

Annual Report

2006



Report to the Parliament of Western Australia



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OUR CONTACT DETAILS

WorkCover Western Australia

2 Bedbrook Place
Shenton Park WA 6008

Telephone: 08 9388 5555
Toll free Infoline: 1300 794 744
Facsimile: 08 9388 5550
TTY (hearing impaired): 08 9388 5537

E-mail postmaster@workcover.wa.gov.au Internet: www.workcover.wa.gov.au

To the Hon John Bowler JP MLA
Minister for Employment Protection



Hon. John Bowler JP 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 2006.

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

A handwritten signature in black ink, appearing to read 'Greg Joyce', written in a cursive style.

GREG JOYCE
Chairman
WorkCover Western Australia Authority
28 August 2006

A handwritten signature in black ink, appearing to read 'Adrian Warner', written in a cursive style.

ADRIAN WARNER
Chief Executive Officer
WorkCover Western Australia Authority
28 August 2006

In accordance with a resolution of the governing body of the WorkCover Western Australia Authority on 28 August 2006.

HIGHLIGHTS

The Environment

- page 10** New workers' compensation changes took effect on 14 November 2005.
- page 11** Workers' compensation recommended premium rates fall by 8.6%.

Our Performance

- page 11** Injury Management Week 2005 promoted "working together to help workers back to work."
- page 11** Strategic scheme regulation initiative undertaken to assess employer compliance.
- page 28** Increased information and education services delivered, particularly around the 2005 legislative reforms.
- page 33** Dispute resolution – the changes and the results.
- page 45** Results from our performance indicators and financial statements for 2005-06.

The Organisation

- page 21** Strategic direction determined for WorkCover WA.
- page 10** WorkCover WA on the move.
- page 37** Increasing organisational capacity.

OUR WAY FORWARD: OUTLOOK FOR 2006-07

The major areas of focus for the coming year are:

- evaluating the legislative reforms implemented on 4 January 2005 and 14 November 2005.
- implementing an evaluation framework to assist in the monitoring and reporting on the outcomes and effectiveness of the dispute resolution process.
- developing partnerships with other organisations to improve service delivery and gain operational efficiencies.
- developing and gaining agreement from stakeholders on key client service standards.
- maintaining a strong compliance and enforcement focus along with targeted information and educational initiatives.
- developing a deeper analytical capacity for investigation into scheme performance and participant behaviour.
- monitoring the developments at a national policy level to ensure that high quality and timely advice can be provided to the Minister.
- continuing a leadership and management program to develop management skills and enhance leadership capacity to drive organisational change.

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PURPOSE OF THE REPORT

This Annual Report, in satisfying the requirements of section 66 of the *Financial Administration and Audit Act 1985*, provides Parliament and the public of Western Australia with an account of the WorkCover Western Australia Authority's performance in the 2005-06 financial year.

GUIDE TO THE REPORT

The WorkCover WA Annual Report for 2005-06 presents information on statutory compliance, performance and operational reporting for the financial year ended 30 June 2006.

Guide to Sections

The Year in Review section outlines WorkCover WA's achievements during the year, our operating environment, a joint report by the Chairman and the Chief Executive Officer and the outlook for the coming year.

The Corporate Governance section contains information on WorkCover WA's establishment, enabling legislation, statutory role, funding, strategic direction and our contribution to the Government's strategic framework. It also details WorkCover WA's management and accountability structures incorporating the organisational structure.

The Report on Operations section contains WorkCover WA's outcomes and service delivery performance information and details the role played by business support services in the running of the agency.

The Performance Indicators and Financial Statements sections contain WorkCover WA's audited performance indicators and financial statements for the financial year ended 30 June 2006 and corresponding audit opinions by the Auditor General of Western Australia.

The Appendices section contains information on the workers' compensation scheme design and statistical information on the performance of the Western Australian workers' compensation scheme. This section also details on WorkCover WA's obligatory reporting requirements, provides information on our service delivery to customers, stakeholders and the community and other useful information to support the content of the report.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

2005-06 commenced with a continued and clear focus within WorkCover WA on the implementation of the second stage of the 2004 legislative reforms. These reforms came into effect on 14 November 2005 and involved the:

- establishment of the Dispute Resolution Directorate with the recruitment of a new Director and legally qualified arbitrators
- development and gazettal of several pieces of regulations
- refurbishment of the Shenton Park premises and relocation of staff of the former Conciliation and Review Directorate.

Since 14 November 2005, the focus of our attention and energies has shifted to embedding the new requirements into the organisation's processes and regulatory activities, and building the organisation's capacity as an effective market regulator.

The Board of WorkCover WA has worked diligently, in conjunction with the senior management team, to set a clear strategic direction for the organisation and to strengthen the corporate governance framework. We made important steps in 2006, but there is still work to be done. WorkCover WA will continue to prioritise objectives and focus resources where they will have greatest impact and, in working with our stakeholders, we will continue to find new and innovative ways of meeting our legislative responsibilities. In doing so, we will strike the appropriate balance between the need to deliver and demonstrate performance, and the need to invest in organisational renewal and reform, with a view to building effective and sustainable regulatory capacity.

A deliberate shift within WorkCover WA has been to actively seek to engage with relevant stakeholders, firstly in the implementation of the legislative reforms and secondly, in the ongoing development and implementation of initiatives with the aim of improving the day to day operations of the scheme. With a continued focus on consultation, collaboration and compliance, we will look for new ways to enhance our services to deliver to the needs of injured workers and employers in the State. In this regard, a major event in the lead up to 14 November 2005 was Injury Management Week held from 19 September 2005 to 23 September 2005. The week involved a number of events presented by WorkCover WA, insurers, employers, rehabilitation providers and other stakeholders to facilitate the development of knowledge and skills of workers, employers and other professionals working in the workers' compensation and injury management field.

Also, a major compliance campaign commenced in the second half of the year, with an initial focus on the building and construction industry. The degree of constructive participation by relevant unions and employer groups was very encouraging. Building on the success of this project a number of additional staff were moved to a dedicated compliance project team for three months. Between 20 June 2006 and 31 July 2006, a total of 2 011 visits were made to retail and shopping centres and industrial areas in the metropolitan and targeted regional areas.

Another issue requiring ongoing attention of the Board is the rapidly developing national policy environment. Officers of WorkCover WA will continue to actively participate in Commonwealth-State forums dealing with national consistency and harmonisation of the various different schemes across the country.

The degree of change within WorkCover WA has been significant as the organisation seeks to align its efforts with the strategic direction set by the Board. New employees have been recruited and staff have participated in training and development programs in response to the findings of a comprehensive staff climate survey.

During the year, we welcomed Ms Lisa Biglin to the WorkCover WA Board and we would like to thank all our fellow Board members for their support and the valuable contribution they make to the successful functioning of the WorkCover WA Board and the good governance of WorkCover WA. We would also like to extend our sincere gratitude and appreciation to the staff of WorkCover WA for their tremendous hard work, dedication and commitment over the past year.

Our thanks are also extended to our Minister, Hon. John Bowler, MLA, who took over the Ministerial portfolio in February 2006. We would also like to acknowledge the positive working relationship the Board established with his predecessor, Hon. John Kobelke, MLA.



GREG JOYCE

Chairman

WorkCover Western Australia Authority

28 August 2006



ADRIAN WARNER

Chief Executive Officer

WorkCover Western Australia Authority

28 August 2006

WORKCOVER WA AT A GLANCE

Our Mission

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

Our Vision

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.

Our Role

WorkCover WA:

- ensures workers' compensation scheme participants comply with legislative requirements and standards through:
 - monitoring legislative compliance and conducting investigations
 - prosecuting or applying penalties to scheme participants who fail to comply with their legislative responsibilities
 - setting standards and monitoring the performance of service providers
 - fixing or recommending fees and costs for scheme services.
- provides information and educates workers, employers and other workers' compensation scheme participants
- resolves disputes
- provides Government with policy advice.

Our Stakeholders

Stakeholders have the potential to influence the environment in which WorkCover WA operates or are directly affected by our operations or decisions. Our key stakeholders are:

- Government and the Minister for Employment Protection
- injured workers
- employers
- medical practitioners
- service providers: insurers, self insurers, allied health providers, vocational rehabilitation providers, registered agents, approved medical specialists
- unions
- business and employer associations
- legal practitioners and advocates
- community of Western Australia.

PERFORMANCE OVERVIEW

Scheme Health

Average Recommended Premium Rate decreased from 2005-06 to 2006-07 by:	8.6%
Average Recommended Premium Rate for 2006-07 decreased to:	2.12%
	Minimum Rate: 0.40%
	Maximum Rate: 11.11%
Claim Payments from June 2005 to June 2006 increased by:	5.3%
Claim Payments for Common Law from June 2005 to June 2006 increased by:	4.6%
Proportion of Lost-time Claims (of all claims) for the 4 years to June 2005 increased by:	5.0%

Organisational Performance

	2005-06	2004-05	2003-04
OUTCOME 1: Information and Education			
% Customers with increased knowledge (Seminars):	96%	96%	97%
% Customers with increased knowledge (Enquiries):	92%	95%	84%
Attendees at seminars:	4 831	1 888	2,037
Enquiries answered:	25 571	27 724	23,425
Cost per customer contact:	\$83	\$71	\$77
OUTCOME 2: Scheme Regulation			
% Employers to hold policies following inspection:			
- New business inspections	96%	96%	97%
- Field inspections	98%	91%	98%
- Targeted inspections	94%	97%	98%
Inspections conducted:	19 516	24 544	29 943
Cost per inspection:	\$84	\$66	\$51
% Service provider that achieved accreditation standards:			
- Insurers	100%	100%	91%
- Self insurers	100%	100%	100%
- Vocational rehabilitation providers	100%	100%	90%
- Approved air conduction testers	89%	83%	88%
Service providers monitored:	833	396	343
Cost per service provider monitored:	\$9 211	\$10 780	\$8 541
OUTCOME 3: Dispute Resolution			
% Disputes resolved at Conciliation:	77%	82%	82%
% Disputes resolved within 12 weeks:	59%	64%	62%
Disputes lodged:	1 647	2 312	2 739
Disputes resolved:	1 766	2 423	3 092
Agreements registered:	3 992	4 003	3 942
Cost to resolve a dispute:	\$4 126	\$2 614	\$1 996
Cost to register an agreement:	\$712	\$698	\$603

OUR OPERATING ENVIRONMENT

Legislative Environment

Legislative Reforms

The Government adopted a two-stage introduction of the *Workers' Compensation Reform Act 2004* with the first stage of the reforms coming into effect on 4 January 2005 and the balance of the reforms taking effect on 14 November 2005. The second stage reforms included significant changes to the statutory dispute resolution system and access regime to common law, the introduction of a framework for injury management, and new provisions to address the unintended consequences associated with working director provisions in the *Workers' Compensation Reform Act 2004*.

