enhanced conditions contained in the Public Service Award and General Agreement.

Occupational Safety and Health and Workplace Wellness

In accordance with the agency's focus on a safe and healthy workplace, in 2004-05 building evacuation trials were held, an upgrade of building security occurred and workplace inspections were carried out by occupational safety and health representatives.

The agency also continued to provide an assistance program for employees and their immediate family, including a confidential counselling service to assist in resolving both personal and work related issues. The existing wellness activities, including a yoga and gym program, to promote well being in the workplace were well attended by employees during the year. The wellness program was this year enhanced by the provision of on-site influenza vaccinations.

The Occupational Safety and Health Committee commenced regular monthly meetings during the year with activities focussed on policy development and education material for employees on workplace occupational safety and health matters.

Joint Consultative Committee

WorkCover WA management and employees are committed to improved and effective consultation in the workplace. Consultation provides WorkCover WA employees with an opportunity to participate fully in decisions which impact on their working lives. The establishment of an appropriate forum to consult has resulted in better decision making with shared decisions leading to more effective implementation.

To facilitate workplace consultation, the Joint Consultative Committee was established in December 2004, in accordance with the provisions of the General Agreement 2004. The Joint Consultative Committee is comprised of management and employee representatives. Effective workplace consultation relies on information sharing, access to facilities and training for all participants, and a commitment from both management and employee representatives to achieve workable and acceptable solutions to workplace issues.

During 2004-05, the main activities of the Joint Consultative Committee concentrated on organisational change, accommodation changes and agency policy and procedures. The outlook for 2005-06 will see a continued focus on these issues especially on matters relating to deployment of WorkCover WA employees from the Conciliation and Review Directorate and the transition to the new Dispute Resolution Directorate structure.

Financial Management

Service Description

Sound financial management and accounting services support the achievement of the agency's goals and objectives.

Key Initiatives and Activities

WorkCover WA's key initiatives and activities in 2004-05 were:

- Finalised the liquidation for National Employers' Mutual General Insurance Company.

Funds Management

Trust Fund

The Workers' Compensation and Injury Management Trust Fund is maintained in accordance with section 110 of the Worker's Compensation and Injury Management 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 WA 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 5.18% 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 specific funds for the protection of workers from failures in the scheme. The agency provides protection for injured workers by providing a source of compensation for workers of uninsured employers pursuant to section 174. The agency also recovers funds paid to workers from the General Fund from uninsured employers and provides 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 Injury Management Act 1981. This year the compliance activity investigated 20 claims made on the Fund pursuant to section 174, compared to 37 last year. There were 17 new claims from the fund this year and 27 continuing claims from previous financial years. Cost of new claims is \$185,057 and for ongoing claims the amount is \$339,698. On the 30 June 2005, the total outstanding debt being recovered through the courts from uninsured employers is approximately \$1,592,724. Recovery action was finalised on 12 employers during the year.

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 in June 2002 the surcharge reduced to 3%, then 1% in June 2003. The surcharge rate remained at 1% in June 2005.

In relation to the liquidation of HIH Insurance, outstanding claims in Western Australia are estimated at \$23.421 million as at 30 June 2005 (which includes an allowance for asbestos related diseases for current known claims, but does not allow for incurred by not reported claims). This represents projected outstanding liabilities that are inflated and discounted values, claim administration expenses and a prudential margin. The Employers' Indemnity Supplementation Fund also paid claims under the Waterfront Workers' (Compensation for Asbestos Related Disease) Act. Payments for claims amounted to \$42,747 and in total \$2.40 million have been paid for claims.

During 2004-05, the final dividend was received from the United Kingdom Liquidators of National Employers Mutual General Insurance Company. Since the liquidation process commenced in 1990, \$2.17 million has been recovered for payments exceeding \$4.64 million.

Claims payments and receipts during the year for those insurers in liquidation is provided in table 7.

Table 7: Insurers in Liquidation: Claim Payments and Receipts during 2004-05

Insurer (In Liquidation)	Payments	Receipts
Palmdale\AGCI Insurance Co.	\$ 45,595	-
National Employers' Mutual General Insurance Co.	\$30,611	\$181,330
Standard Insurance Co.	\$21,063	-
HIH Insurance	\$ 8,189,343	-

Debts and Investments

As at 30 June 2005, there were 20 outstanding debtors resulting from fines and penalties awarded under section 170 of the Workers' Compensation and Injury Management Act 1981. During the year debts in the amount of \$319,556 were written-off and \$57,418 remained outstanding. During the 2004-05 year the weighted average rate of return on General Fund investments was 5.31%.

Technical and Online Management

Service Description

Technical and online management ensures the computing infrastructure, computing hardware, application development and maintenance, and data administration within WorkCover WA support's the agency's goals and objectives. The online management activity supports the delivery of our services through the internet, either on the main WorkCover WA internet site or in internet based data capture facilities. The data capture facilities ensures the collection, collation, quality assurance and maintenance of data for the workers' compensation and injury management scheme.

Key Initiatives and Activities

WorkCover WA's key initiatives and activities in 2004-05 were:

- Developed and implemented WorkCover WA's new look internet site in March 2005. WorkCover WA's previous website was implemented in 1997. Since then, the number of users accessing the internet site grew considerably, as has the amount of online content. The main aim in revising the internet site's structure was to make it easier for customers to find information. A subscription service will be implemented in the future enabling users to choose to automatically receive notification of new information.
- Implemented a content management system to manage the content release of information on our internet site. The content management system allows internet based publishing, format management, revision control, indexing, search and retrieval facility.

- Implemented a new Information Technology Strategic Plan that describes WorkCover WA's information and information technology needs for the next three to four years. WorkCover WA's last information technology strategic plan was implemented in 1996 and since that time the agency's information priorities have been revised with continuous incremental improvement to keep pace with improvements in the field. The purpose of WorkCover WA's new Information Technology Strategic Plan is to ensure our business and information systems support strategic objectives and operational needs into the future; deliver full business advantage from current, emerging and most appropriate information technologies; and address the current and emerging business issues and trends within the workers' compensation scheme and WorkCover WA as an organisation.
- Developed and implemented the Compliance Investigation System.
- Developed and analysed the suite of application systems supporting the Workers' Compensation Reform Act 2004.
- Established technology systems at the Perry Lakes office, rolled-out Windows 2003 Active Directory; upgraded the CheckPoint firewall; and implemented anti-spam solution software.
- Undertook 'after-processing' quality assurance activities with service providers to follow up and resolve particular data quality issues that are difficult to identify during the processing of monthly policy and claim returns. Ongoing training sessions were also conducted for scheme participants in the use of WorkCover WA's internet service provider applications.

Change Management

Service Description

The change management program assists in the effective implementation of all aspects of the Workers' Compensation Reform Act 2004 and to support the relocation of all WorkCover WA employees and facilities at Shenton Park. The building management aspect of the program is designed to create greater efficiencies for the agency through removing duplication, replacing aging plant and equipment and providing additional employee and client amenity.

Key Initiatives and Activities

The agency is managing the implementation of new and amended business processes, information systems and other aspects of the legislative changes through the change management program. In September 2004, a change management plan was developed to ensure the effective implementation of operational changes resulting from the legislative amendments. The change management program:

- identified the legislative changes that impacted on the agency's operations;
- defined the operational changes required to implement the legislative amendments;
- developed new operational policy, procedures and structures to support the legislative changes; and
- managed the implementation of the revised policies, procedures and structures.

This program involved over 56 projects dealing with various aspects of the legislative changes. The WorkCover WA Board actively monitored the status of the change management program to ensure the agency was well placed to implement the legislative changes on 14 November 2005.

WorkCover WA's key change management initiatives and activities in 2004-05 were:

- Facilitated the transition from the Workers' Compensation and Rehabilitation Commission and Premium Rates Committee to the WorkCover WA Board.
- Managed the establishment of the WorkCover WA Board including appointment of members and establishment of corporate governance aspects (including the establishment of Committees).
- Endorsed the *WorkCover WA Guides for the Evaluation of Permanent Impairment* and commenced training of medical practitioners and specialists.
- Completed stage one of the co-location and building management program with the temporary location of employees to the Perry Lakes office and the refurbishment of the south wing of the Shenton Park premises. West Perth employees will be moved into their new accommodation in late September 2005.

ACCOUNTABILITY FRAMEWORK

The **Accountability Framework** section provides information on:

- **Obligatory Reporting: Advertising and Sponsorship:** Statement of Expenditure - Electoral Act 1907; Annual Estimates; Corruption Prevention; Public Interest Disclosure; Evaluations; Ministerial Direction; Information Statement; Recordkeeping Plans; and State Sustainability Strategy - Energy Smart Government Policy and Waste Paper Recycling
- **Customers, Stakeholders and Community Relations:** Customer Focus; Disability Services Plan; Youth; Language and Cultural Diversity; Regional Services; and Indian Ocean Territories

Obligatory Reporting

Advertising and Sponsorship: 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 an agency's Annual Report. Table 8 is a statement of expenditure in accordance with Section 175 (Z)(e) of the Electoral Act 1907 for the 2004-05 financial year.

Table 8: Statement of Expenditure: Electoral Act 1907 for 2004-05

CLASS OF EXPENDITURE	AMOUNT	ORGANISATION
Advertising Agencies	NIL	
Direct Mail Agencies	\$10,855	Lasermail Pty Ltd
Market Research Agencies	NIL	
Media Advertising Agencies	\$29,952	Marketforce Ltd, Media Decisions WA and Media & Events Australia Pty Ltd
Polling Agencies	NIL	
TOTAL	\$40,807	

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 Consumer and Employment Protection for 2005-06.

Table 9: Annual Estimates 2005-06

	\$
EXPENDITURE	22,499,920
REVENUE	6,434,920
Contributions	16,398,537
Prior Year Deficit	(334,237)
TOTAL	22,499,220

Corruption Prevention

In accordance with the Government's policy, issued in March 2005, agencies are required to incorporate in their risk management activities, specific consideration of the risk of corruption and misconduct. The Government's Corruption Prevention Policy is designed to ensure that agencies have considered the risk of corruption and misconduct as a component of their organisational risk and ensure that a plan is in place to reduce the risk of corruption and misconduct.

WorkCover WA conducts regular, programmed reviews of all operational risks across the agency. The risks considered during the reviews include the risk of corruption. All risk management reviews are conducted in accordance with the Australian/New Zealand Standard (4360:1999) on risk management. Where a risk is identified, the level of risk is determined and, if necessary, a risk management plan developed. Development of a specific fraud and corruption risk management plan will commence in early 2005-06.

Public Interest Disclosure

WorkCover WA is committed to the aims and objectives of the Public Interest Disclosure Act 2003, which came into effect on 1 July 2003. The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information by providing protection for those who make disclosures and those who are the subject of disclosures. It provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

WorkCover WA recognises the value and importance of the public interest disclosure policy and legislation to eliminate improper and unlawful conduct, substantial mismanagement of public resources and substantial risks to the environment, public health and safety. WorkCover WA does not tolerate corrupt or other improper conduct, including mismanagement of public resources, in the exercise of the public functions or its officers, employees and contractors. WorkCover WA will take all reasonable steps to provide protection to those who make such disclosures from any detrimental action in reprisal for the making of a public interest disclosure. WorkCover WA does not tolerate any of its officers, employees or contractors engaging in acts of victimisation or reprisal against those who make public interest disclosures.

In 2004-05, there were no public interest disclosures made to the agency. WorkCover WA's Public Interest Disclosure Officer, who can deal with disclosures under the sphere of WorkCover WA's responsibility, is the Director of Corporate Services, Mr Phil Scales. Mr Scales can be contacted by telephone on (08) 9388 5555 or by email at disclosure@workcover.wa.gov.au. All contact with the Public Interest Disclosure Officer is treated with the strictest confidence.

Evaluations

There were no evaluations conducted during the year. Statistical information and actuarial reports publicly released during 2004-05 are listed in the Appendices section of this report and are available on WorkCover WA's internet site at www.workcover.wa.gov.au.

Ministerial Direction

One ministerial direction was issued by the Minister for Consumer and Employment Protection during 2004-05 in accordance with section 154AB of the Workers' Compensation and Injury Management Act 1981. The Special Direction provided that in fixing premiums under section 151 of the Workers' Compensation and Injury Management Act 1981, for 2005-06 and subsequent financial years, WorkCover WA should not take into account retrospective costs arising from the payment of increased benefit entitlements in respect of claims made before the commencement of section 141 of the Workers' Compensation Reform Act 2004.

Information Statement

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 WorkCover WA's internet site at www.workcover.wa.gov.au. Documents freely downloadable from the internet include information brochures, research reports, statistical information, ministerial reviews, rates, fees, payments and corporate reports. For the 2004-05 financial year, 12 freedom of information applications were received, with 11 being finalised at an average of 13 days per application.

Parties seeking information from WorkCover WA are not restricted to the Freedom of Information process and where appropriate, requests for information are handled outside of the Freedom of Information Act 1992. The agency has an appointed Freedom of Information Co-ordinator to facilitate the handling of all requests. WorkCover WA's Freedom of Information Statement is available on our internet site and outlines the information available and how to access it. Parties unsure of how to access information from WorkCover WA should contact the Freedom of Information Coordinator for advice. 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.

Recordkeeping Plans

During 2004-05, WorkCover WA continued its commitment to meet the requirements of the State Records Act 2000, with supporting documentation being provided to the State Records Commission in relation to the agency's RecordKeeping Plan.

Two in-house brochures on records management for WorkCover WA employees as well as an educational poster series were developed. In addition, training was provided to WorkCover WA employees on the agency's Ministerial Online system and on records management in general. New staff were invited to attend a specific records management induction session after commencement with the agency and the induction process for new Corporate Information employees has been formalised. Employee satisfaction with records management at WorkCover WA was surveyed during the year and the efficiency of the training sessions and education initiatives will be assessed in the next financial year.

State Sustainability Strategy

Sustainability is a global issue and we all have a responsibility to embrace the principles of sustainability and do as much as we can to contribute to meeting the needs of current and future generations through the integration of environmental protection, social advancement and economic prosperity. WorkCover WA plays its part by ensuring:

- its own activities support sustainability;
- staff are encouraged to embrace principles of sustainability;
- programs and services provided contribute to a sustainable community; and
- organisations with which WorkCover WA interacts are supported in adopting sustainability initiatives.

In accordance with State Sustainability Strategy, WorkCover WA developed a sustainability action plan proposing action and targets in a number of specific areas. WorkCover WA will report annually on progress in each of these areas. WorkCover WA's sustainability action plan can be viewed on the agency's internet site at www.workcover.wa.gov.au.

Energy Smart Government Policy

In accordance with the Energy Smart Government policy, WorkCover WA has committed to achieving a 12% reduction in non-transport related energy use by 2006-07 with an 8% cumulative reduction targeted for 2004-05. WorkCover WA achieved a 23.67% cumulative reduction for the year ending 30 June 2005.

During the year, further changes were made to the air conditioning system to achieve operational optimisation and reduce consumption in the Shenton Park building. A significant reduction was achieved following the shut down of two air-handling units during the months of May and June 2005, due to a refit of the southern section of the building at Shenton Park. The result of WorkCover WA's energy program for 2004-05 is provided in table 10.

Table 10: Energy Smart Government Program for WorkCover WA in 2004-05

	Baseline	2004-05	Variation %
Energy Consumption (MJ)	4,070,574	3,107,135	23.67
Energy Cost (\$)	172,586	147,766	
Greenhouse Gas Emissions (tonnes of CO ²)	1,040.4	785.5	

Performance indicators: MJ/sqm 579.18 MJ/FTE 21,881.23

Waste Paper Recycling

WorkCover WA 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. Where possible, alternate means such as the electronic communication of documents is encouraged instead of hard paper copies.

Customers, Stakeholders and Community Relations

Customer Focus

WorkCover WA has maintained its use of customer feedback to determine our success in delivering services and achieving our outcomes. Focusing on customer needs assists the agency in better aligning services and products. WorkCover WA is committed 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 planning in relation to this area will enable WorkCover WA to deliver focussed marketing initiatives and identify areas of service delivery that can be improved or enhanced.

Customer Services Charter

The agency's Customer Service Charter reflects WorkCover WA's current operations and delivery of services to 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 WA 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.

WorkCover WA's Customer Service Charter is available on our internet site at www.workcover.wa.gov.au.

Customer Feedback

WorkCover WA is committed to the fair and efficient resolution of customer complaints. Our Customer Feedback policy provides for a system where external customers can complain, compliment and/or make suggestions about the agency's services, decisions, procedures, policies and facilities. The policy complies with Australian Standard 4269 as required by the Premier's Circular 2004/04 (Whole of Government Complaint Management Strategy) and requires the implementation of revised customer feedback procedures throughout the agency. New customer feedback procedures, including complaints management, have been developed and will be implemented during 2005-06.

Infoline Customer Survey

During 2004-05, WorkCover WA undertook two surveys of users of the agency's telephone information service, Infoline, to ensure it meets customer needs. Services are adjusted to ensure they continually achieve the needs of customers. The purpose of the survey is 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. These survey results form the basis of reporting in our key performance indicators. This is the sixth year the survey has been conducted and the results for 2004 - 05 are shown in table 11 along with those for the past two years.

Table 11: Customer Survey for WorkCover WA's Infoline

Survey Questions	% of Yes Responses		
	02-03	03-04	04-05
1 Do you know more about the workers' compensation system as a result of the information provided during your call to Infoline?	93%	84%	95%
2 Did the information provided to you answer your query?	96%	90%	94%
3 Do you feel the time taken to respond to your call was reasonable?	95%	96%	98%

Information and Training Sessions

In addition to the Infoline survey, WorkCover WA also regularly surveys attendees at information and training sessions delivered to key customer groups. The information and training session attendee surveys are intended to determine the extent to which the information provided by WorkCover WA meets customer needs by increasing their knowledge of their rights and responsibilities. This is the sixth year the survey has been conducted and 96% 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.

Disability Services Plan

The agency's disability services plan is aimed at improving access to services and facilities for our customers with disabilities. It is acknowledged that better access benefits people with disabilities as well as 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 impacting on people with disabilities. WorkCover WA's disability services plan has five outcomes and during the year, the agency continued to review existing services to ensure they meet the needs of people with disabilities. The five outcomes are:

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 meet 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.

WorkCover WA's key disability service initiatives and activities in 2004-05 were:

- Participated in Deaf Week August 2004.
- Implemented a new internet site, which complied with the Government standards for accessible internet sites.
- Commenced major building modifications incorporating design features that provide for the specific needs of people with disabilities.
- Endorsed an accessing abilities policy, which seeks to improve employment and career development opportunities for people with disabilities.

Additionally, the majority of WorkCover WA publications are produced in formats that enable electronic enhancement of documents for visually impaired customers. Specifically, WorkCover WA provides services for hearing impaired persons by advertising its TTY service in brochures, 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. In addition, information is made available in alternate formats for people with disabilities upon request.

Youth

WorkCover WA recognises the needs of young people. Products and services delivered by WorkCover WA 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 and Research section of our internet site at www.workcover.wa.gov.au.

Language and Cultural Diversity

WorkCover WA 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 WA has addressed the needs of its customers by ensuring:

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

As part of its commitment to providing information in a variety of languages, WorkCover WA maintained three brochures translated in two languages, Chinese and Malay. These brochures are available on WorkCover WA's internet site at www.workcover.wa.gov.au under the Information section.

WorkCover WA's key language and cultural diversity initiatives and activities in 2004-05 were:

- Endorsed a policy on Inclusive Language and Consulting Citizens and Engaging with Aboriginal Western Australians.
- Translated the worker, employer and dispute resolution brochures into four new languages: Bosnian, Serbian, Macedonian and Arabic.
- Used interpreter services on 167 occasions primarily at the Conciliation and Review Directorate and for counter enquiries. Translators were arranged through the Translating and Interpreting Service and On-Call Interpreters and Translators Agency. The use of interpreters significantly reduced during the year, compared to 2003-04, when they were used on 291 occasions.

During 2005-06, a greater number of brochures will be available in languages other than English. This reflects WorkCover WA's recognition of the diverse population within Western Australia.

Regional Services

WorkCover WA is committed to providing services to regional communities. Activities undertaken to support this commitment during 2004-05 were:

- Promoted our 1300 freecall number for regional customers via brochures, the internet, advertising and presentations.
- Provided WorkCover WA publications to Department of Consumer and Employment Protection regional offices for dissemination in the regions.
- Conducted regional based presentations at the request of stakeholders and service providers including a targeted campaign in Broome. WorkCover WA's educational strategy aims to reach participants through a variety of targeted strategies. This included targeting people who hold positions of influence within their own communities, potentially influencing the long-term health of their local business economy in terms of network/partnership strength and/or stakeholder volume. Community members targeted in regional areas include medical practitioners, allied health and vocational rehabilitation providers, business advisors and Government personnel. WorkCover WA has reached the remaining population through its advertising and promotional activities in support of the regional visits.

- Undertook a regional compliance trip to the Kimberley region of the State. This trip ensured a presence for WorkCover WA in the regional area and made employers and other parties aware of their rights and obligations under the Workers' Compensation and Injury Management Act 1981 as well as improving our regional customers' understanding of the scheme.
- Convened four review hearings at country locations by the Conciliation and Review Directorate. 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 in remote areas or outside Western Australia.

Indian Ocean Territories

WorkCover WA has a Service Delivery Agreement with the Commonwealth Department of Transport and Regional Services in relation to Christmas and Cocos (Keeling) Islands. During 2004-05, WorkCover WA 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.

WorkCover WA's key Indian Ocean Territory initiatives and activities were:

- Completed a compliance visit to the Indian Ocean Territories to conduct inspections and provide information on rights and obligations under the legislation.
- Registered one Memorandum of Agreement. Memorandums of Agreements are registered when parties agree to settle a claim for compensation.
- Resoled four disputes involving parties from the Indian Ocean Territories and finalised one Form 22 Referral of Question of Degree of Disability for the purpose of accessing common law.
- Promoted the Infoline Service to Indian Ocean Territories employers and workers. These services are supported by information on the WorkCover WA website which has brochures available in the languages of Malay and Chinese. Interpreter services are offered to people with culturally and linguistically diverse backgrounds that require one to one assistance.

PERFORMANCE INDICATORS

The **Performance Indicators** section contains:

- Auditor General's Audit Opinion
- Certification of the Performance Indicators
- Performance Indicator Report

Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the WorkCover Western Australia Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Authority's Role

The Authority is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

D D R PEARSON
AUDITOR GENERAL
31 August 2005

Certification of the Performance Indicators

We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the WorkCover Western Australia Authority's performance, and fairly represent the performance of the WorkCover Western Australia Authority for the financial year ended 30 June 2005.

A handwritten signature in dark ink, appearing to read 'G Joyce', written over a horizontal line.

G JOYCE

Chairman

WorkCover WA Authority Board

25 August 2005

A handwritten signature in dark ink, appearing to read 'A Warner', written over a horizontal line.

A WARNER

Member

WorkCover WA Authority Board

25 August 2005

Audited Performance Indicators

PERFORMANCE INDICATOR REPORT

FOR THE YEAR ENDED 30.06.2005

RATIONALE

MISSION

WorkCover WA'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.”

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

OUTCOMES & SERVICES

To achieve the broad aims embodied in the Mission statement, WorkCover WA delivers three primary outcomes: *Information and Education*, *Scheme Regulation* and *Dispute Resolution*.

The services delivered by the agency directly support the achievement of these outcomes. The achievement of the outcomes in turn influences the broader aims of our Mission.

Outcomes

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

1. Information and Education

Workers' compensation scheme participants are aware of their rights and responsibilities regarding workers' compensation and injury management;

2. Scheme Regulation

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

3. Dispute Resolution

Workers' compensation disputes are resolved and agreements registered.

Services

To achieve the outcomes of *Information and Education*, *Scheme Regulation*, and *Dispute Resolution*, WorkCover WA delivers the following services:

1. Information and Education

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

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

Information and education are delivered:

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

2. Compliance

WorkCover WA is responsible for assisting the Minister for Consumer and Employment Protection in the administration of the *Workers' Compensation and Injury Management 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 all employers hold a workers' compensation insurance policy. Large-scale non-compliance would result in increased premium rates and pressure on the General Fund. WorkCover WA seeks to ensure employers hold appropriate workers' compensation insurance cover through workplace visits and contact with employers by letters and telephone.