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.

Commonwealth Government Policy Agenda

During 2005-06, WorkCover WA was a member of the workers' compensation sub-committee of the Australian Safety and Compensation Council, which was established to promote the development of nationally consistent workers' compensation and occupational safety and health frameworks. WorkCover WA contributed to workers' compensation related projects undertaken including ageing workforce; psychological injury claims; return to work initiatives; comparative information; and labour force participation. During 2005-06 WorkCover WA also participated in a number of the Heads of Workers' Compensation Authorities' projects related to improving the consistency of self insurance arrangements across the country.

Organisational Environment

Strategic Direction

During 2005-06, the WorkCover WA Board undertook a series of dialogue sessions to explore the key strategic issues impacting the scheme and the agency. The key strategic areas identified are Scheme Health and Oversight; Stakeholder Engagement and Relationships; Complexity of the Legislation and Legislative Development; Dispute Resolution; Commonwealth Government Policy Agenda; and Governance and Organisational Effectiveness.

Accommodation Changes

In 2005-06, WorkCover WA undertook a major capital work project to relocate all of WorkCover WA's operations and employees at one location. The existing asset base was rationalised by approving the sale of the West Perth premise and the upgrade of the Shenton Park premise. The project is due for completion in December 2006.

Injury Management Week 2005

Injury Management Week was an initiative co-ordinated by WorkCover WA to promote and increase awareness of effective approaches to managing injury in the workplace. The theme for Injury Management Week 2005, held 19 to 23 September 2005, was "Working together to help workers back to work." Injury Management Week 2005 delivered 30 events by 23 different organisations including a series of seminars arranged by WorkCover WA. In excess of 1 400 participants attended events held during the week.



From left to right: Mr Peter Hughes, Bali bombing survivor, Hon. John Kobelke MLA former Minister for Consumer and Employment Protection; Mr Greg Joyce, Chairman of WorkCover WA, and Dr Robert Love, plastic and reconstructive surgeon, at the opening breakfast for Injury Management Week 2005.

Strategic Compliance Program

In June 2006, WorkCover WA commenced a program to assess compliance and inform employers in the State of their workers' compensation and injury management responsibilities. WorkCover WA has a key role in encouraging and ensuring Western Australian employers meet their legislative responsibilities. WorkCover WA visited employers in a range of industries checking that they had a current workers compensation policy, injury management system and return to work programs in place (as required). The initial stages of this program have been successful with over 12 000 businesses in both metropolitan and regional areas contacted and educated on their obligations under the *Workers' Compensation and Injury Management Act 1981*.

Government Leading the Way

WorkCover WA, in partnership with WorkSafe WA and RiskCover, commenced development of the whole of government initiative "Government Leading the Way", which aims to develop strategies to promote occupational safety and health and injury management within the Western Australia public sector.

Workers' Compensation Scheme Performance

During the year, WorkCover WA announced an overall decrease of 8.6% in the recommended premium rates for compulsory workers' compensation insurance for 2006-07. The average premium rate for Western Australia decreased from 2.317% for 2005-06 to 2.117% for 2006-07. The decrease was largely driven by the stability in the number of workers' compensation claims in the scheme at a time of significant growth in employment in Western Australia.

The 2005-06 year saw a 5.3% increase in claim payments on the previous year. The 2005-06 claims payment data indicates weekly payments account for 32.6% of all payments. Common law experienced a 4.6% increase on last year and comprise 12.9% of claims payments. The remaining claims experience is credited to redemptions (14.0%), medical practitioners and specialists (11.0%), legal expenses (6.0%), all other treatment (5.9%), Schedule 2 (4.0%), vocational rehabilitation (3.8%), miscellaneous (4.2%), hospital (5.2%) and fatalities (0.4%).

In 2004-05, 43 632 workers' compensation claims were lodged in Western Australia of which 45.4% were lost-time claims. Over the past four years, the number of lost-time claims has risen by 5.0%. Long duration claims accounted for 22.5% of lost-time claims in 2004-05, while claims with less than 60 working days lost accounted for more than three quarters of all lost-time claims. Despite accounting for only 22.5% of all claims lodged with the workers' compensation scheme (lost-time and no lost-time claims), long duration claims accounted for 72.6% of all costs.

Further information is available on WorkCover WA's internet site at www.workcover.wa.gov.au.

GOVERNANCE STRUCTURE

WorkCover WA's corporate governance framework identifies the primary responsibility for the management and strategic leadership of the agency rests with the Board and the Corporate Executive.

The Board

The WorkCover WA Authority was established on 4 January 2005 and is constituted under section 94 (1) of the *Workers' Compensation and Injury Management Act 1981*. The WorkCover WA Authority replaced the former Workers' Compensation and Rehabilitation Commission on 4 January 2005, following legislative reforms.

The WorkCover WA Authority is authorised to use and operate under the trading name WorkCover Western Australia (WorkCover WA or WorkCover). The WorkCover WA Authority's governing body (the Board) is responsible for governance of the agency, providing independent advice to the Government and ensuring diligence and discipline is observed among service providers.

Role of the Board

The primary role of WorkCover WA is to oversee the operation of the workers' compensation scheme in Western Australia. The WorkCover WA Board's corporate governance responsibilities include the setting of strategic direction; regulating service providers and scheme participants; establishment of goals for the agency and monitoring achievement against those goals to optimise the agency's performance; ensuring compliance with statutory requirements; approving major decisions and, where appropriate, making recommendations to the Minister; giving effect to Ministerial directives; and managing strategic risk.

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 functions and powers of the Board are detailed in sections 100 and 101 respectively of the *Workers' Compensation and Injury Management Act 1981*. 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*.

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*
- the *Employers' Indemnity Policies (Premium Rates) Act 1990*.

Changes to Written Laws

During 2005-06, the following changes to written laws administered by WorkCover WA occurred:

- *Workers' Compensation Legislation Amendment Act 2005* (Assented to 27 September 2005).
- *Workers' Compensation Code of Practice (Injury Management) 2005* (Gazetted 27 September 2005).
- *WorkCover WA Guides for the Evaluation of Permanent Impairment* (Gazetted 19 October 2005).
- *Workers' Compensation and Injury Management Amendment Regulations (No. 2) 2005* (Gazetted 28 October 2005).
- *Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations (No. 2) 2005* (Gazetted 1 November 2005).
- *Workers' Compensation (DRD) Rules 2005* (Gazetted 4 November 2005).
- *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2005* (Gazetted 8 November 2005).
- *Workers' Compensation (Compensation Magistrate's Court) Repeal Rules 2005* (Gazetted 11 November 2005).
- *Workers' Compensation (Conciliation and Review) Repeal Rules 2005* (Gazetted 11 November 2005).
- *Workers' Compensation and Injury Management (Scales of Fees) Amendment Regulations (No. 3) 2005* (Gazetted 11 November 2005).
- *Workers' Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Amendment Regulations 2005* (Gazetted 25 November 2005).
- *Workers' Compensation and Injury Management Amendment Regulations (No. 3) 2005* (Gazetted 9 December 2005).
- *Workers' Compensation (DRD) Amendment Rules 2005* (Gazetted 16 December 2005).
- *Workers' Compensation and Injury Management (Scales of Fees) Amendment Regulations 2006* (Gazetted 10 January 2006).
- *Workers' Compensation and Injury Management (Scales of Fees) Amendment Regulations (No. 2) 2006* (Gazetted 28 April 2006).
- *Workers' Compensation (DRD) Amendment Rules 2006* (Gazetted 26 May 2006).
- *Employers' Indemnity Supplementation Fund Amendment Regulations 2006* (Gazetted 23 June 2006).

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.

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 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
- a person experienced in accounting and financial management.

Board Members

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. 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 was appointed as Chief Executive Officer of WorkCover WA from 10 January 2005 and as the Chief Executive he is a member of WorkCover WA's Board. Mr Warner is a member the Workers' Compensation Sub-Committee of the Australian Safety and Compensation Council. Mr Warner 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 former Workers' Compensation and Rehabilitation Commission from May 2000 to 3 January 2005. Mr Bradley is also the Western Australian representative on Australian Safety and Compensation Council and is the Government's nominee on the Western Australian Commission for Occupational Safety and Health.

Ms Lisa Biglin was appointed as a member of WorkCover WA's Board from 1 December 2005 for a term ending 3 January 2008. Ms Biglin is experienced in employers' interest and has been the National Health Services Manager with United Group Ltd since in 1995. Ms Biglin holds a Graduate Certificate in Workers Compensation and Management.





Ms Janine Freeman was appointed as a member of WorkCover WA's Board from 4 January 2005 for a term ending 3 January 2008. Ms Freeman is experienced in workers' interests having worked in the union movement for the past 11 years. Ms Freeman is the Assistant Secretary of UnionsWA, Commission for Occupational Safety and Health Commissioner member, a Westscheme Superannuation Trustee, Member of the Welfare Rights and Advocacy Service, Member of the UnionsWA Workers' Compensation Committee and a WA Government Be Active Ambassador.

Mr Daryl Cameron was appointed as a member of WorkCover WA's Board from 4 January 2005 for a term ending 3 January 2008 and is experienced in insurance matters. During 2005-06, Mr Cameron was the Insurance Council of Australia's Group Manager for Western Australia and the Northern Territory. Mr Cameron served on the former Workers' Compensation and Rehabilitation Commission as a member for nine years. Mr Cameron is an affiliate of the Australian Insurance Institute.



Mrs Victoria Wilmot was appointed as a member of WorkCover WA's Board from 4 January 2005 for a term ending 3 January 2008 and is experienced in accounting and financial management. Mrs Wilmot is currently Business Manager, Finance and Resources at the University of Western Australia. Mrs Wilmot is a member of the Institute of Chartered Accountants in Australia and a fellow of the Financial Services Institute of Australasia and is on the Board of the Western Australian Sports Centre Trust and the University Credit Society Ltd.

Board Meetings and Member Attendance

The Board met 13 times during the year. The membership of the WorkCover WA Board and corresponding meeting attendance during the year is provided in table 1.

Table 1: WorkCover WA Board membership and attendance

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	13	12
Ms Lisa Biglin (member)	7*	6
Ms Janine Freeman (member)	13	11
Mr Daryl Cameron (member)	13	13
Mrs Victoria Wilmot (member)	13	11
Mr Brian Bradley (member)	13	12
Mr Adrian Warner (member)	13	12

*Note: Ms Biglin was appointed to the WorkCover WA Board on 1 December 2005.

Code of Conduct

The Board maintains 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.

Directors' and Officers' Liability Insurance

Directors and officers liability insurance covers the personal liability for damages and defence costs of insured persons in the event that action is taken against them for breaches of duties. WorkCover WA holds a directors' and officers' liability insurance policy to cover the former Workers' Compensation and Rehabilitation Commission members and WorkCover WA Board members. The policy of insurance is placed through the State Government's insurer and is renewed annually.

During 2005-06, WorkCover WA established a Board policy on directors' and officers' liability insurance to ensure an adequate policy of insurance was in place and maintained to cover any claims made against the Board, both in the current period and in the future. The total amount for the insurance policy, effective from 16 May 2006 to 16 May 2007 was \$25 347.50 and in accordance with the Board's policy, members of the Board and the Corporate Executive made a small individual contribution towards the total premium. The limit of liability on the policy was increased to \$20 million from \$10 million to align with the accepted industry standard.

Disclosure of Interest in an Existing or Proposed Contract

In accordance with Treasurers' Instruction 903(3)(X), Senior Officers declared any interest in existing or proposed contracts with WorkCover WA. Board Member, Mr Brian Bradley is the Director General of Department of Consumer and Employment Protection. WorkCover WA made a contribution of \$250 000 to the ThinkSafe small business initiative undertaken by WorkSafe WA, a division of the Department of Consumer and Employment Protection, in 2005-06.

Remuneration

In accordance with section 99(2) of the *Workers' Compensation and Injury Management Act 1981*, the Chairman and Board members are entitled to be paid such fees and allowances as may be fixed by the Minister on the recommendation of the Minister for Public Sector Management. The Minister fixed the remuneration for Board members as \$18 600 per annum for the Chairman and \$7 400 per annum for members. In accordance with Government policy, Board members that are public service officers are not entitled to payment.

Board Committees

Committees allow the WorkCover WA Board to give closer attention to important issues facing the organisation than is possible for the full Board in a scheduled meeting. Committees are an effective way to distribute the work between the Board members and allow more detailed consideration of specific matters. Committees strengthen the Board's governance framework and provide real benefit to the Board, the Board members or the organisation as a whole.

To contribute to the effectiveness of the WorkCover WA Board and to meet specific legislative responsibilities, an Audit Committee, Corporate Governance Committee, Costs Committee and Medical Committee were established.

As part of the governance practices adopted, each Committee has a formal, documented term of reference; an appointed Chair who is also a Board member; Committee members with the expertise most relevant to dealing with the issues; a mechanism for regular feedback to the Board; transparency on committee activities; and appropriate administrative support.

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.

Membership: Mrs Victoria Wilmot (Chair), Mr Greg Joyce (member), Mr Brian Bradley (member) and a representative from the Office of the Auditor General (standing invitee).

Activities: The Committee met on five occasions and considered six internal audit reports on, general IT controls; accounts payable, purchasing, accounts receivable, contributions and contracting and service level agreements; complaints management; human resources/payroll; risk management and management reporting. The Committee also considered and approved the annual audit plan and the three year audit plan; considered the format of financial reports to the Board; findings from reviews on performance appraisal process and corporate services and payroll; recovery process for funds paid from the General Fund; and met with representatives of the Office of the Auditor General 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.

Membership: Mr Greg Joyce (Chair), Mr Daryl Cameron (member) and Mr Adrian Warner (member).

Activities: The Committee met on three occasions and forwarded to the Board for endorsement the Committee's standing orders; a corporate governance framework; and Board policies on policy development, delegations and directors' and officers' liability insurance. In addition, the Committee considered papers on the review of the agency's key performance indicators and other statutory reporting requirements. At the close of the year, the Committee had commenced a review of the former Workers' Compensation and Rehabilitation Commission's delegations.

Medical Committee

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

Membership: Ms Janine Freeman (Chair), Mr Adrian Warner (member), Dr Alan Home (member), Dr Barrie Slinger (member), Dr Trevor Lord (member), Dr Heather Campbell (member) and Ms Diane Munrowd (member).

Activities: The Committee met on nine occasions and recommended to the Board the criteria for designation (published in the Government Gazette on 26 August 2005); the *WorkCover WA Guides for the Evaluation of Permanent Impairment* (published in the Government Gazette on 19 October 2005); the application process to become an approved medical specialist; that 144 medical practitioners were suitable for designation as approved medical specialist out of 159 applications; and the maximum fees for approved medical specialist assessments (published as regulations in the Government Gazette on 11 November 2005). The Committee also reviewed training available from Comcare.

Costs Committee

The Costs Committee acts as an independent Committee reporting directly to the Minister for Employment Protection and was formally established pursuant to section 269 of the *Workers' Compensation and Injury Management Act 1981* on 14 November 2005. The Costs Committee operated prior to its formal establishment under the auspices of section 25 of the *Interpretation Act 1984*, which enabled the Costs Committee to be established despite section 269 of the *Workers' Compensation and Injury Management Act 1981* having not yet commenced. Establishment of the Costs Committee was necessary for the purposes of bringing provisions of the *Workers' Compensation and Injury Management Act 1981* into operation and giving full effect to those provisions when they commenced.

Membership: Ms Janine Freeman (Chair), Mr Daryl Cameron (member), Ms Clare Thompson (member), and Mr Marcus Cocker (member).

Activities: The Costs Committee met on seven occasions and sought and received submissions from interested stakeholders to assist in the development of its costs determination under section 271 of the *Workers' Compensation and Injury Management Act 1981*, which fixed maximum costs for legal services or registered agent services provided 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 reviewed stakeholder submissions in developing the components of service contained within the costs scale and to quantify the number of hours reasonably required to achieve each milestone of the dispute resolution process. The Committee developed and published the *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2005*, made pursuant to section 271 (Costs determination) of the *Workers' Compensation and Injury Management Act 1981*, on 8 November 2005. The determination fixed maximum costs for legal services and registered agent services. Practitioners are not entitled to be paid or recover any amount that exceeds the maximum costs set out in the determination.

Operating Structure

Corporate Executive

The Chief Executive Officer leads WorkCover WA's Corporate Executive and the officers of WorkCover WA in delivering services to the community of Western Australia. The Corporate Executive comprises of the Chief Executive Officer and divisional heads. 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.



Corporate Executive membership at 30 June 2006.
Left to right (back row): Adrian Warner, Peter King, Marleen Boon, Chris White;
(Seated): Diane Munrowd, Stephen Psaila-Savona, Eileen McCaffrey.

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. Mr Warner has a Bachelor of Economics degree from the University of Western Australia.

Director, Strategic Review

Ms Diane Munrowd is the Director, Strategic Review and has held senior management position in WorkCover WA over 10 years. Ms Munrowd has a Masters Degree in Rehabilitation and has extensive experience in workers' compensation undertaking development of policy, compliance, rehabilitation and injury management.

General Manager, Scheme Development

Mr Chris White is the General Manager, Scheme 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 the 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.

General Manager, Regulation and Compliance

Mr Peter King joined WorkCover WA in November 2005 and is the General Manager, Regulation and Compliance. For the five years prior to joining, Mr King provided business coaching and consultancy services in the private sector. Mr King held executive management positions in the Department of the Premier and Cabinet as well as the Public Service Commission, prior to working in the private sector. Mr King has tertiary qualifications in economics and business administration.

General Manager, People and Performance

Ms Eileen McCaffrey commenced with WorkCover WA as the General Manager, People and Performance in January 2005. Prior to commencing in this position Ms McCaffrey was the Manager, Planning and Projects for the North Metropolitan Area Health Service. Ms McCaffrey has had extensive experience in organisational development, human resources and senior management in both the public and private sectors. Ms McCaffrey has a Bachelor degree in Business, and two Masters degree qualifications one in Business Administration and the other in Management Research.

Director, Dispute Resolution

Ms Marleen Boon was appointed as Director of Dispute Resolution in August 2005 after more than five years as a Review Officer in the former Conciliation and Review Directorate. Prior to that, Ms Boon was a Judicial Registrar with the Industrial Relations Court of Australia and the Federal Court of Australia, and a legal member of the Social Security Appeals Tribunal. She has practised as a legal practitioner in a number of offices, including the former State Crown Solicitor, the Legal Aid Commission and private firm Paterson and Dowding. Ms Boon holds bachelor degrees in Jurisprudence, Law and Economics, and a Masters degree in Industrial Relations. She was admitted to practice as a legal practitioner in 1980.

Manager, Client Services

Mr Stephen Psaila-Savona joined WorkCover WA in January 2006 and is the Manager, Client Services. Prior to this, Mr Psaila-Savona was employed by the Disability Services Commission in a number of management positions. Mr Psaila-Savona has tertiary qualifications in Psychology, Education, Business and Public Sector Management and is a Fellow of Leadership Western Australia.