3. Accreditation and Licensing

Key service providers ie. insurers and self-insurers, vocational rehabilitation providers and approved (hearing) testers, are subject to accreditation or licensing standards and their activities are monitored. Sanctions are imposed on service providers that do not consistently deliver services to the agreed standard.

4. Dispute Resolution

WorkCover WA 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.

5. Registration of Agreements

WorkCover WA registers agreements between scheme participants where:

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

KEY EFFECTIVENESS INDICATORS

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

KEY EFFICIENCY INDICATORS

Key Efficiency Indicators measure the cost of delivering services. Service delivery costs include all expenditure of the agency with the exception of costs associated with the Employers' Indemnity Supplementation Fund (\$7 931 140), uninsured claims payments (\$749 618), the management of trust funds (\$25 060), tenant costs for the agency's West Perth property (\$111 176), funding of joint initiatives with the WorkSafe division of the Department of Consumer and Employment Protection (\$250 000) and fulfilment of WorkCover WA's obligations under the Service Delivery Agreement with the Commonwealth for delivery of services to Cocos and Christmas islands (\$14 884). These costs do not contribute to the delivery of services.

NOTES TO THE PERFORMANCE INDICATORS

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

KEY EFFECTIVENESS INDICATORS

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

Outcome 1. Information And Education

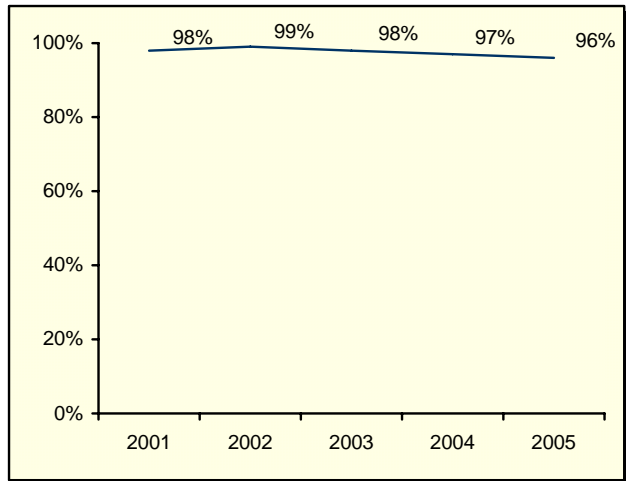
Workers' compensation scheme participants are aware of their rights and responsibilities regarding workers' compensation and injury management.

Effectiveness Indicator 1.1 – Seminar Attendees

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

Comment:

The percentage of seminar attendees who reported an increase in their knowledge of the workers' compensation scheme has remained stable over the last 5 years.

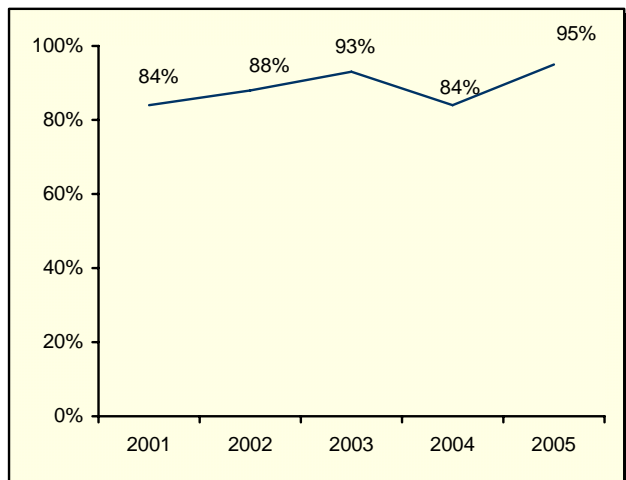


Effectiveness Indicator 1.2 – Enquiries

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

Comment

The percentage of Infoline callers who reported an increase in their knowledge of the workers' compensation scheme has returned to its previous level following a decrease in 2004. The 2004 decrease was due to a larger than normal number of callers requesting information specific to their individual claim. This information is only available from the relevant insurer and could not be provided by WorkCover WA staff.



Outcome 2. Scheme Regulation

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

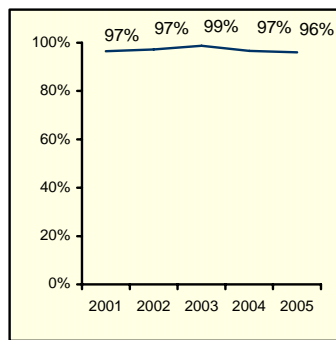
Effectiveness indicator 2.1 - Compliance

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

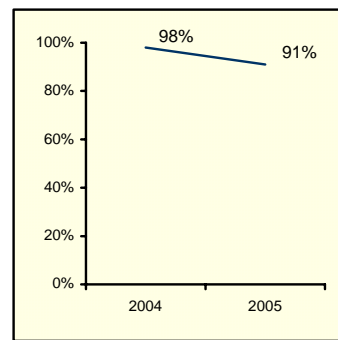
Comment

While the percentage of employers contacted through the New Business and Targeted Inspections programs who hold a policy has remained fairly constant there has been a decrease in the Field Inspection category. The decrease is due to specific inspection activities identifying pockets of businesses with high rates of non compliance.

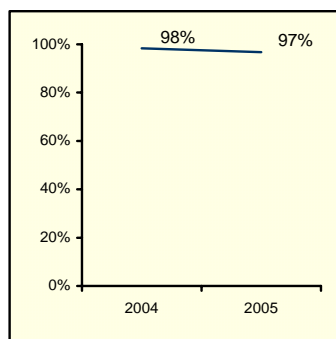
Data collection for *field* and *targeted* inspections commenced in 2004. Results prior to that year are unavailable.



New business inspections



Field inspections



Targeted inspections

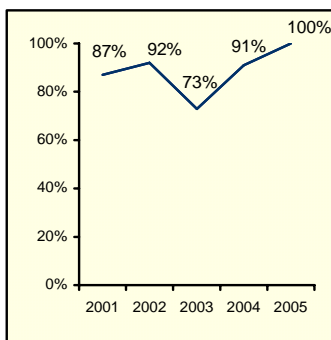
Effectiveness indicator 2.2 – Accreditation and Licensing

Percentage of service providers that met accreditation or licensing standards:

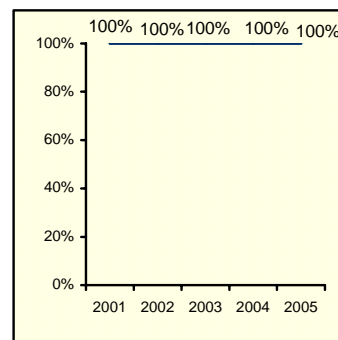
Comment

The percentage of self insurers and air conduction testers who met performance standards during 2004/2005 is little changed from previous results. The result for Vocational rehabilitation providers has returned to the level experienced prior to 2004. The lower than normal result for Vocational rehabilitation providers in 2004 was due to one provider having their accreditation revoked and a further 2 providers having their approval deferred pending further review.

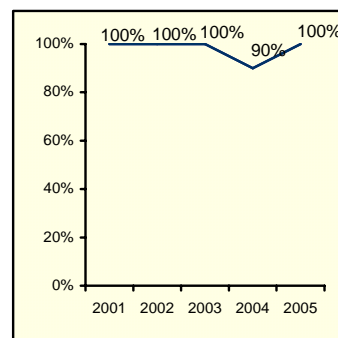
The overall performance of insurers in meeting the compliance standards of their performance agreements improved during 2004/05.



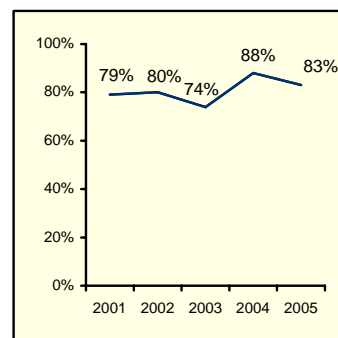
Insurers



Self insurers



Vocational rehabilitation providers



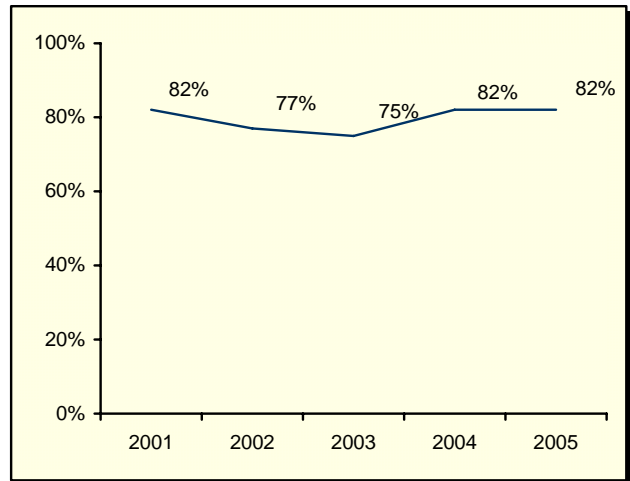
Approved air conduction testers

Workers' compensation disputes are resolved and agreements registered.

Effectiveness Indicator 3.1 – Dispute Resolution

Percentage of workers' compensation disputes resolved at conciliation:

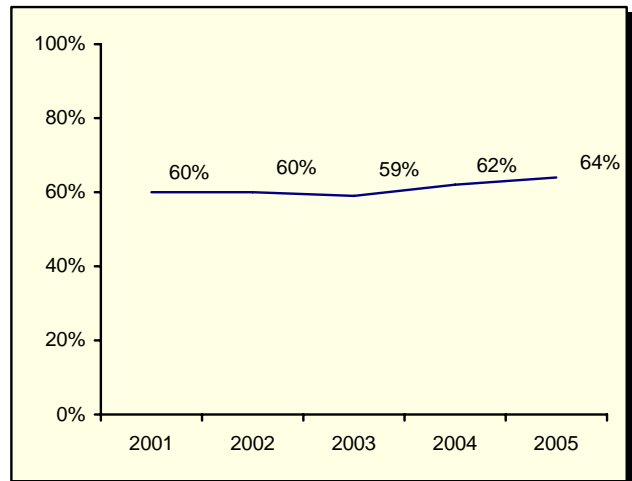
Comment:
 The percentage of disputes resolved at conciliation has remained consistent since the commencement of the Conciliation and Review Directorate in 1994. On average 81% of disputed matters have been resolved at the conciliation stage in over 11 years of operation.



Effectiveness Indicator 3.2 – Dispute Resolution (Timeliness)

Percentage of workers' compensation scheme disputes resolved within 12 weeks of lodgement.

Comment
 The percentage of disputes resolved within 12 weeks of lodgement has remained reasonably stable over the last 5 years, with a minimal upward trend over the last 3 years. This is due in part to a reduced number of disputes lodged in recent years.



KEY EFFICIENCY INDICATORS

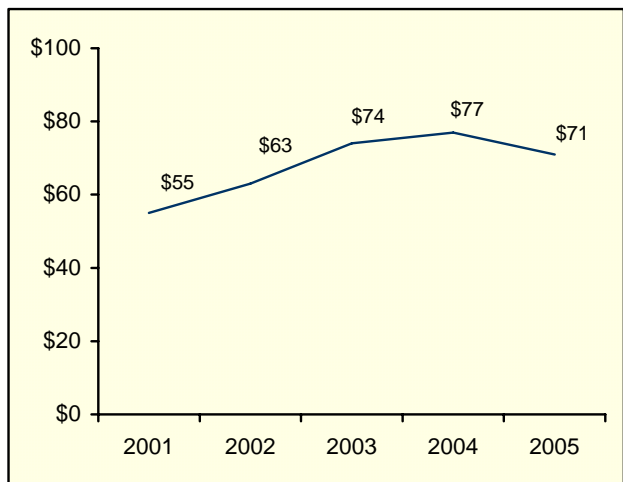
Key Efficiency Indicators measure the average cost of delivering services.

Service 1 – Information and education

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

Comment

The cost per contact to provide information and education services is slightly less than in previous years due to an increase in the number of contacts at a reduced overall cost.