Organisational Structure

In 2005-06, a redefined organisational structure was implemented to deliver the strategic direction of the agency. The management structure continued to evolve during the year to meet emerging business needs. The structure better aligns the resources of the agency to enable it to achieve its strategic direction; provides a greater clarity of purpose for the agency; and builds organisational effectiveness particularly capacity around our core business. The current organisational structure is provided in figure 1.

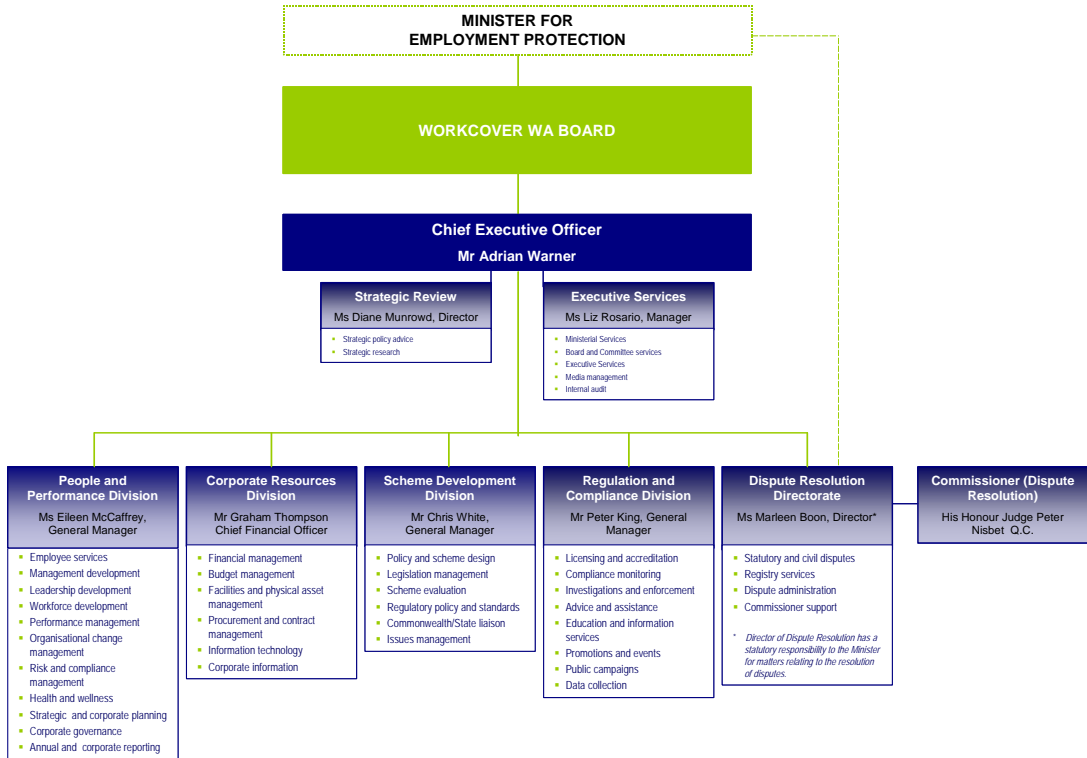


Figure 1: Organisational Structure

SETTING THE DIRECTION

WorkCover WA's strategic direction provides the foundation from which all priorities and activities are determined including the preparation of the agency's budget and annual business plans.

Strategic Direction

During 2005-06, the WorkCover WA Board undertook a series of dialogue sessions to identify and examine strategic issues. Strategic issues are those fundamental policy choices or critical challenges that must be addressed in order for WorkCover WA to achieve its vision and mission. Strategic issues are current, challenges that have, or are likely to have, a significant, long term influence on the way WorkCover WA functions.

WorkCover WA's six key strategic issues, which guide our operations, are:

- Scheme Health and Scheme Oversight
- Stakeholder Engagement and Relationships
- Complexity of Legislation and Legislative Development
- Dispute Resolution
- Commonwealth Government Policy Agenda
- Governance and Organisational Effectiveness.

The issues identified as part of the WorkCover WA Board's strategy development process formed the basis of the agency's business planning and budget processes in 2005-06 and 2006-07.

Key Business Priorities 2005-06

WorkCover WA's key business priorities that supported the strategic direction in 2005-06 were to:

- develop a legislation review and evaluation framework
- improve the quality of scheme performance information
- improve dispute resolution
- build stakeholder relationships
- enhance the corporate governance framework
- invest in people
- improve regulatory and compliance capability.

Strategic Performance

Scheme Health and Scheme Oversight

Strategic Issue

WorkCover WA recognises that the long term sustainability of the Western Australian workers' compensation scheme can only be realised through effective monitoring of outcomes and activity within the scheme and the analysis of the relevant trends.

In the Western Australian workers' compensation environment, scheme health is focused on outcomes for scheme participants. In the context of scheme health, performance refers to the performance of the scheme in delivering compensation, return to work and dispute resolution outcomes. These outcomes are determined by the fundamentals of the design of the scheme and the behaviour of scheme participants. The concept of scheme oversight relates to WorkCover WA's regulatory responsibilities in ensuring parties behave in accordance with the requirements of the legislation. In the context of scheme oversight, performance refers to the effectiveness and efficiency of WorkCover WA in regulating the scheme. WorkCover WA's outcome statements, services and key performance indicators provide the relevant data and information for monitoring of WorkCover WA's oversight of the scheme.

Operational Priorities for 2006-07

- Implement an improved performance reporting and analysis framework.
- Conduct an investigation on statutory and common law interface.
- Implement an improved monitoring and investigation processes and procedures to ensure stakeholder compliance.
- Review licensing processes to ensure greater transparency and efficiency.
- Design and implement best practice stakeholder performance monitoring.

Stakeholder Engagement and Relationships

Strategic Issue

Building effective relationships with stakeholders goes beyond the formal mechanisms associated with licensing, monitoring and service delivery to include two-way communication on current issues and opportunities for development of the scheme. Scheme development will be less effective without the active support and participation of stakeholders. Effective relationships with stakeholders will enhance decision making; contribute to the development of industry capabilities; and increase support for decisions.

WorkCover WA supports a culture of engagement and active consultation with the stakeholders within the workers' compensation scheme. A central element to effective stakeholder engagement is the provision of comprehensive, accurate and accessible information; and the collection of information, views and opinions from stakeholders to inform strategic direction, policy development and service delivery.

Operational Priorities for 2006-07

- Develop a communications framework with stakeholders.
- Organise a series of injury management programs involving stakeholders.
- Build brand and image of WorkCover WA in delivering workers' compensation.

Complexity of Legislation and Legislative Development

Strategic Issue

The *Workers' Compensation and Injury Management Act 1981* is a large and complex piece of legislation. Since its commencement in 1981, the *Workers' Compensation and Injury Management Act 1981* has been amended many times but has not undergone a full-scale (first principles) review. The complexity of the legislation provides the opportunity for WorkCover WA to improve the efficiency of the scheme through reviewing the existing legislation with a view to improving its clarity and flexibility. As part of the evaluation of the 2005 legislative reforms, WorkCover WA will identify areas for further legislative development.

Operational Priorities for 2006-07

- Conduct an evaluation of the effectiveness of the 2005 legislative reforms.

Dispute Resolution

Strategic Issue

Dispute resolution is a fundamental aspect of Western Australia's workers' compensation scheme. Dispute resolution provides a process for the resolution of disputes arising between parties in the workers' compensation scheme. The dispute resolution system has over the years been subject to both external and internal focus. As a result, the dispute resolution framework underwent significant changes as part of the 2005 legislative reforms. The reforms sought to address issues relating to the timeliness and responsiveness as well as the inequities for injured workers associated with the exclusion of legal practitioners. Following the implementation of the new dispute resolution system, WorkCover WA sought to embed the new processes to ensure consistent, high quality dispute resolution outcomes and to evaluate its effectiveness in fairly and effectively resolving disputes.

Operational Priorities for 2006-07

- Develop a dispute resolution evaluation framework.
- Design and implement processes to improve the quality of dispute resolution.

Commonwealth Government Policy Agenda

Strategic Issue

Commonwealth Government policies relating to work issues have the potential to impact the Western Australian workers' compensation scheme by the extension of jurisdictional range. WorkCover WA has a participative approach and maintains a watching brief over national developments to ensure the potential impact of possible changes are considered and responded to as they relate to the workers' compensation for Western Australian workers.

Operational Priorities for 2006-07

- Monitoring national trends and undertaking issues management.

Governance and Organisational Effectiveness

Strategic Issue

WorkCover WA's corporate governance framework supports the organisation in the achievement of our strategic direction and operational priorities through sound direction setting, planning, decision-making and risk management. Within WorkCover WA a clear emphasis exists on the need to develop the capability of the organisation and its people, to ensure the right people are in the right jobs, with the right skills and are motivated and able to work effectively within and across teams.

Operational Priorities for 2006-07

- Implement a corporate governance program to support the WorkCover WA Board.
- Design and implement internal management systems to foster accountability within WorkCover WA.
- Design and implement a leadership and management program.
- Implement a performance management system.
- Implement a health and wellness program.
- Implement change management initiatives.

OUR OPERATIONS

Our year was characterised by one of ongoing change and organisational improvement and this is evident by our key operational highlights.

2005-06 Highlights

- Provided extensive support provided to workers and employers to ensure a smooth transition to the new legislative changes implemented on 14 November 2005. Particularly in the areas of injury management dispute resolution and impairment assessment.
- Delivered 30 events during Injury Management Week 2005 in partnership with over 23 different organisations. The week focussed on the theme “working together to help workers back to work.”
- Delivered the second round of information sessions and training on the use of the *American Medical Association Guides to the Evaluation of Permanent Impairment (5th Edition)*. This program was to support stakeholder understanding of the legislative changes implemented in November 2005. Over 200 scheme participants attended information sessions and 45 medical practitioners attended the training during the year.
- Delivered an extensive advertising, information and education campaign to inform the public of Western Australia on the changes to workers’ compensation laws from 14 November 2005. The campaign has been estimated at reaching an audience of over 450 000.
- Undertook a strategic compliance program to assess employer compliance in meeting their legislative obligations.
- Implemented approval and registration systems for approved medical specialists and registered agents, who entered the workers’ compensation scheme on 14 November 2005 following legislative reforms.
- Implemented the dispute resolution change management project, which saw the successful transition from the Conciliation and Review Directorate to the Dispute Resolution Directorate.
- Consulted with stakeholders throughout the early part of 2005-06 to ensure that the regulations and supporting information that underpinned the *Workers’ Compensation and Injury Management Act 1981* properly reflected the principles of the changes.
- Developed a new quarterly scheme performance report covering trends in key indicators of outcomes and activity within the Western Australian workers’ compensation scheme.
- Implemented an executive development program using the leadership competencies identified by the Department of Premier and Cabinet and supported by a 360-degree feedback process, professional coaching and team development.
- Developed WorkCover WA’s corporate governance framework.
- Implemented an improved strategic planning, business planning, budgeting and reporting framework, which included a strong focus on risk management.
- Implemented WorkCover WA’s *Customer First* system for receiving compliments, complaints and suggestions.
- Upgraded the facilities and design of the Shenton Park premise including the relocation of the West Perth office.
- Implemented computer applications and systems to support the 2005 legislative reforms particularly in the areas of dispute resolution, registered agents and approved medical specialists.

GOVERNMENT STRATEGIC FRAMEWORK

Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector is a statement of the Government’s intention to improve the quality of life for all Western Australians. The framework is built around five strategic goals that contribute to achieving the Government’s vision and provides the “best opportunities for current and future generations”.

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.

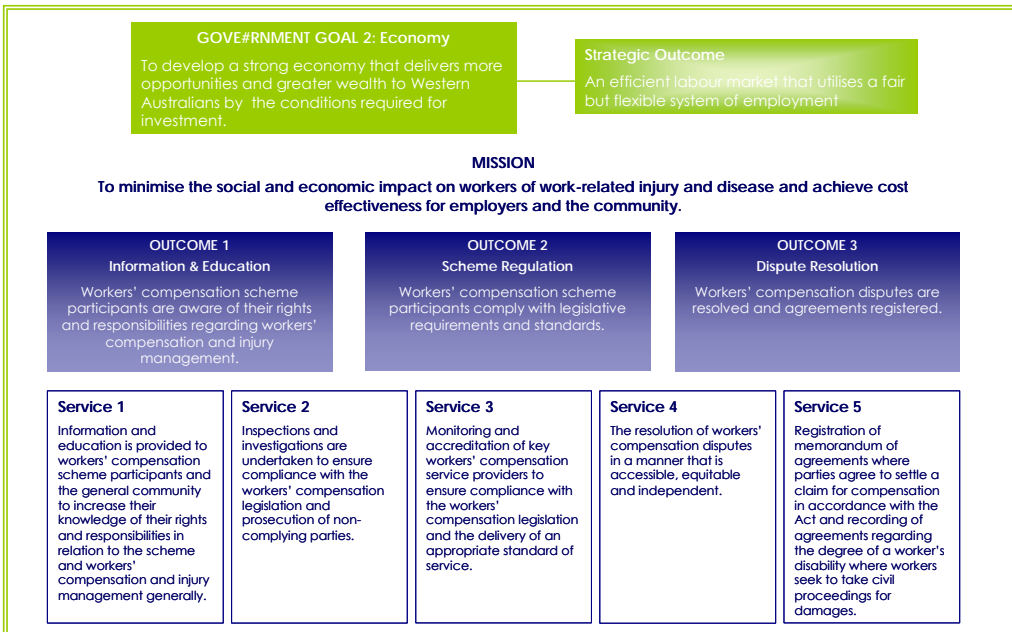


Figure 2: Summary of the agency’s contribution to Government strategic goals, mission, outcomes and services for 2005-06

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 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 and injury management systems in place 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 air conduction 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's Dispute Resolution Directorate acts to resolve disputes between scheme participants through a system of teleconferences, conciliation hearing and arbitration hearing. The previous Conciliation and Review Directorate acted to resolve workers' compensation disputes via a system of conciliation and review. The system in place prior to 14 November 2005 involved an initial process that assisted parties to resolve disputes by agreement, through a system of conciliation conferences. Where the parties were unable to reach agreement, disputes were heard and determined by a review officer. Appeals from decisions of review officers were heard in the Compensation Magistrate's court.

Following implementation of the legislative reforms on 14 November 2005, the process now deals with two types of applications for the resolution of a dispute. Disputes (Part XI) are managed by an arbitrator, who attempts to conciliate to bring about a resolution between the disputing parties, prior to arbitration. Interim orders and minor claims applications (Part XII) are also managed by an arbitrator, with the aim of providing prompt interim relief in appropriate cases. Interim orders and minor claims can be 'fast tracked' through the system as an arbitrator, will make a decision based on the information produced by the parties without conducting a hearing.

Registration of Agreements

WorkCover WA's Director of the Dispute Resolution Directorate 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 or whole person impairment 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 section of this report. In addition, the 2005-06 performance results are included in the Report on Operations section of this report.

Performance Indicators for 2006-07

WorkCover WA's strategic planning process and recent legislative changes to the *Workers' Compensation and Injury Management Act 1981* provided an opportunity to review the existing desired outcomes, services and key performance indicators. The revision enables WorkCover WA to better align its desired outcome to its mission and vision and to provide a more strategic representation of the agency's performance.

WorkCover WA sought to change its desired outcome based on WorkCover WA's strategic planning process and to review of its key performance indicators in line with its strategic direction. WorkCover WA's external performance indicators are governed under the *Financial Administration and Audit Act 1985*, in particular the Treasurer's Instruction 904.

WorkCover WA has submitted to the Under Treasurer the new key performance indicators proposed for implementation in 2006-07. The proposed structure of WorkCover WA's services and outcomes to the Government's framework is provided in figure 3.



Figure 3: WorkCover WA's proposed Government strategic outcome and services for 2006-07

OUTCOMES AND SERVICES

WorkCover WA supports the delivery of its outcomes and services within the Government Strategic Framework through a structured strategic and corporate governance context, which ensures the effective management of business initiatives and other corporate activities.

Information and Education

Outcome Description

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

Our Performance

Indicator	Target	Actual
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 (<i>Outcome 1: Information and Education, Seminar Attendees</i>).	95%	96%
The percentage of Infoline callers who said their level of knowledge of the workers' compensation scheme increased as a result of their call (<i>Outcome 1: Information and Education, Enquiries</i>).	96%	92%
The cost per contact to provide information, education and training services (<i>Service 1: Information and Education</i>).	\$80	\$83

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 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 2005-06 were:

- Responded to 25 571 enquiries relating to all aspects of workers' compensation and injury management.
- Trained and educated 4 831 customers through information sessions for injured workers, employers and health professionals, as well as injury management co-ordinators courses, service provider legislation training (including noise induced hearing loss requirements), specialised training requests and Injury Management Week 2005.
- Delivered Injury Management Week events to over 1 300 participants. Feedback from participants indicated they were impressed with not only the range of events, but also the quality of the topics presented. The vast majority of participants identified that their knowledge and understanding of workers' compensation and injury management increased as a result of the events.
- Delivered the second round of information sessions on the use of the *American Medical Association Guides to the Evaluation of Permanent Impairment (5th Edition)* to over 200 scheme participants.

- Held training for 45 general practitioners on the *American Medical Association Guides to the Evaluation of Permanent Impairment (5th Edition)*, facilitated a musculoskeletal workshop for 55 medical practitioners and 31 medical practitioners attended the WorkCover WA education module.
- Undertook an extensive advertising campaign in September to November 2005 to inform the public of Western Australia on the changes to workers' compensation laws from 14 November 2005. The campaign used a combination of press, radio and industry publications to inform workers, employers and health workers in metropolitan Perth and regional Western Australia. A selection of industry publications were chosen to ensure a wide cross section of the target audience had exposure to the messages. A direct mail campaign to workers with open claims also occurred to ensure they understood how the new legislation would impact on their claim.
- Commenced the partnership education program with educational sessions for all stakeholders on the 14 November 2005 legislative changes. Seminars for worker representatives, employers, insurers and self insurers and legal representatives on the dispute resolution process occurred between October and November 2005.
- Visited Carnarvon from 28 November to 1 December 2005 as part of WorkCover WA's regional initiative program. Information seminars were conducted for workers, employers and medical and allied health providers as well as onsite visits.
- Changed the method of delivery of WorkCover WA education seminars and information to customers. During the year, discussions were held with stakeholders to ascertain alternative delivery methods. It was ascertained that a range of seminars need not be provided in their current form and action was taken to cease their delivery pending the changed delivery methods.

Scheme Regulation

Outcome Description

The scheme regulation activity combines the compliance activity and the licensing and standards activity. The compliance activity involves inspection and investigation to ensure employers comply with the workers' compensation legislation. The licensing and standards activity monitors the performance of service providers including insurers, self insurers, approved vocational rehabilitation providers, approved medical specialists, registered agents and air conduction testers to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service in accordance with established guidelines and codes.