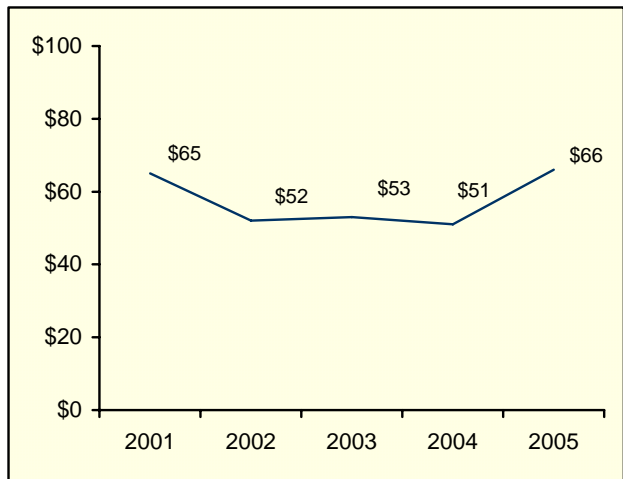


Service 2 - Compliance

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

Comment

The cost per compliance contact has increased because fewer inspections were conducted during 2004/2005. Fewer inspections were conducted because some resources were reallocated from compliance field activities to support the legislative reform process.

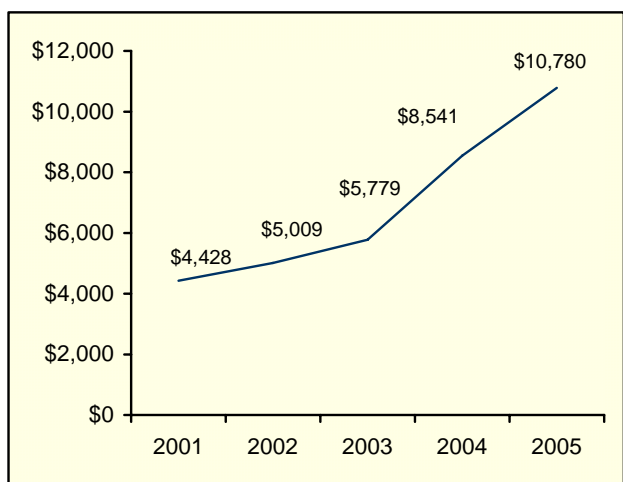


Service 3 – Accreditation and licensing

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

Comment

The increase in the cost of monitoring service providers has resulted from the implementation of measures to increase the agency's influence over the performance of insurers and self insurers including auditing at a unit level.

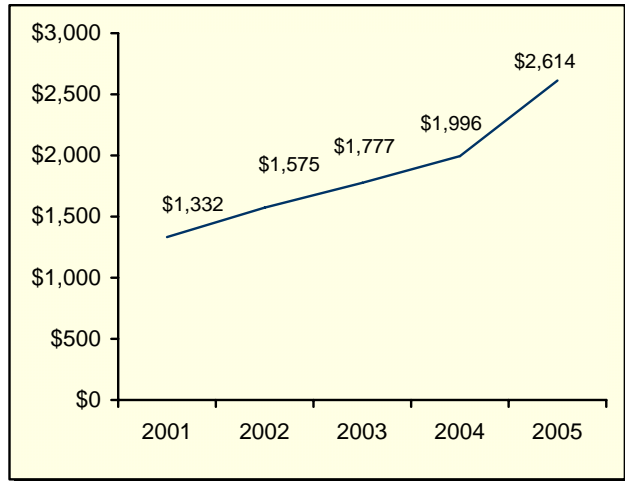


Service 4 – Dispute resolution

The average cost to resolve each dispute:

Comment:

The average cost to resolve a dispute has increased in previous years as a result of a reduction in the number of disputes lodged. The increase in cost for 2004/2005 was made greater by the re-allocation of dispute resolution resources from resolving disputes to providing support for the legislative reform process relating dispute resolution.

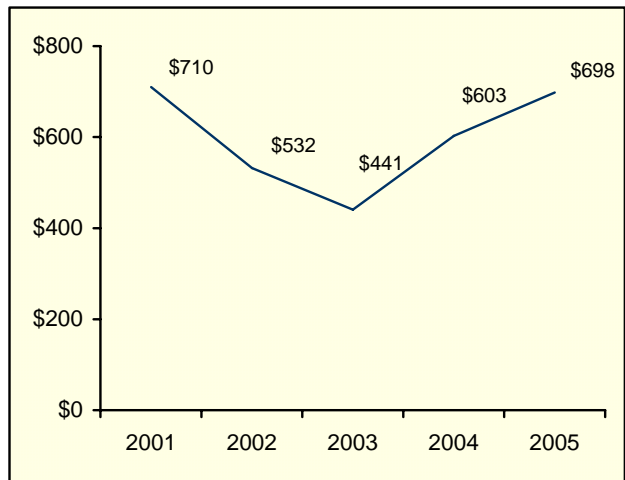


Service 5 – Registration of agreements

The cost per agreement to register agreements or determinations:

Comment:

The cost per determination has increased due to additional resourcing allocated to determining workers' degree of disability for the purpose of accessing common law.



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 WA's primary customer groups: workers, employers and service providers. Of the 1,888 people who attended seminars during 2004/2005 1,441 provided useable responses to the survey. The sampling error rate for the survey is $\pm 1.26\%$ 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.

Out of a total of 23,619 calls received during 2004/2005, 581 callers surveyed provided useable responses to the survey. The sampling error rate for the survey is $\pm 4.02\%$ at a 95% confidence level assuming 0.5 as the proportion of incidence in the population.

Effectiveness Indicator 2.1 – Compliance

The indicator is derived from the results of monitoring carried out by WorkCover WA. WorkCover WA inspects businesses to determine their compliance with the requirement to hold workers' compensation insurance. The three categories of inspections that WorkCover WA conducts are new business inspection; targeted inspection; and field inspection.

New business inspection is based on new business registration listings from the Department of Consumer and Employment Protection (DOCEP). The listings obtained are followed up by WorkCover WA to determine whether they are meeting their obligations under the Act. This category also includes the inspection of new owners of businesses when they are sold.

Targeted inspection includes inspections undertaken in regional area or specific identified industries.

Field inspection is a general inspection undertaken by WorkCover WA's Compliance Officers within their designated area.

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

The indicator shows the percentage of field, targeted, and new businesses inspected, which had workers' compensation, insurance at the time checks were made.

Effectiveness Indicator 2.2 – Accreditation & Licensing

WorkCover WA 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 approved (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 results of accredited/licensed service providers are included in 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 WA.

Efficiency Indicators

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

Why are the indicators relevant to the outcomes and outputs?

WorkCover WA's outcomes for 2004/2005 were:

- **Outcome 1 – Information and Education**
Workers' compensation scheme participants are aware of their rights and responsibilities regarding workers' compensation and injury management.
- **Outcome 2 – Scheme Regulation**
Workers' compensation scheme participants comply with legislative requirements and standards.
- **Outcome 3 – Dispute Resolution**
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 WA delivers information and education services under two programs. 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 WA's general enquiry service. The vast majority of enquiries are via WorkCover WA's Info-line telephone enquiry service.

Effectiveness indicators 1.1 and 1.2 directly measure the increase in targeted scheme participants' level of knowledge of the workers' compensation scheme achieved as a result of the services delivered by the agency.

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 Injury Management 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 Injury Management Act 1981* and agreed standards.

Effectiveness Indicator 3.1 and 3.2

In 1993, the Government amended the *Workers' Compensation and Injury Management 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 service and as such gauge the overall efficiency in achieving desired outcomes.

All efficiency indicators reflect historical costs and have not been indexed to represent current values.

Why are they key indicators of performance?

The indicators reported directly measure WorkCover WA's effectiveness and efficiency in delivering services 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 WA increased their knowledge of the workers' compensation scheme;
- 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 service based on a measurable unit of quantity.

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

FINANCIAL STATEMENTS

The **Financial Statements** section contains:

- Auditor General's Audit Opinion
- Certification of the Financial Statements
- Financial Statements

Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

Audit Opinion

In my opinion,

- the controls exercised by the WorkCover Western Australia Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Authority's Role

The Authority is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
31 August 2005

Certification of the Financial Statements

The accompanying financial statements of the WorkCover Western Australia Authority 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 2005 and the financial position as at 30 June 2005.

At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.



G JOYCE

Chairman

WorkCover WA Authority Board

25 August 2005



A WARNER

Member

WorkCover WA Authority Board

25 August 2005



M D'OVIDIO

Principal Accounting Officer

WorkCover WA Authority

25 August 2005

Audited Financial Statements

WORKCOVER WESTERN AUSTRALIA AUTHORITY

Statement of Financial Performance

For the year ended 30 June 2005

	Note	2005 \$	2004 \$
REVENUE			
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
Insurer contributions		12,864,287	13,151,674
Goods and services	2	519,201	461,630
Commonwealth grants and contributions	3	24,862	50,853
Fines and penalties		36,441	38,705
Other revenues from ordinary activities	4	6,826,086	7,552,812
<i>Revenue from non-operating activities</i>			
Interest revenue	5	1,035,488	1,059,845
Proceeds on disposal of non-current assets	6	77,964	163,409
Total revenues from ordinary activities		<u>21,384,329</u>	<u>22,478,928</u>
EXPENSES			
Expenses from ordinary activities			
Employee expenses	7	9,954,928	8,874,345
Supplies and services	8	1,573,343	1,719,750
Depreciation and amortisation expense	9	890,396	788,355
Doubtful debts expense		2,600	7,289
Administration expenses	10	1,059,195	1,084,473
Accommodation expenses	11	735,747	610,942
Uninsured claims		511,635	878,952
Carrying amount of non-current assets disposed of		77,377	174,270
Other expenses from ordinary activities	13	967,242	507,450
Workers' compensation claims	12, 25	7,273,390	173,450
Total expenses from ordinary activities		<u>23,045,853</u>	<u>14,819,276</u>
Profit/(Loss) from ordinary activities before grants and subsidies from State Government		(1,661,524)	7,659,652
Grants and subsidies from State Government		115,291	83,933
NET PROFIT/(LOSS)		<u>(1,546,233)</u>	<u>7,743,585</u>
Net increase in asset revaluation reserve		-	4,633,243
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>-</u>	<u>4,633,243</u>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		<u>(1,546,233)</u>	<u>12,376,828</u>

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

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Statement of Financial Position
As at 30 June 2005

	Note	2005 \$	2004 \$
Current Assets			
Cash assets	14	1,699,754	1,021,433
Restricted cash assets	15	13,179,631	14,623,276
Receivables	16	560,640	189,028
Investments	17	3,880,977	5,230,075
Other assets	18	502,973	566,086
Total Current Assets		<u>19,823,975</u>	<u>21,629,898</u>
Non-Current Assets			
Property, plant, equipment & vehicles	19	11,742,412	11,776,739
Total Non-Current Assets		<u>11,742,412</u>	<u>11,776,739</u>
Total Assets		<u>31,566,387</u>	<u>33,406,637</u>
Current Liabilities			
Payables	20	1,288,622	1,609,940
Interest-bearing liabilities	21	726,288	-
Provisions	22	5,555,916	6,151,640
Total Current Liabilities		<u>7,570,826</u>	<u>7,761,580</u>
Non-Current Liabilities			
Provisions	22	24,142,296	24,245,559
Total Non-Current Liabilities		<u>24,142,296</u>	<u>24,245,559</u>
Total Liabilities		<u>31,713,122</u>	<u>32,007,139</u>
NET (LIABILITIES)/ ASSETS		<u>(146,735)</u>	<u>1,399,498</u>
Equity			
Reserves	23	5,210,513	5,091,178
Retained profits/(accumulated losses)		<u>(5,357,248)</u>	<u>(3,691,680)</u>
TOTAL (DEFICIT)/EQUITY		<u>(146,735)</u>	<u>1,399,498</u>

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

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Statement of Cash Flows
For the year ended 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Supplementation Fund levy collected		6,155,465	7,908,022
Insurer contributions		12,864,287	13,151,674
Goods and services		519,201	461,630
Commonwealth grants and contributions		32,853	50,853
Interest received		1,103,350	1,030,448
GST receipts on sale		72,925	74,214
GST receipts from taxation authority		348,766	508,310
Other receipts		505,591	224,078
Payments			
Supplementation Fund claim payments		(8,082,742)	(7,362,830)
Employee costs		(10,295,121)	(8,551,009)
Supplies and services		(1,290,279)	(2,139,755)
GST payments on purchases		(605,707)	(520,389)
Other payments		(3,313,816)	(3,102,301)
Net cash provided by/(used in) operating activities	24	(1,985,227)	1,732,945
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets	6	77,964	163,409
Purchase of non-current physical assets		(933,446)	(421,713)
Net cash provided by/(used in) investing activities		(855,482)	(258,304)
Net increase/ (decrease) in cash held		(2,840,709)	1,474,641
Cash at the beginning of the financial year		20,874,784	19,400,143
Cash assets at the end of the financial year	24	18,034,075	20,874,784

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 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 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.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets which, as noted, are measured at fair value.