Our Performance

Indicator	Target	Actual
The percentage of employers found to hold workers' compensation insurance at the time of inspection (<i>Outcome 2: Scheme Regulation, Compliance</i>).		
New Business Inspections	95%	96%
Field Inspections	90%	98%
Targeted Inspections	95%	94%
The cost per inspection to ensure compliance with the <i>Workers' Compensation and Injury Management Act 1981</i> (<i>Service 2: Compliance</i>).	\$60	\$84

Indicator	Target	Actual
The percentage of service providers that met accreditation or licensing standards (<i>Outcome 2: Scheme Regulation, Accreditation and Licensing</i>).		
Insurers	100%	100%
Self Insurers	100%	100%
Vocational Rehabilitation Providers	100%	100%
Air Conduction Testers	85%	89%
The average weighted cost per service provider to monitor accredited or licensed service providers (<i>Service 3: Accreditation and Licensing</i>).	\$12 000	\$9 211

Key Initiatives and Activities

Compliance and Inspection

WorkCover WA's key compliance and inspection initiatives and activities in 2005-06 were:

- Undertook 19 516 inspections. From these 1 493 resulted in field inspections, of which 1 024 businesses were found to be employing and 18 breaches were rectified in respect of employers maintaining a current workers' compensation policy. There were also 9 788 requests from insurers to cancel an employer's workers' compensation policy of insurance processed by the agency. Four matters were referred for prosecution during the financial year.
- Investigated 131 matters for breaches under the *Workers' Compensation and Injury Management Act 1981* relating to matters such as uninsured claims (section 174), illegal cessation of weekly payments (section 61), claims for payment of weekly benefits (section 57A(7) & (8)), failure to keep a position open (section 84AA), workers' compensation policy (section 160), and wages inspections and fraud (section 188).
- Developed and implemented a new compliance and enforcement policy. The policy implements a number of different approaches to compliance (education and information through prosecution), which can be taken depending on the nature of the issue. The approach adopted in any particular matter will depend on an assessment of the circumstances as well as the application of the general principles of transparency, proportionality, consistency and accountability.
- Reviewed the compliance framework to explore options available to WorkCover WA to reform current compliance practices. The review included strategies related to accessing information; negotiating agreements; enhancing incentives; targeting inspections; and mining data. These findings will form the basis of the 2006-07 compliance program.
- Reviewed and developed enhanced information technology systems supporting the operation and delivery of compliance activities to efficiently deliver and report on the outcomes of the compliance program.
- Undertook an inspection program which consisted of the following initiatives:
 - Construction industry compliance initiative
 - Carnarvon regional trip
 - Analysis of complaints referred for investigation
 - Targeted metropolitan compliance initiative.

A number of resources from this function were reallocated to other organisational areas during the year to facilitate the implementation of the 2005 legislative reforms, which resulted in a reduced number of activities during the first half of the year.

- Initiated a targeted compliance program in the construction industry. During 2005-06, two pilot programs in the commercial and residential construction sectors were undertaken to assess the level of compliance in the industry. The compliance program involved a balance of educational and compliance activities to ensure employers meet their responsibilities with regard to insurance, injury management and return to work programs. The program was developed during the year and will be implemented in consultation with a working group comprising industry groups and unions involved in the construction industry.
- Undertook a regional compliance visit to Carnarvon in 22 to 26 May 2006 to maximise on the education activities undertaken in late 2005.
- Undertook a strategic compliance program, which utilised the resources across various areas of WorkCover WA, which completed 742 visits in the metropolitan area and 444 inspections at the end of June 2006. Of the completed inspections 334 businesses were employing, four employers were found to be uninsured and the remaining businesses were not employing or had ceased to operate. In addition, over 12 000 entities with business names registered with the Department of Consumer and Employment Protection were checked to determine if they were employing and held a current workers' compensation insurance policy to their full liability.

This program operated between 6 June and 31 August 2006 and incorporated the simultaneous delivery of five compliance projects:

- targeted metropolitan compliance initiative
- investigation of new businesses
- regional compliance initiative
- continuation of the construction project
- targeted wage audits.

The objectives of the compliance program in each of the five projects were to:

- ensure all employers are meeting their workers' compensation obligations (in the areas of insurance, injury management systems and return to work programs), and are contributing equitably to the premium pool
- detect employers who are not aware of or knowingly avoid their statutory obligations by ensuring they protect themselves and their workers in respect of potential workers' compensation claim liabilities
- educate employers ensuring compliance with new statutory obligations concerning injury management systems and return to work programs.

Licensing and Standards

WorkCover WA's key licensing and standards initiatives and activities in 2005-06 were:

- Reviewed the performance of 28 self insurers and endorsed their continuation as exempt employers under the *Workers' Compensation and Injury Management Act 1981*.
- Reviewed the performance of 10 insurers and the Insurance Commission of Western Australia recommending that all underwriting licences be maintained. During the year, a follow up onsite review of the Performance Monitoring Methodology for Approved Insurers was undertaken for the client services and dispute resolution programs.
- Approved 21 applications by insurers to load the recommended premium rate by more than 100% (pre-14 November 2005) or 75 % (post 14 November 2005) on the basis that claims experience of the employer warranted such a loading. Denied one application by an insurer to load the recommended premium rate by more than 100% or 75%.
- Approved one appeal by an employer against the industry classification applied for the calculation of their insurance premium, with another two appeals by employers being declined. In addition, seven employers lodged appeals against their workers' compensation industry classification, which were withdrawn before determination.



report on operations

- Declined two appeals by employers against the premium assessment applied to 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. Two agency and two single providers were approved during the year, while six providers sought voluntary revocation. At the end of the financial year there were 38 vocational rehabilitation providers approved in Western Australia (21 agency providers, 12 single providers and five employer based providers).
- Accredited and evaluated the performance of new noise induced hearing loss testers (audiometric officers and audiologists). At 30 June 2006, there were 302 testers approved to conduct hearing tests for the purposes of legislation. A total of 79 new testers were approved and 36 testers were cancelled as a result of not meeting performance criteria. At the end of the financial year, there were 174 booths and 175 audiometers approved within the workers' compensation scheme.
- Managed the noise induced hearing loss pre-claim audiometric testing process. Identified 460 workers with potential noise induced hearing loss claims and as part of this process arrangements were made for 443 subsequent full audiological and 99 otorhinolaryngological assessments. As a consequence 76 successful claims for work related gradual onset noise induced hearing loss, consisting of 69 first election (10% claims), four subsequent election (5% claims) and three final election (any % increase) claims were processed and issued.
- Approved 270 applicants as registered agents in the period 14 November 2005 to 30 June 2006. From 14 November 2005 parties in a dispute may be represented by a registered agent permitted and regulated by WorkCover WA to provide representation at proceedings before the Dispute Resolution Directorate. Of these, 110 were employees of approved insurers, 27 were employees of self insurers, 121 were employees of legal firms, 5 were representatives of unions, 5 were representatives of prescribed organisations (Chamber of Commerce and Industry and Asbestos Disease Advisory Service), and 2 were independent agents. A total of 316 renewals and new applications were received and approved for the July 2006 to June 2007 period.
- Designated 144 medical practitioners as approved medical specialists, following receipt of 159 applications from medical practitioners seeking designations as an approved medical specialist.
- Registered the names of persons, approved by WorkCover WA, who are willing to be selected for a specialised retraining assessment panel. Applications were invited from suitably qualified people with knowledge of, and experience in, matters relating to the labour market to register an interest in being included on the register kept by the Director of the Dispute Resolution Directorate.
- Processed 30 Notices of Intention to Dismiss a Worker under section 84AB of the *Workers' Compensation and Injury Management Act 1981*. Section 84AB allows WorkCover WA to notify employers and workers that dismissal of a worker does not effect an employer's existing obligations under the *Workers' Compensation and Injury Management Act 1981*.
- Dealt with 391 matters relating to injury management, by the Injury Management Review Unit, including 285 regarding participation in vocational rehabilitation, 76 regarding retraining issues and 30 matters involving the cost of rehabilitation programs. Two complaints against approved vocational rehabilitation providers were also investigated.

WorkCover WA's safety net system identified 2 974 injured workers, who may have been eligible for injury management assistance. Insurers were required to investigate whether further intervention was required and report the outcome to WorkCover WA. Of the 2 974 workers identified, WorkCover WA was advised 56% had already returned to work or had their claim finalised by the insurer, 17% required further medical treatment, and 18% were undergoing rehabilitation. The remaining 9% did not require injury management intervention for other reasons such as settlements pending, other employment, withdrawal from the workforce or full time study.

- Conducted a review of insurers' and self insurers' compliance with section 157A of the *Workers' Compensation and Injury Management Act 1981* which requires insurers and self insurers to advise WorkCover WA of a worker whose period of incapacity the insurer or self insurer knows to have exceeded four consecutive weeks or a worker whose periods of incapacity during any period of 12 months or less the insurer or self insurer knows to have exceeded, in sum, 12 weeks. All 10 insurers and 27 of the 28 self insurers were given an exemption from the requirement to comply with section 157A(1) subject to their compliance with exemption conditions. A three-month review of insurers' and self insurers' compliance was undertaken with the outcome of the review establishing that insurers and self insurers are complying with and have implemented procedures that reflect the exemption conditions.

Dispute Resolution

Outcome Description

Workers' compensation disputes are resolved and agreements registered.

Our Performance

Indicator	Target	Actual
The percentage of workers' compensation disputes resolved at conciliation (<i>Outcome 3: Dispute Resolution</i>).	80%	77%
The percentage of workers' compensation disputes resolved within 12 weeks of lodgement (<i>Outcome 3: Dispute Resolution, timeliness</i>).	65%	59%
The average cost to resolve each dispute (<i>Service 4: Dispute Resolution</i>).	\$3 000	\$4 126
The cost per agreement to register agreements or determinations (<i>Service 5: Registration of Agreements</i>).	\$700	\$712

Key Initiatives and Activities

The Dispute Resolution 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 2005-06 were:

- Processed 1 647 new disputes involving claims for workers' compensation which were referred to the Directorate.
- Resolved 1 766 disputes of which 1 357 (77%) were at conciliation or prior to arbitration and 409 (23%) were following review or arbitration. Of disputes resolved at conciliation or prior to arbitration, 61% were resolved within eight weeks of lodgement with a further 12% between eight and twelve weeks. Of disputes resolved at review or arbitration, 10% were resolved within eight weeks of referral and a further 11% between eight and twelve weeks.
- Registered 3 854 Memorandums of Agreement for Schedule 2, Schedule 5 and Redemptions.
- Recorded 187 settlements pursuant to section 92(f) of the *Workers' Compensation and Injury Management Act 1981*.
- Referred 29 workers to a medical assessment panel.
- Referred 52 matters to the industrial diseases medical panel.

Conciliation and Review

The Conciliation and Review Directorate was established in 1993 and was replaced by the Dispute Resolution Directorate as a result of the legislative reforms implemented on 14 November 2005. The Conciliation and Review Directorate was set up 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, achieved this initially. Where agreement could not be reached, disputes were heard and determined by a review officer. Appeals from decisions of review officers (on matters of law) were heard in the Compensation Magistrate's court.

The conciliation process was non-adversarial and sought to bring parties to agreement rather than arbitrating the merits of a dispute. The process was informal, largely administrative and relatively free of regulation. Conciliation officers identified the real issues between the parties and used their skills to define the differences with a view to securing a mutually satisfactory agreement. The review process was the more formal step in the system. Matters were referred to review when conciliation concluded without a satisfactory solution being reached or a party requested a matter to go to review. A review officer determined the issues after considering the evidence.

Performance from 1 July 2005 to 14 November 2005

WorkCover WA's key dispute resolution results prior to 14 November 2005 were:

- Processed 833 disputes lodged at the Conciliation and Review Directorate.
- Resolved 1 060 disputes of which 840 (79%) were at conciliation and 220 (21%) were following review. Of the disputes resolved at conciliation 59% were resolved within 8 weeks of lodgement with a further 14% resolved between 8 and 12 weeks. Of the disputes resolved at review 15% were resolved within 8 weeks of lodgement with a further 10% between 8 and 12 weeks.

Dispute Resolution

The new Dispute Resolution Directorate continues to deal with disputes arising between parties in the workers' compensation scheme. The main objectives of the Dispute Resolution Directorate are to:

- provide a fair and cost effective system for the resolution of disputes
- reduce administrative costs across the workers' compensation system
- provide a dispute resolution system that:
 - is timely and ensures workers' entitlements are paid promptly
 - is accessible, approachable and professional
 - is effective in settling matters
 - leads to durable agreements between the parties.

The Dispute Resolution Directorate comprises of a Commissioner, Director and arbitrators (who are legally qualified). Arbitrators, have responsibility to facilitate dispute resolution through the holding of teleconferences, conciliation hearings and arbitration hearings. The Dispute Resolution Directorate also processes the documentation submitted by the parties, registers agreements and handles workers' elections to pursue common law damages. Most disputes concerning a workers' compensation claim under the *Workers' Compensation and Injury Management Act 1981* can be determined by the Dispute Resolution Directorate. There are two types of applications for the resolution of a dispute, minor claims and interim orders (Part XII) and disputes (Part XI).

Performance from 14 November 2005 to 30 June 2006

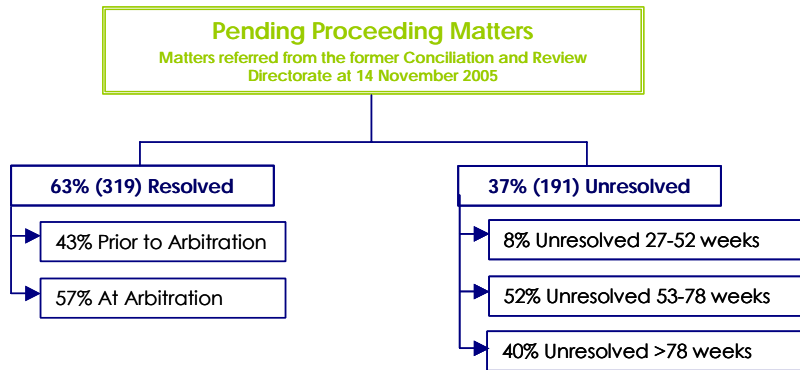


Figure 4: Experience of pending proceeding matters lodged prior to 14 November 2005 (as at 30 June 2006)

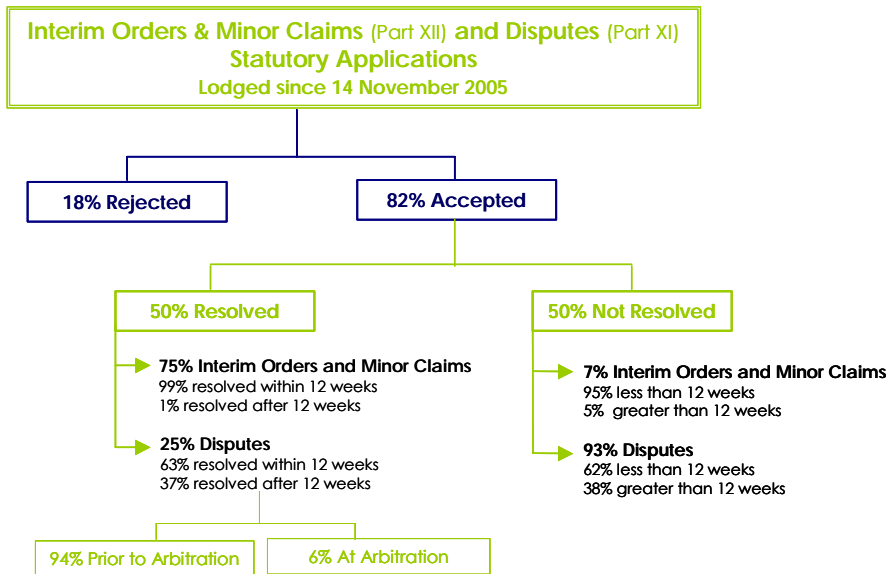


Figure 5: Experience of statutory applications lodged on or after 14 November 2005 (as at 30 June 2006)

Since the introduction of the legislative reforms on 14 November 2005, compliance with the *Workers' Compensation (DRD) Rules 2005* in relation to the filing of statutory applications has increased from 69% to 81%. In relation to civil applications, compliance has a year to date average of 92%. In addition since 14 November 2005, adjournments are by formal application only, with most adjournments now effectively being managed by interlocutory applications. Only one appeal against a decision of an arbitrator has been upheld by the Commissioner since 14 November 2005.

The *Workers' Compensation (DRD) Rules 2005*, procedures and forms were developed and are readily available to interested parties (electronic and paper) on WorkCover WA's internet site at www.workcover.wa.gov.au or by phoning Infoline on 1300 794 744.

BUSINESS SUPPORT SERVICES

Business support services meet client needs by providing high quality, cost effective services for corporate governance, finance, human resources, information management and office administration. Business services contribute indirectly to WorkCover WA's outcomes and services and provide a key, supportive role to our operations.

Policy, Legislation and Research

Service Description

The provision of policy advice, legislation support and research 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 2005-06 were:

- Provided of policy and legislative support in relation to the changes to written laws in particular amended the 2004 legislative reform provisions on working directors.
- Gazetted regulations to support the implementation of the *Workers' Compensation Reform Act 2004* (Refer to Corporate Governance section under Changes to Written Laws for further information).
- Gazetted the *Workers' Compensation and Rehabilitation (Scales of Fees) Amendment Regulations 2006* which provided for a 3.77% 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.
- Participated on various state and national workers' compensation committees including the Australian Safety and Compensation Council and the Heads of Workers' Compensation Authorities.
- Participated in a major project of the Heads of Workers' Compensation Authorities to improve national consistency in self insurance arrangements.
- Provided data to enhance national comparisons of workers' compensation performance.
- Developed a new quarterly scheme performance report covering trends in key indicators of outcomes and activity within the Western Australian workers' compensation scheme.
- Gazetted recommended premium rates for 2006-07, which resulted in an overall decrease of 8.6% in the recommended premium rates for compulsory workers' compensation insurance from 2.317% for 2005-06 to 2.117% for 2006-07.
- Published the Workers' Compensation Statistical Report for 2004-05. In addition to providing an overview of workers' compensation in Western Australia, the report provides detailed information on the characteristics of lost-time workers' compensation claims.

People and Corporate 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. Corporate management supports the delivery of the strategic direction through improved corporate governance, accountability, resource management, reporting and the establishment of best practice management systems.

Key Initiatives and Activities

WorkCover WA's key people and corporate management initiatives and activities in 2005-06 were:

- Established the People and Performance Division to align the workforce capacity with the direction of the agency and deliver on the strategic direction identified by the WorkCover WA Board to improve the standard of leadership, management, corporate governance, accountability, management systems and employee wellness.
- Commenced implementation of a new performance management system to strengthen leadership and accountability and provide measurable outcomes that will be reported every 90 days.
- Continued to implement the Workforce Development Plan 2005–2008 to strategically manage people to meet the challenges of an ageing labour market and the Office of Shared Services human resource service delivery model.
- Implemented an executive development program using the leadership competencies identified by the Department of Premier and Cabinet and supported by a 360-degree feedback process, professional coaching and team development.
- Converted level one contract employees to permanent employees in compliance with Government policy.
- Established and filled a significant proportion of the Dispute Resolution Direction positions, following the legislative reforms on 14 November 2005.
- Commenced establishment of a health and wellness program to provide a strong focus on work life balance by employees and to support the agency's strategy to attract and retain employees.
- Developed a corporate governance framework to ensure and improve the efficient use of resources, compliance with statutory and other external requirements and achieving sound administrative and financial management practice.
- Implemented a revised risk management plan as part of the business planning process.
- Established the agency's business planning process and reporting mechanisms for 2005-06 and 2006-07.
- Developed new performance indicators, which have been submitted to the Under Treasurer for approval prior to implementation in 2006-07.
- Developed and implemented a framework for policies of the WorkCover WA Board. During the year policies on policy development, directors' and officers' liability and delegations were established.
- Developed a variety of workplace policies including the prevention and management of bullying in the workplace; leave management policy; recruitment, selection and appointment procedures and guidelines; fleet management policy; strategic fleet management policy; workplace smoking policy; confidentiality classification policy; data migration policy; meta-data information policy; and information distribution policy. Also during the year, the *Customer First* policy and electronic mail policy were revised.

People Management

Effective people management is crucial to the achievement of the agency's business. A number of fundamental human resource services underpin the agency's people management strategies including payroll, recruitment, leave management, compliance with mandatory Government practices and professional development. A number of strategies and initiatives to develop and support employees are in place so people can achieve their potential and the agency is able to deliver its business outcomes and services.

People management strategies are built on evidence and analysis drawn from a number of sources including workforce planning, surveys, and internal and external benchmarking of performance. This information allows the agency to identify areas of best practice, or of concern, and to develop effective strategies.