- (a) Workers' Compensation and Injury Management General Fund (previously 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 Injury Management Act 1981, and the Supplementation Fund established under section 5 of the Employers' Indemnity Supplementation Fund Act 1980.

Trust Funds under section 110 of the Workers' Compensation and Injury Management Act 1981 are administered independently of the General and Supplementation Fund. See note 31 for transactions relating to the Trust Fund.

(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.

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

Insurer contributions are recognised by the Authority on a quarterly basis when these are due in accordance with the Workers' Compensation and Injury Management Act 1981.

The Supplementation Fund surcharge is recognised by the Authority when the funds are received. Where an invoice is issued revenue is recognised from date of invoice.

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.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(e) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their estimated 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. Expected useful lives for each class of depreciable asset are:

Buildings	13 to 16 years
Office furniture & equipment	10 to 15 years
Information technology	3 years (see note (g)).
Motor vehicles	6 to 7 years

(f) Revaluation of Land & Buildings

The Authority has a policy of valuing land and buildings at fair value. The revaluation of the Authority's land and building undertaken by the Valuer General's Office are recognised in the financial statements. (See Note 19).

(g) Information technology

In May 2005 the Authority reassessed information technology assets to reflect their anticipated useful lives. Useful lives were reassessed from five to three years.

(h) Cash

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

(i) Receivables

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.

(j) Investments

Investments are brought to account at the lower of cost and recoverable amount. Interest revenues are recognised as they are accrued.

(k) 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.

(l) Software application development costs

The Authority does not capitalise internally developed software application costs. Rather it is expensed in the year of development.

(m) 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.

(n) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. 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 Actuaries in 2005 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 Accounting Standard AASB 1028 "Employee Benefits".

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. The Authority contributes to this accumulation fund in compliance 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 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 GESB.

The note disclosure required by paragraph 6.10 of AASB 1028 (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.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. See notes 7 and 22.

(o) Accrued Salaries

Accrued salaries (refer note 20) 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.

(p) 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.

(q) Comparative Figures

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

(r) Rounding of Amounts

Amounts in the financial statements have been rounded to the nearest dollar.

(s) Provision for Uninsured Claims Pursuant to Section 174

Provision is made to meet payments required under section 174 of the Workers' Compensation and Injury Management Act 1981 where 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 2005.

(t) Asset Replacement Reserve

The Authority 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.

(u) Leases

The Authority has not entered into any finance lease.

The Authority has entered into an operating lease arrangement for a building where the lessors effectively retain all of the risks and benefits incident to ownership of the item held under the operating lease. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

	2005 \$	2004 \$
REVENUE		
2 Goods and Services		
Revenue from tenant	271,952	335,124
Seminars	144,065	87,632
Transcripts	6,919	13,903
Other	96,265	24,971
	<u>519,201</u>	<u>461,630</u>
3 Commonwealth grants and contributions		
The Commonwealth Government has a Service Delivery Arrangement with the Authority for the provision of services to Christmas Island and Cocos-Keeling Island.		
Opening balance	62,167	31,814
Funding received from the Commonwealth	24,862	50,853
	<u>87,029</u>	<u>82,667</u>
Payments by Program		
Statistical Database	-	2,268
Scheme Information	431	-
Noise Induced Hearing loss	-	6,016
Dispute Resolution	849	289
Community Awareness	225	274
Compliance	9,500	6,677
Support	3,879	4,976
Total Payments	<u>14,884</u>	<u>20,500</u>
Balance carried forward	<u>72,145</u>	<u>62,167</u>
4 Other revenues from ordinary activities		
<u>General Fund</u>		
Recoveries from uninsured employers	319,386	97,714
Other	65,908	19,546
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Surcharge (i)	6,160,214	7,420,552
Recovery (ii)	280,578	15,000
	<u>6,826,086</u>	<u>7,552,812</u>
(i) This represents funds collected to pay for HIH claims.		
(ii) Final dividend received from the liquidation of National Employers' Mutual Company		
5 Interest revenue		
<u>General Fund</u>		
	311,116	293,416
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
	724,372	766,429
	<u>1,035,488</u>	<u>1,059,845</u>
6 Proceeds on disposal of non-current assets		
<u>Net profit/(loss) on disposal of non-current assets</u>		
Motor vehicles	586	(4,643)
Information technology	-	(4,932)
Furniture & equipment	-	(1,286)
Net profit/(loss)	<u>586</u>	<u>(10,861)</u>

	2005 \$	2004 \$
EXPENSES		
7 Employee expenses		
Wages and salaries	7,472,843	6,712,194
Superannuation	677,483	694,464
Other related expenses(l)	466,396	438,997
	<u>8,616,722</u>	<u>7,845,655</u>
Charge to provisions		
Annual leave	577,405	479,460
Long service leave	313,309	329,461
Superannuation	447,491	219,769
	<u>1,338,205</u>	<u>1,028,690</u>
	<u>9,954,928</u>	<u>8,874,345</u>
(l) These employee expenses include superannuation, payroll tax, workers' compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 22.		
8 Supplies and services		
Actuarial fees	196,196	141,881
Advertising	71,823	52,668
Air fares	14,990	31,115
Audit - external	50,865	29,500
Audit - internal	42,566	62,151
Court recording & transcribing	65,123	114,971
Legal (l)	250,570	224,880
Library	71,209	41,386
Medical panels	212,344	399,227
Motor vehicle	61,136	58,145
Office furniture and equipment	59,922	35,520
Printing	109,746	109,273
Professional fees	293,171	378,091
Other expenses	73,681	40,942
	<u>1,573,343</u>	<u>1,719,750</u>
(l) Legal includes \$115,291 for resources received free of charge from the Ministry of Justice.		
9 Depreciation and amortisation expense		
Depreciation		
Buildings	541,019	541,281
Information technology	273,404	165,483
Furniture & equipment	29,557	33,885
Motor vehicles	46,416	47,706
Total depreciation	<u>890,396</u>	<u>788,355</u>
10 Administration expenses		
Information technology	519,631	630,439
Insurance	84,698	78,449
Photocopy & fax running costs	44,703	46,807
Postage	113,003	101,988
Staff training	14,599	42,361
Stationery	25,187	26,250
Telephone	180,873	121,715
Other expenses	76,501	36,464
	<u>1,059,195</u>	<u>1,084,473</u>
11 Accommodation expenses		
Accommodation expenses - West Perth	306,568	310,259
Accommodation expenses - Shenton Park	339,185	300,683
Accommodation expenses - Perry Lakes	89,993	-
	<u>735,747</u>	<u>610,942</u>

	2005	2004
	\$	\$
12 Workers' Compensation Claims		
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>	<u>7,273,390</u>	<u>173,450</u>
	<u>7,273,390</u>	<u>173,450</u>
13 Other expenses from ordinary activities		
<u>General Fund</u>		
Joint initiative with WorkSafe	250,000	250,000
Seminars	29,833	54,035
Other expenses	29,659	31,618
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Claim payments	518,193	105,911
Administration fee paid to Insurance Commission of WA	42,264	14,083
Other	97,293	51,803
	<u>967,242</u>	<u>507,450</u>
14 Cash assets		
Bank account	1,697,754	1,019,433
Cash on hand	2,000	2,000
	<u>1,699,754</u>	<u>1,021,433</u>
15 Restricted cash assets		
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Supplementation Fund cash balance at Treasury	13,107,486	14,561,109
<u>Commonwealth Funding - Christmas & Cocos Keeling Islands</u>		
The Commonwealth Government provides funding in accordance with the Service Delivery Arrangement. Under the arrangement the Authority provides a range of workers' compensation related services.		
Unspent funds for Christmas & Cocos-Keeling Islands	72,145	62,167
	<u>13,179,631</u>	<u>14,623,276</u>
16 Receivables		
<u>Current</u>		
<u>General Fund</u>		
Trade debtors	669,477	495,207
Provision for doubtful debts	(431,100)	(428,500)
Fines and penalties	57,418	42,957
GST receivable	255,667	79,364
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
GST receivable	9,179	-
	<u>560,640</u>	<u>189,028</u>
17 Investments		
<u>Current</u>		
At cost:		
-Term deposit	3,880,977	5,230,075
	<u>3,880,977</u>	<u>5,230,075</u>

	2005 \$	2004 \$
18 Other assets		
<u>General Fund</u>		
Accrued income - Trust Fund	916	961
Interest	32,726	96,106
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Accrued interest	59,975	64,457
Sundry debtor	409,356	404,562
	<u>502,973</u>	<u>566,086</u>
19 Property, plant, equipment & vehicles		
Freehold land		
At fair value (I)	3,870,000	3,870,000
	<u>3,870,000</u>	<u>3,870,000</u>
Buildings		
At fair value (I)	7,629,310	7,620,261
Accumulated depreciation	(1,082,300)	(541,281)
	<u>6,547,010</u>	<u>7,078,980</u>
Plant, equipment & vehicles		
At cost	1,478,188	1,539,040
Accumulated depreciation	(1,036,229)	(896,676)
	<u>441,959</u>	<u>642,364</u>
Office furniture & equipment		
At cost	478,921	449,639
Accumulated depreciation	(293,800)	(264,244)
	<u>185,121</u>	<u>185,395</u>
Work In Progress (at cost)		
-Buildings	665,677	-
-Office furniture & equipment	32,645	-
	<u>698,322</u>	<u>-</u>
	<u>11,742,412</u>	<u>11,776,739</u>

(I) The revaluation of freehold land and buildings was performed in 2003/2004 in accordance with an independent valuation by the Valuer General's Office. Fair value has been determined on the basis of current market buying values. The valuation was made in accordance with a regular policy of triennial revaluation.

Reconciliations

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

	Plant, equipment & vehicles	Office furniture & equipment	Freehold land	Buildings	Work in progress	Total
Carrying amount at start of year	642,364	185,395	3,870,000	7,078,980	-	11,776,739
Additions	196,792	29,283	-	9,049	698,322	933,446
Disposals	(77,377)	-	-	-	-	(77,377)
Depreciation	(319,820)	(29,557)	-	(541,019)	-	(890,396)
Carrying amount at end of year	<u>441,959</u>	<u>185,121</u>	<u>3,870,000</u>	<u>6,547,010</u>	<u>698,322</u>	<u>11,742,412</u>

20 Payables

Current

General fund

Trade payables	364,231	304,158
Accrued salaries	15,099	333,612
Superannuation	-	31,693
GST payable	-	7,713
Other creditors	8,735	23,052

Employers' Indemnity Supplementation Fund

Claim payments	777,619	908,792
GST payable	921	920
Other creditors	122,017	-
	<u>1,288,622</u>	<u>1,609,940</u>

	2005 \$	2004 \$
21 Interest-bearing liabilities		
Current		
<u>General Fund</u>		
Bank overdraft	726,288	-
	<u>726,288</u>	<u>-</u>
22 Provisions		
Current		
<u>General Fund</u>		
Annual leave	603,983	485,959
Long service leave	816,680	628,783
Superannuation(I)	397,253	416,898
Uninsured Claims	-	40,000
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Liability for estimated future claim payments	3,738,000	4,580,000
	<u>5,555,916</u>	<u>6,151,640</u>
Non-current		
<u>General Fund</u>		
Long service leave	884,014	983,480
Superannuation(I)	3,575,282	3,752,079
<u>Employers' Indemnity Supplementation Fund (See note 25)</u>		
Liability for estimated future claim payments	19,683,000	19,510,000
	<u>24,142,296</u>	<u>24,245,559</u>

(I) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers' compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses) at Note 7.

(II) The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

The Authority considers the carrying amount of employee benefits approximates the net fair value.

Employee Benefit Liabilities

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

Provision for employee benefits:

Current	1,817,916	1,531,640
Non-current	4,459,296	4,735,559
	<u>6,277,212</u>	<u>6,267,199</u>

Movements in Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

Employers' Indemnity Supplementation Fund

Carrying amount at the start of year	24,090,000	31,717,000
Increase in provisions recognised	7,273,390	173,449
Payments/other sacrifices of economic benefits	(7,942,390)	(7,800,449)
Carrying amount at the end of year	<u>23,421,000</u>	<u>24,090,000</u>

Uninsured claims

Carrying amount at the start of year	40,000	60,484
Additional provisions recognised	-	40,000
Payments/other sacrifices of economic benefits	(40,000)	(60,484)
Carrying amount at the end of year	<u>-</u>	<u>40,000</u>

	2005 \$	2004 \$
23 Equity		
<u>Reserves</u>		
Asset replacement(I):		
Opening balance	457,935	522,368
Transfer to reserve	161,000	200,000
Transfer from reserve	(41,665)	(264,433)
Closing balance	<u>577,270</u>	<u>457,935</u>
Asset revaluation(II):		
Opening balance	4,633,243	-
Revaluation increment		
- land		2,281,172
- buildings	-	2,352,071
Closing balance	<u>4,633,243</u>	<u>4,633,243</u>
	<u>5,210,513</u>	<u>5,091,178</u>
<u>Retained profits/(accumulated losses)</u>		
Opening balance	(3,691,680)	(11,499,698)
Net profit/(loss)(I)	(1,546,233)	7,743,585
Transfer (to reserve)/from asset replacement reserve	(119,335)	64,433
Closing balance	<u>(5,357,248)</u>	<u>(3,691,680)</u>

- (I) The loss in 2005 year represents an increase in the claim liability estimates for HIH. See notes 12 and 25.
(II) The asset replacement reserve is used to replace/purchase non-current assets, as described in accounting policy note 1(u).
(III) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets,

24 Notes to the Statement of Cash Flows

(a) Reconciliation of cash

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	1,699,754	1,021,433
Restricted cash assets	13,179,631	14,623,276
Investments	3,880,977	5,230,075
Interest-bearing liabilities (overdrawn bank account)	(726,287)	-
Total cash assets (per Statement of Cashflows)	<u>18,034,075</u>	<u>20,874,784</u>

(b) Reconciliation of profit/loss from ordinary activities to net cash flows provided by/(used in) operating activities

Profit/(Loss) from ordinary activities	(1,546,233)	7,743,585
Non-cash items:		
Depreciation & amortisation expense	890,396	788,355
(Profit)/loss on sale of property, plant and equipment	587	10,861
(Increase)/decrease in assets:		
Current receivables	(181,288)	110,126
Other assets	(63,113)	431,890
Increase/(decrease) in liabilities:		
Payables	(313,606)	86,705
Current provisions	(595,724)	(2,675,358)
Non-current provisions	(103,263)	(4,825,354)
Net GST receipts/(payments)	(597,994)	(446,175)
Change in GST receivables/(payables)	525,010	508,310
Net cash provided by/(used in) operating activities	<u>(1,985,227)</u>	<u>1,732,945</u>

(c) Non-cash financing and investing activities

During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Statement of Cash Flows.

2005 **2004**
\$ **\$**

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.

The Authority's claim costs for HIH Insurance are actuarially assessed each financial year and the values disclosed in the financial statements. The actuarial estimates are based on inflated and discounted values including a 75% prudential margin. The actuarial estimates from June 2001 are as follows:

Year	\$'000
2001	122,312
2002	49,923
2003	31,717
2004	24,090

The actuarial estimates from 2001 to 2004 provide for current known asbestos related claims.

In 2005 the actuarial assessment makes allowance for current known asbestos related claims and for incurred but not reported claims.

In accordance with Accounting Standard AASB 1023 "Financial Reporting of General Insurance Activities" the outstanding claims liability at 30 June 2005 was assessed at \$23.421 million and a provision for this amount has been included in the financial statements. (See note 22).

As claim costs totalling \$7,942,390 were paid from the provision account during the year, a charge of \$7,273,390 was required to increase the provision to reflect the actuarial valuation.

The actuary's assessment of outstanding claims liability does not recognise that some money maybe recovered from HIH's liquidator.

For the purpose of addressing the outstanding claims liability, a 1% surcharge is imposed on employers' insurance policies for the 2004/05 year. For the 2005/06 financial year the surcharge rate remains unchanged at 1%. Revenue collected from the surcharge will be used to pay this liability.

26 Commitments for expenditure

(a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	847,967	-
The capital commitments include amounts for :		
Buildings	847,967	-

(b) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within 1 year	76,500	-
Representing		
Cancellable operating leases	76,500	-

27 Explanatory Statement

(i) 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.

	Actual	Estimate	Variance
Employee expenses	9,954,928	9,058,247	(896,681)
Goods and services	519,201	409,018	(110,183)
Other revenues from ordinary activities	377,304	39,000	(338,304)
Supplies and services	1,573,343	1,764,486	191,143
Uninsured claims	511,635	720,700	209,065

27 Explanatory Statement (cont'd)

Employee expenses

The variance is mainly due to the Authority not budgeting for charges to provision for:

- Superannuation on an accrual basis. However, the Authority does budget for this item on a cash basis.
- Annual leave but rather budgeting for these costs as part of employee expenses.

Goods and services

The variance in revenue is mainly due to the implementation of the new impairment assessment methodology. The Authority conducted training courses in the use of the American Medical Association Guidelines to evaluate permanent impairment.

Other revenues from ordinary activities

The additional revenue is due to successful recovery of money from uninsured employers.

Supplies and services

A majority of the variance represents underspending in remuneration paid to doctors for sitting on medical assessment panels.

Uninsured claims

The budget saving is due to a decrease in the number and amount of workers compensation claims paid where the employer was uninsured.

(ii) 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.

	2005 \$	2004 \$	Variance \$
Employee expenses	9,954,928	8,874,345	(1,080,583)
Goods and services	519,201	461,630	(57,571)
Proceeds on disposal of non-current assets	77,964	163,409	85,445
Depreciation and amortisation expense	890,396	788,355	(102,041)
Accommodation expenses	735,747	610,942	(124,805)
Uninsured claims	511,635	878,952	367,317
Costs of disposal of non-current assets	77,377	174,270	96,893
Other expenses from ordinary activities	967,242	507,450	(459,792)
Workers' compensation claims	7,273,390	173,450	(7,099,940)

Employee expenses

The variance represents the following:

- a) Increase in salary costs for employees.
- b) Increase in liability for the Gold State Superannuation and Pension Schemes
- c) During the 2005 year the Authority assumed responsibility for the payment of the Commissioner .

Goods and services

A majority of the variance is attributed to employers prosecuted for not holding compulsory workers' compensation insurance for their workers.

Proceeds on disposal of non-current assets

In the 2005 year there was a reduction in the number of motor vehicles that were traded in compared to the previous year.

Depreciation and amortisation expense

There was an increase in depreciation and amortisation expenses in 2005 due to a review in useful lives of information technology assets. The conclusion was the assets' useful life be reduced, this resulted in an increase in depreciation.

Accommodation expenses

The overspending in the 2005 year represents accommodation costs at Perry Lakes. These costs were incurred to house part of the Authority's operations while construction continues at Shenton Park to accommodate the Dispute Resolution Directorate. Eventually, the Authority will relocate all its operations to Shenton Park in the next twelve months.

Uninsured claims

In the 2004/05 financial year there was decrease in the number and amount of workers compensation claims paid where the employer was uninsured, compared to the previous year.

Costs of disposal of non-current assets

The variance is mainly due to a decrease in the number of motor vehicles disposed of by the Authority in the 2005 year, compared to the previous year.

27 Explanatory Statement (cont'd)

Other expenses from ordinary activities

A majority of the increase in the year relates to workers' compensation claims payments from the EISF. These claim payments relate to waterfront workers', Palmdale/AGI Insurance Company, National Employers' Mutual General Insurance Company and Standard Insurance Company.

Workers' compensation claims

This variance relates to the collapse of HIH Insurance and reflects a increase in the outstanding provision for workers' compensation claim payments in this State. Refer to note 12 and 25.

28 Financial Instruments

(a) Interest rate risk exposure

The following table details the Authority's exposure to interest rate risk as at the reporting date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
2005					
Financial Assets					
Cash assets		-	-	1,699,754	1,699,754
Restricted cash assets	4.68	13,179,631	-	-	13,179,631
Receivables		-	-	560,640	560,640
Investments - Term deposits	5.31	3,880,977	-	-	3,880,977
Other assets		-	-	502,972.71	502,973
		<u>17,060,608</u>	-	<u>2,763,367</u>	<u>19,823,975</u>
Financial Liabilities					
Payables		-	-	1,288,622	1,288,622
Interest-bearing liabilities	4.68	-	-	726,288	726,288
Provisions		-	-	29,698,212	29,698,212
		-	-	<u>31,713,122</u>	<u>31,713,122</u>
2004					
Financial Assets	5.1	15,242,355	5,230,075	1,157,468	21,629,898
Financial Liabilities		-	-	32,007,139	32,007,139

Financial Assets	Maximum Credit Risk	
	2005	2004
Recognised Financial Assets		
Cash assets	1,699,754	402,354
Restricted cash assets	13,179,631	14,623,276
Receivables	560,640	189,028
Investments	3,880,977	5,849,154
Other assets	502,973	566,086
	<u>19,823,975</u>	<u>21,629,898</u>

(b) 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.

	2005 \$	2004 \$
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29 Remuneration of Members of the Accountable Authority and Senior Officers

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$0 - \$10,000	11	6
\$ 80,001 - \$ 90,000	1	0
\$130,001 - \$140,000	1	0
\$180,001 - \$190,000	0	1
\$200,001 - \$210,000	1	0

The total remuneration of the members of the Accountable Authority is: 445,172 187,577

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$ 80,001 - \$ 90,000	1	0
\$100,001 - \$110,000	0	1
\$110,001 - \$120,000	1	2
\$120,001 - \$130,000	0	0
\$130,001 - \$140,000	1	0

The total remuneration of senior officers is: 338,470 336,125

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

Remuneration to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators 31,000 29,500

	2005	2004
	\$	\$
31 Workers' Compensation & Injury Management Trust Fund		
The purpose of the Trust Fund is to hold funds paid into the custody of the Authority pursuant to section 110 of the Workers' Compensation and Injury Management Act 1981. These funds are not consolidated as they are funds that are administered on behalf of dependants of deceased workers.		
Income and Expenditure Statement		
For the year ended 30 June 2005		
Income		
Amounts paid to the custody of the Authority	328,396	243,940
Interest on Investments	56,164	61,380
	<u>384,560</u>	<u>305,320</u>
Expenditure		
Payments by the Authority	422,782	487,280
Administration Fee	11,816	13,372
	<u>434,598</u>	<u>500,652</u>
Surplus/(Deficit)	(50,038)	(195,332)
Balance July 1	1,170,976	1,366,308
Balance June 30	<u>1,120,938</u>	<u>1,170,976</u>
Balance of funds held represents:		
Bank	4,809	12,066
Investments	1,113,867	1,155,157
	<u>1,118,676</u>	<u>1,167,223</u>
Add Accrued interest	3,273	4,812
Less Accrued expenses	(1,011)	(1,059)
	<u>1,120,938</u>	<u>1,170,976</u>

32 Supplementary Information

Write-Offs

Debts written off by the Authority during the financial year

-Uninsured claims	319,556	271,595
-Fines and penalties	-	18,645
	<u>319,556</u>	<u>290,240</u>

Losses Through Theft, Defaults And Other Causes

Losses of public moneys and public and other property through theft	3,028	15,911
Losses of public moneys and public and other property through accident		
Amount recovered through insurance	3,028	15,911
	<u>-</u>	<u>-</u>

33 Impact of Adopting Australian Equivalents to IFRS

Australia is adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. WorkCover Western Australia Authority will adopt these Standards for the first time for the year ended 30 June 2006.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires disclosure of any known or reliably estimable information about the impacts on the financial statements had they been prepared using AIFRSs.

There are no significant impacts on these financial statements due to the effects of adopting IFRS. Management have determined the qualitative impacts using their best estimates available at the time of preparing the 30 June 2005 financial statements. These amounts may change in circumstances where the accounting standards and/or interpretations applicable to the first AIFRS financial statements are amended or revised.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2005

34 Segment (service) information

The Commission operates within one industry segment as per AASB 1005 however, for information purposes the following summary is provided for each of the Authority's services, and the two funds (Note 1(a)).

	GENERAL FUND										EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND		Grand Total	
	Information Education and Advice		Scheme Regulation		Dispute Resolution		Not Attributed		Total		2005		2004	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenues from ordinary activities	1,834,274	1,932,901	2,370,236	2,280,322	7,776,741	7,774,051	2,237,914	2,289,673	14,219,165	14,276,947	7,165,164	8,201,981	21,384,329	22,478,928
Expenses from ordinary activities	2,101,653	1,980,358	2,734,202	2,434,387	9,128,131	8,548,195	1,150,726	1,511,089	15,114,712	14,474,029	7,931,141	345,247	23,045,863	14,819,276
Grants and subsidies from Government	-	-	-	-	-	-	115,291	83,933	115,291	83,933	-	-	115,291	83,933
Net Profit/(loss)	(267,379)	(47,457)	(363,966)	(154,065)	(1,351,390)	(774,144)	1,202,479	862,517	(780,256)	(113,149)	(765,977)	7,856,734	(1,546,233)	7,743,585

APPENDIX 1: 2005 LEGISLATIVE REFORMS

Workers' Compensation Reforms 2005

Key aspects of Western Australia's workers' compensation system are changing during 2005. The changes will be implemented in stages with some changes commencing on 4 January 2005 and all other changes starting on 14 November 2005.

As from 4 January 2005 key statutory benefits payable to injured workers changed. The maximum amount of weekly payments able to be paid to injured workers increased from 1.5 to 2.0 times the Australian Bureau of Statistic's Average Weekly Earnings. In addition the period injured workers receive full pay will be extended from 4 to 13 weeks and many allowances currently excluded from the compensation paid to injured workers who are off work for more than 13 weeks will now be included in weekly payments. These new entitlements apply to both new and current claims.

Other measures effective from 4 January 2005 include:

- the change of the name of the legislation to the Workers' Compensation and Injury Management Act 1981;
- a restructure of the Workers' Compensation and Rehabilitation Commission to become the WorkCover Western Australia Authority to oversee implementation of the reforms;
- changes to the way in which recommended premium rates are set; and
- a range of minor amendments that clarify existing entitlements and procedures.

The second stage of the legislative changes, commencing on 14 November 2005, will see the introduction of additional improvements to the system including further increases in statutory benefits, implementation of a new dispute resolution system, an improved injury management framework and changes to access limits for common law action.

Changes in Statutory Benefits

Weekly Payments

The cap on weekly payments of compensation to injured workers increased to twice the average of weekly earnings (AWE) as calculated by the Australian Bureau of Statistics i.e. \$1,446 gross (previously it was 1.5 AWE which calculated at \$1,084.50). This cap on weekly payments is now the upper limit of payments that are required to be paid to injured workers, as of 4 January 2005.

Step Down In Weekly Payments

Weekly payments to workers no longer "step down" after 4 weeks of payments. There is also a new method of calculating the weekly payments. As of 4 January 2005 weekly payments step down after 13 weeks.

For the first 13 weeks – For workers employed under an industrial award, Enterprise Bargaining Agreement (EBA) or an Enterprise Order: The rate of weekly earnings payable under the relevant industrial award or EBA including any over award or service payment plus overtime, bonuses and allowances averaged over the 13 weeks prior to the incapacity. For non-award workers: Average weekly earnings averaged over the previous 12 months prior to the injury.

From week 14 onwards – For workers employed under an industrial award, EBA or Enterprise Order: The rate of weekly earnings payable under the relevant industrial award or EBA plus any over award or service payment paid on a regular basis related to the number or pattern of hours worked. Any other allowances as well as overtime and bonuses are to be excluded. For non-award workers: 85% of entitlement of the first 13 weeks.

Injured workers whose weekly compensation payments had already "stepped down" after 4 weeks of payment before 4 January 2005 received payments calculated on the basis of the new "stepped down" rate (i.e. the new rate after the first 13 weeks). On 4 January 2005, injured workers whose payments had not reached the end of the 4-week period will not have their payments reduced until the new 13 week period has been completed (i.e. the 13 week period commences from the date weekly payments commenced).

Funeral Expenses

Payments for funeral expenses are increased to \$7,000 as of 4 January 2005. Funerals held on or after 4 January 2005 will be paid at the new rate.

Cross Border Arrangements

The Workers' Compensation and Rehabilitation Amendment (Cross Border) Act 2004 clarifies the workers' compensation coverage of workers who work in different states. The new "cross border" provisions reflect nationally agreed principles which are being progressively adopted by all workers' compensation jurisdictions to clarify which state or territory individual workers are connected to.

The new arrangements address concerns about the need for employers to take out workers' compensation insurance for individual workers in more than one State or Territory, even if the worker is working only temporarily in another jurisdiction. The changes:

- eliminate the need for employers to obtain workers' compensation coverage for workers in more than one State or Territory;
- ensure that workers working temporarily in another State or Territory have access only to the worker's compensation and common law entitlements available in their "home" State or Territory;
- provide certainty for workers about their workers' compensation entitlements; and
- ensure each worker is connected to one State or Territory.

Common Law Proceedings

The Workers' Compensation (Common Law Proceedings) Act 2004 clarified the intent of the Workers' Compensation and Rehabilitation Amendment Act 1999, which came into effect on 5 October 1999 and amended certain provisions of the Workers' Compensation and Rehabilitation Act 1981. In particular, provisions relating to injured workers seeking to pursue a common law damages claim against their employer.

Since the 1999 Amendments were made there have been a number of court decisions that have seen those Amendments applied and interpreted in an unintended way. Specifically, the application of section 32 of the Amendments, which deals with the awarding of damages, transitional provisions and section 93D of the Act which deals with the assessment of disability. The Workers' Compensation (Common Law Proceedings) Act 2004 reaffirms the original intent of section 32 of the 1999 Amendments.

Section 32 Amendment Act 1999 (Dutch) - Assessment of Disability {Section 93D(6)}

Since the introduction of the 1999 Amendments various Supreme Court decisions, in particular the decision handed down in the matter of *Re Monger: Ex Parte Dutch and ORS* [2001 WASCA 220] ("Dutch"), have outlined what constitutes "medical evidence" for the purposes of an assessment of a worker's degree of disability pursuant to section 93D(6). Following these rulings a number of injured workers have been unable to progress their Form 22 Referrals as the supporting medical evidence lodged did not comply with the requirements of section 93D(6), despite having had their referrals and supporting medical evidence initially accepted as complying.

The Workers' Compensation (Common Law Proceedings) Act 2004 enables certain workers in this situation, who lodged their original Form 22 Referral prior to 30 September 2001, to make a new referral if they meet certain strict criteria. New referrals had to be made by 25 January 2005.

Section 32 Amendment Act 1999 (Dossett)- Regulations (Transitional Provisions) Section 93G

When introduced, it was intended the 1999 Amendments apply to all injured workers, except for those workers who had commenced, or who had obtained leave to commence, proceedings in the courts prior to 5 October 1999. These exempt workers were required to continue their action under the provisions in place prior to the commencement of the 1999 Amendments. The 1999 Amendments were intended to apply to all other workers.

However, since the 1999 Amendments were introduced relating to *Dossett v TKJ Nominees Pty Ltd* [2003] HCA 69 ("Dossett") and related Court decisions have had unintended consequences for workers injured prior to 5 October 1999. Workers injured before this date, who sought to take common law action in line with the 1999 Amendments, were instead required by "Dossett" and related decisions, to re-commence their action in line with the repealed legislation (that is the provisions in place prior to the commencement of the 1999 amendments).

The Workers' Compensation (Common Law Proceedings) Act 2004 clarified the intent of the 1999 Amendments clearly setting out that those amendments do, and will, apply to all injured workers, with the specific exception of those workers:

- who had already commenced common law proceedings or who had obtained leave to commence their proceedings before 5 October 1999 as originally intended, or
- who before 25 October 2004 and on the basis of Dossett and related decisions, obtained leave from the court to commence common law proceedings, or where those proceedings had already commenced.

Workers meeting these specific criteria may continue to pursue their common law rights in accordance with the pre-1999 provisions. Those workers who, on the basis of "Dossett" and related Court decisions, applied for but were not granted leave to commence common law proceedings before 25 October 2004 will be required to pursue their rights to common law under the amended provisions provided they meet strict criteria.

Further Information

Further information on the legislation reform changes is available on WorkCover WA's internet site at www.workcover.wa.gov.au or by contacting WorkCover WA Infoline service on 1300 794 744

APPENDIX 2: BOARD COMMITTEE MEMBERSHIP

Audit Committee

The Committee met twice during the period 15 March 2005 to 30 June 2005. The membership, appointed by the Board, to the Committee as at 30 June 2005 was as follows:

Chair	Ms Vicky Wilmot
Member	Mr Greg Joyce, Board Chairman
Member	Mr Brian Bradley, Board Member
Non-voting Member	Mr Adrian Warner, Board Member
Non-voting Member	Mr Ian Goldsmith, Office of the Auditor General representative

Corporate Governance Committee

The membership to the Committee as at 30 June 2005 was as follows:

Chair	Mr Graham Greig, Board Member
Member	Mr Greg Joyce, Board Chairman
Member	Mr Daryl Cameron, Board Member

Costs Committee

The Committee met twice during the period 15 March 2005 to 30 June 2005. The membership, appointed by the Board, to the Committee as at 30 June 2005 was as follows:

Presiding Member	Ms Janine Freeman
Member	Mr Daryl Cameron, Board Member
Member	Mr Graham Greig, Board Member
Member	Ms Clare Thompson, Member, Legal Costs Committee
Member	Mr Marcus Cocker, Member, Legal Costs Committee

Medical Committee

The Committee met four times during the period 15 March 2005 to 30 June 2005. The membership to the Committee as at 30 June 2005 was as follows:

Chair	Ms Janine Freeman, Board Member
Member	Mr Adrian Warner, Board Member
Member	Dr Alan Home, Occupational Physician
Member	Dr Barrie Slinger, Orthopaedic Surgeon
Member	Dr Trevor Lord, General Practitioner
Member	Dr Heather Campbell, Occupational Physician
Member	Ms Diane Munrowd, Director, WorkCover WA

Premium Rates Review Committee

The Committee met three times during the period 15 March 2005 to 30 June 2005. The membership to the Committee as at 30 June 2005 was as follows:

Chair	Mr Greg Joyce, Board Chairman
Member	Mr Adrian Warner, Board Member
Member	Mr Daryl Cameron, Board Member
Member	Ms Janine Freeman, Board Member
Member	Mr Graham Greig, Board Member
Member	Mr Garry Moore, person experienced in insurance matters
Member	Ms Anne Bellamy, person experienced in employer interests

APPENDIX 3: PREMIUM RATES COMMITTEE: PRIOR TO 4 JANUARY 2005

Please note, for the purposes of this section, any reference to the Act means the Workers' Compensation and Rehabilitation Act 1981, as the relevant sections referred to relate to the Act before commencement of stage one of the Workers' Compensation Reform Act 2004 on 4 January 2005.

Premium Rates Committee

The Premium Rates Committee was an independent body established under section 147 of the Workers' Compensation and Rehabilitation Act 1981. It was 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. The Premium Rates Committee was abolished as a result of the commencement of the governing body provisions of the Workers Compensation Reform Act 2004 in January 2005. The last meeting of the Premium Rates Committee was held in April 2004, with all decisions after that date made by circulation of papers out of session. The final decision made by the Premium Rates Committee was in December 2004.

The Premium Rates Committee consisted of three *ex officio* and three nominee members. The *ex officio* members were the Auditor General of Western Australia as Chairman, the Executive Director of WorkCover WA and the Managing Director of the Insurance Commission of Western Australia. The three nominee members to the Premium Rates Committee were 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.

Committee Members

Members of the Premium Rates Committee were:

Chairman

Mr Des 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. Mr Pearson holds a Bachelor of Business degree and a Graduate Diploma in Management, and is a Fellow of CPA Australia, a Fellow of the Australian Institute of Management, a National Fellow of the Institute of Public Administration Australia and an Associate of the Institute of Chartered Accountants in Australia.

Members

Mr Harry Neesham was the Executive Director of WorkCover WA. Mr Neesham has extensive experience in the area of workers' compensation and premium rates. Mr Neesham served on the Committee for over 20 years before his retirement on 10 August 2004.

Mr Vic Evans is the Managing Director of the Insurance Commission of Western Australia. Mr Evans served on the Committee for over 11 years.

Mr Garry Moore was appointed member to the Premium Rates Committee in March 1998. Mr Moore is the State Manager of CGU Workers' Compensation in Western Australia and has worked in the insurance industry for over 30 years.

Ms Anne Bellamy is the Chamber of Commerce and Industry (WA)'s Director of Health, Safety and Workers' Compensation and has extensive experience in both workers' compensation and occupational safety and health matters. Ms Bellamy is also a member of the Commission for Occupational Safety and Health and the National Occupational Health and Safety Commission.

Ms Stephanie Mayman was the Secretary of Unions WA and was appointed as a member of the Premium Rates Committee on 5 February 2002. Ms Mayman had 20 years of experience in the trade union movement prior to her appointment as a Commissioner in the Western Australian Industrial Relations Commission in December 2004.

Deputy Members

Deputy members of the Premium Rates Committee were as follows:

- Ms Diane Munrowd, deputy member for Mr Harry Neesham;
- Mr Lew Watts, deputy member for Mr Vic Evans;
- Mr John Snowball, deputy member for Mr Garry Moore; and
- Mr David Robinson, deputy member for Ms Stephanie Mayman.

Committee Meetings

Since its inception on 14 June 1982, the Premium Rates Committee met a total of 81 times.

Committee Code of Conduct

The Committee maintained a Code of Conduct, which promoted good practice, identified the obligations of members and provided guidance on ethical conduct.

APPENDIX 4: GOVERNMENT STRATEGIC FRAMEWORK - GUIDE TO OBLIGATORY REPORTING

In April 2004, the Western Australian Government released its *Better Planning: Better Services - A Strategic Planning Framework for the Western Australian Public Sector*. Table 12 identifies under each goal, the strategic outcomes that WorkCover WA has contributed towards during 2004-05.

Table 12: Agency reporting against the Government's Strategic Framework 2004-05

GOALS	Obligatory Reporting	Reference Page
1. People and Communities		
	Cultural Diversity and Language Service Outcomes	55
	Disability Services Plan Outcomes	54
	Youth Outcomes	55
2. The Economy		
	Agency Operations (Outcomes and Services)	36
	Annual Estimates	50
	Financial Reporting	69
3. The Environment		
	Sustainability Action Plan	52
	Energy Smart Government Policy	52
	Waste Paper Recycling	53
4. The Regions		
	Regional Services	55
	Indian Ocean Territories	56
5. Governance		
	Advertising and Sponsorship (Statement of Expenditure – Electoral Act 1907)	50
	Corruption Prevention	51
	Public Interest Disclosure	51
	Evaluations	51
	Ministerial Direction	51
	Information Statement	51
	Record Keeping Plan	52
	Compliance with Public Sector Standards and Ethical Codes	44
	Equal Employment Opportunity Outcomes	45
	Performance Indicators	57

APPENDIX 5: REGULATORY STATISTICS

Vocational Rehabilitation

In the 2004-05 financial year, 4,427 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 25% of all referrals, and employers referred 28%. Insurers authorised to act on an employer's behalf referred 47%. Agency and single providers closed 4,021 cases, with a 63% return to work rate. Employer based providers closed 126 cases, and 83% of these cases were returned to work.

Noise Induced Hearing Loss

During the year, a total of 337 workers (1st election potential claims) were identified as showing a 10% or greater increase in Percentage Loss of Hearing, and 14 workers (2nd election potential claims) with a 5% or greater increase in Percentage Loss of Hearing, following comparison of their baseline and subsequent hearing tests. During 2004-05, 83 workers had claims finalised by a Memorandum of Agreement Notification issued by the WorkCover WA Conciliation and Review Directorate.

APPENDIX 6: DISPUTE RESOLUTION STATISTICS

Statutory Dispute Resolution

The Conciliation and Review Directorate seeks to resolve workers' compensation disputes in a manner that is fair, economical, informal and quick in reaching agreement. A process of conciliation, to assist parties to resolve disputes by agreement, achieves this initially. 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.

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 being reached or a party requests a matter to go to review. A review officer determines the issues after considering the evidence. The statutory dispute workload statistics are provided in Table 13.

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. Following legislative Amendments in 1999, 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 worker's 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 the relevant level claimed, 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. 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 employer. Once an election is registered a worker's entitlement to statutory workers' compensation ceases. The civil proceeding workload statistics are provided in Table 14.

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 Act as well as applications for enforcement and stays of orders made by conciliation officers and review officers. The compensation magistrate court statistics are provided in Table 13 and 14.

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 Act. 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 statistics are provided in Table 13 and 14.

Table 13: Statistics and Workload Indicators for Statutory Dispute Resolution Proceedings

STATISTICS & WORKLOAD INDICATORS – STATUTORY DISPUTE RESOLUTION PROCEEDINGS–	2002-03	2003-04	2004-05
Resolution			
No disputes resolved:	3,544	3,092	2,423
at conciliation	2,671 = 75%	2,530 = 82%	1,987 = 82%
at review	873 = 25%	562 = 18%	436 = 18%
Timeframe			
% disputes resolved at conciliation:			
<4 weeks	40%	46%	48%
between 4 weeks and 8 weeks	25%	17%	18%
between 8 weeks and 12 weeks	11%	10%	9%
>12 weeks	24%	27%	25%
% disputes resolved from date of referral to review:			
<4 weeks	9%	11%	11%
between 4 weeks and 8 weeks	11%	16%	17%
between 8 weeks and 12 weeks	12%	15%	12%
>12 weeks	69%	58%	60%
% disputes resolved from date lodged:			
<4 weeks	30%	38%	39%
between 4 weeks and 8 weeks	20%	15%	16%
between 8 weeks and 12 weeks	9%	10%	9%
>12 weeks	41%	37%	36%
Workload			
Referrals for conciliation filed	3,117	2,739	2,312
Number finalised- at conciliation	2,671	2,530	1,987
Number finalised- at review	873	562	436
Number finalised- by Compensation Magistrate	Nil	Nil	Nil
General			
Number of conciliation conferences	4,513	3,933	3,242
Number of preliminary reviews	709	634	492
Number of reviews	892	603	471
Matters referred to Compensation Magistrate	6	Nil	3
Number of appeals to Compensation Magistrate	106	72	51
Other matters heard by Compensation Magistrate	49	26	25
Matters referred to a Medical Assessment Panel	88	67	32

Table 14: Statistics and Workload Indicators for Agreements and Civil Proceedings

STATISTICS & WORKLOAD INDICATORS - AGREEMENTS & CIVIL PROCEEDINGS -	2002-03	2003-04	2004-05
Agreements Registered – Section 76:			
Schedule 2	2,562	2,381	2,397
Schedule 5	20	22	25
Redemption	1,570	1,511	1,568
<i>TOTAL</i>	<i>4,152</i>	<i>3,914</i>	<i>3,990</i>
Settlements Recorded – Section 92(f)	60	126	139
Referral of Question of Degree of Disability to Employers	648	799	723
Disputes Referred to Review	567	705	687
Disputes finalised after Referral to Review	552	599	730
Agreements Recorded:			
Without Referral	32	47	43
After Referral	133	111	148
Elections Registered	104	93	108
Determinations Made	396	297	418
Referred to Compensation Magistrate	-	-	-
Appeals to Compensation Magistrate	83	71	78
Other Matters Heard by Compensation Magistrate	11	5	11
Referred to Medical Assessment Panel	10	11	8

APPENDIX 7: INDUSTRIAL DISEASES MEDICAL PANEL STATISTICS

The Industrial Diseases Medical Panel (Medical Panel) was established to determine the questions prescribed in sections 38 and 93D of the Workers' Compensation and Injury Management Act 1981. All claims for compensation in relation to pneumoconiosis, mesothelioma and lung cancer are referred to the 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 Medical Panel is made up of physicians who specialise in diseases of the chest or occupational disease. Medical Panels operate independently, with WorkCover WA providing administrative support and funding only.

During 2004-05, the Medical Panel was convened on 33 occasions and 67 determinations were made.

Membership of the Industrial Disease Medical Panel

Panel Members during 2004-05 were:

Chairman	Dr K C Wan	Alternate Chairman	Dr M K Tandon
Members	Dr D Bucens	Dr Q Summers	
	Dr E Lee	Dr R Tarala	
	Dr A W Musk	Dr A E Tribe	
	Dr M Prichard	Dr J Waring	
	Dr G F Ryan		

Industrial Disease Determination Statistics

The majority of determinations were associated with asbestos exposure at work. The number of claims reduced in 2004-05 and confirmed pneumoconiosis, mesothelioma, pneumoconiosis and lung cancer determinations has remained constant in comparison to the previous year.

Table 15: Industrial Disease Statistics by Category

	2002-03	2003-04	2004-05
Number of Determinations – Disease present with a level of impairment >0%			
Pneumoconiosis	19	27	23
Mesothelioma	20	29	27
Lung Cancer	6	11	9
Pneumoconiosis and Lung Cancer	0	1	1
Pneumoconiosis and Mesothelioma	1	0	0
Sub-Total	46	68	60
Determinations – Disease not present or Disease present but a 0% level of impairment			
Total	71	79	67
Number of Applications			
Reviewed	9	7	5
New	62	72	62
Total	71	79	67
Number of Determinations under Section 93D			
Pneumoconiosis	0	1	0
Pneumoconiosis and Lung Cancer	0	1	0
Lung Cancer	0	0	0
Mesothelioma	0	0	0
Total	0	2	0

APPENDIX 8: PUBLICATIONS

WorkCover WA's publications are available on our internet site at www.workcover.wa.gov.au or by contacting WorkCover WA's Infoline on 1300 794 744. Provided below are either new publications or publications amended during the year.

General

A New Direction for Workers' Compensation and Injury Management in WA	New Publication
WorkCover WA Guides for the Evaluation of Permanent Impairment (available to participants of the Approved Medical Specialist training module)	New Publication
Cross Border Arrangements	New Fact Sheet
Common Law Proceedings	New Fact Sheet
Changes to the Workers' Compensation System in WA	New Fact Sheet
E-News (18/05/05; 26/05/05; 8/06/05 & 20/06/05)	New Newsletter
Publications in other Languages: Bosnian, Serbian, Macedonian and Arabic	New Language Publications
Workers' Compensation and Injury Management: Important Information for Employers	
Workers' Compensation and Injury Management: Important Information for Workers	
A Guide to Resolving Disputes	

Statistical Reports and Research Notes

Workers' Compensation Statistical Report 2003-04	New Publication
Research Notes	New Publications
1 of 2005: Claims lodged by workers in the Construction Industry in the Western Australian Workers' Compensation System 1999-00 to 2002-03.	
2 of 2005: Claims lodged by workers in the Mining Industry in the Western Australian Workers' Compensation System 1999-00 to 2002-03.	
3 of 2005: Claims lodged by workers in Aged Care Services in the Western Australian Workers' Compensation System 1999-00 to 2002-03.	
4 of 2005: Claims lodged by workers in the Agriculture Industry in the Western Australian Workers' Compensation System 1999-00 to 2002-03.	
5 of 2005: Delays in Claims Lodgement in the Western Australian Workers' Compensation System 1999-00 to 2002-03.	

Actuarial Information

Actuarial Assessment of Recommended Premium Rates: Executive Summary and Full Report: 2005-06	New Publication
Consolidated WC11 (Statement of Wages and Claims): 2003-04	New Publication

Requirements for Service Providers (Insurers, Self Insurers, Vocational Rehabilitation Providers)

Performance Monitoring Methodology for Approved Insurers	Amended Publication
Performance Criteria for the Approval and Review of Self Insurers	Amended Publication

Corporate Information

Annual Report 2003-04	New Publication
Sustainability Action Plan	New Publication

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APPENDIX 10: FEEDBACK FORM

WorkCover Western Australia is interested in your feedback and comments on the 2004-05 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 2004-05 Annual Report?

<input type="checkbox"/> Excellent	<input type="checkbox"/> 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?

Other comments

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:

Director of Governance and Strategy, WorkCover Western Australia
2 Bedbrook Place, SHENTON PARK WA 6008 OR FAX (08) 9388 5550

**Your feedback is valuable to us.
Thank you for taking the opportunity to complete this form.**