Employee Profile

WorkCover WA consists of 155 dedicated employees who are committed to providing high quality, timely services to injured workers, employers and the community of Western Australia. Table 2 provides details of WorkCover WA's employees categorised by gender and level with comparative totals for 2005. The number of employees has increased slightly over the year. Nearly two thirds of employees (62.5%) are female. The changes in levels 7, 8 and 9 relate to an increase in management positions and the transition from the Conciliation and Review Directorate to the Dispute Resolution Directorate.

Table 2: Number of employees by gender as at 30 June 2006

Employees by Gender – at 30 June 2006					
<i>(Comparative figures for 2005 are in parenthesis)</i>					
Level	Male		Female		Total
Level 1	5	(7)	26	(23)	31 (30)
Level 2	7	(3)	21	(17)	28 (20)
Level 3	5	(5)	8	(17)	13 (22)
Level 4	5	(6)	13	(10)	18 (16)
Level 5	9	(9)	11	(9)	20 (18)
Level 6	6	(6)	5	(2)	11 (8)
Level 7	4	(9)	5	(5)	9 (14)
Level 8	5	(1)	1	(1)	6 (2)
Level 9	10	(6)	6	(4)	16 (10)
Above Level 9	2	(2)	1	(0)	3 (2)
TOTAL	58	(54)	97	(88)	155 (142)

Note: This table includes both full-time and part-time employees.

Equal Employment Opportunity

The Equity and Diversity Plan for the Public Sector Workforce 2006-2009 sets interim and long-term objectives for priority areas of:

- improved distribution of women, particularly in management positions
- improved representation at all levels for Indigenous Australians, people from culturally diverse backgrounds and people with disabilities
- increased representation of youth.

In 2005-06, the percentage of women in management positions at WorkCover WA increased from 33.3% to 40% (table 2). WorkCover WA's willingness to allow for part time employment in senior positions has assisted with the increased representation of women in senior positions.

WorkCover WA is aiming to increase the representation of youth in the workforce through the provision of opportunities for advancement in the organisation. In support of improving the representation of people with disabilities in the workforce, WorkCover WA accesses disability recruitment agencies during recruitment processes.

Workers' Compensation and Injury Management

WorkCover WA recognises the value of its employees and is committed to preventing injury and illness to its employees by providing a safe and healthy work environment. WorkCover WA will assist injured workers to return to work as soon as medically appropriate and will adhere to the requirements of the *Workers' Compensation and Injury Management Act 1981* in the event of a work related injury or illness. WorkCover WA supports the injury management process and recognises that success relies on active participation and cooperation of the injured worker. Whenever possible, suitable duties will be arranged internally having regard for the injured worker's medical restrictions.

During 2005-06, WorkCover WA's injury management policy was revised following the 14 November 2005 legislative changes to the *Workers' Compensation and Injury Management Act 1981*. The revised policy supports the agency's injury management system established in accordance with the *Workers' Compensation Code of Practice (Injury Management) 2005*. The aim of WorkCover WA's injury management system is to ensure that we are able to respond to workers' compensation claims quickly and properly, so that injured workers can remain at work or return to work at the earliest appropriate time. WorkCover WA has also appointed a workplace injury management co-ordinator. Table 3 provides details on workers' compensation and injury management for WorkCover WA employees.

Table 3: Workers' compensation and injury management for WorkCover WA employees

	2001-02	2002-03	2003-04	2004-05	2005-06
Number of lost-time injuries	0	2	1	0	1
Frequency rate (per million hours worked)	0.00	7.61	4.02	0.00	3.74
Incidence rate (per 100 workers)	0.00	1.46	0.71	0.00	0.64
Estimate cost of claims incurred per \$100 wage roll	0.00	0.448	0.003	0.087	0.059
Premium rate (%)	0.50%	0.58%	0.46%	0.42%	0.39%
Injury Management/Rehabilitation success rate:					
- Finalised	Nil	Nil	Nil	Nil	Nil
- Ongoing	2	2	2	2	2

Developing Organisational Capability

In 2005-06 WorkCover WA significantly increased the resources dedicated to develop the agency's workforce and management systems. A new performance management system was implemented which has a focus on increasing leadership capacity management competence with measurable business outcomes reported at 90-day intervals. As the system is implemented each employee will have a personal development plan to align their skills with the direction of the agency and to identify competency based learning needs. In 2006-07, development programs for leadership and management capability will be established to support WorkCover WA's cultural change and increase management competence. Also in 2006-07, in conjunction with the Office of Public Sector Standards Commissioner, a climate survey will be conducted. The results of this survey will provide useful information to guide the development of a plan to focus on areas of equal employment opportunity that need improvement within the organisation.

Employee Learning, Development and Training

WorkCover WA continued to focus its learning and development strategy on leadership at all levels and capability development to support organisational performance. 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.

During 2005-06, a 360-degree feedback process was implemented for the Corporate Executive to provide a valuable intelligence on individual performance and guide personal and professional development programs. In addition, agency employees attended a range of conferences, courses and seminars during the year including:

- Application and interview skills
- Bullying awareness training
- Computer software skills
- Executive development program on performance management
- Government risk management
- Human resource systems training
- Investigation methods
- Mentoring co-workers with disabilities
- Writing for an online environment
- Occupational safety and health representative training on provisional improvement notices
- Various courses including corporate governance, key performance indicators, innovation and creativity; and creating successful relationships and good business.

A formal learning and development program will be implemented in 2006-07 to track the impact of all learning and development activity within WorkCover WA.

Industrial Relations Environment

Employees at WorkCover WA are engaged under the Public Service Award and the Government's General Agreement. During 2005-06, the Government's pay and conditions offer was accepted by the union representing government workers. The new Public Service General Agreement will be registered during 2006-07 in the Western Australian Industrial Relations Commission.

Occupational Safety and Health

During the year, in support of the agency's focus on a safe and healthy workplace, building evacuation trials were held, an upgrade of building facilities and workstations occurred and occupational safety and health representatives carried out workplace inspections.

Workplace Wellness

The existing wellness activities, including a yoga and gym program, to promote wellbeing in the workplace were well attended by employees during the year. The wellness program again included the provision of on-site influenza vaccinations.

The agency 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. Workplace wellness is critical to the success of WorkCover WA as an organisation and to recognise this dedicated resources have been established to refine and coordinate a comprehensive and holistic health and wellness program for WorkCover WA employees. During 2006-07, a coordinated and expanded holistic wellness program will be implemented.

Employee Committees

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 Occupational Safety and Health Committee and the Joint Consultative Committee were established.

The Occupational Safety and Health Committee continued to meet monthly, during the year with activities focussed on policy development and education material for employees on workplace occupational safety and health matters. In particular the Committee reviewed the ergonomic assessment of the new workstation design and assessed occupational safety and health risks at the Perry Lakes.

The Joint Consultative Committee, established in December 2004, comprises 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. The Joint Consultative Committee continues to meet at least every two months and concentrates primarily on organisational change, including restructures, and agency policy and procedures. Workshops were held to clearly define the role and to improve its effectiveness and efficiency. The Joint Consultative Committee was instrumental in introducing highly regarded agency wide training, policies and procedures for bullying awareness.

Corporate Communication

During 2005-06, corporate communication was enhanced through initiatives such as staff engagement and information sharing. These new initiatives and development for the agency's communications occurred in 2005-06 to ensure employees have:

- the opportunity to be informed of current and upcoming policy directions
- access to relevant management decisions
- the opportunity to engage in debate and decision-making on current and emerging policies
- the opportunity to contribute in the communication and marketing of the agency internally and externally.

Staff Engagement

Employee forums, such as all of staff briefings, were conducted to:

- foster a better understanding of the overall objectives and strategic direction of the organisation
- engage senior staff involvement on strategic, corporate and emerging issues
- provide the Chief Executive Officer and Corporate Executive the opportunity to outline the strategic issues facing WorkCover WA
- create an informal and two-way mechanism for feedback on agency performance.

Information Sharing

WorkCover WA aims to maintain an informative internet and intranet web presence that presents agency information and services in a coherent, accessible, accurate and user-friendly manner. The Corporate Executive actively investigated the ways in which to disseminate information more broadly throughout the agency. Corporate Executive minutes, performance information and actions are available to all employees on the agency's intranet. This ensures that decisions and outcomes made and negotiated by the Corporate Executive are accessible and transparent to all employees.

External Awards

WorkCover WA's 2004-05 Annual Report was tabled in Parliament on 11 October 2005. WorkCover WA was pleased to receive a Bronze W.S. Lonnie Award (100 to 1 000 employees category) for the report. The awards, run by the Institute of Public Administration Australia, recognise excellence in public sector annual reporting and emphasise the importance of Government agencies being accountable and transparent in a succinct and independent way.

In 2006, Simone McMahon, an employee of WorkCover WA, won the Western Australian Young Australian of the Year. Ms McMahon was recognised for her work for the community of Western Australia in particular her volunteer work for a number of organisations, most notably Transplant Australia and the Starlight Children's Foundation. Ms McMahon took on the challenge of raising awareness about the need for organ donation. Ms McMahon is the Director of the National Board of Transplant Australia as well as President of the Western Australian committee.

Support for Charities and Community Groups

WorkCover WA continued to provide ongoing support to local charities and community groups through a range of fundraising activities including casual dress days. During the past year WorkCover WA employees raised over \$900 which was donated to three charities: Mission Australia's Christmas in the Park, the Royal Flying Doctor Service and the Free the Bears Fund. In addition, WorkCover WA employees also supported various community groups and charities in a personal capacity.

Financial and Resource Management

Service Description

Sound financial management and accounting services support the achievement of the agency's goals and objectives. Information management combines the information technology and records management functions. This activity ensures computing infrastructure, computing hardware, application development and maintenance, and data administration within WorkCover WA supports the agency's goals and objectives. This includes provision of ongoing support and maintenance to WorkCover WA's portfolio of business applications and client support to those internal and external users utilising these systems. Information management ensures appropriate standards are maintained for the agency's departmental records and library materials, and for administering the freedom of information function within WorkCover WA. Resource management supports the capital works program for WorkCover WA. The program provides for the replacement, maintenance and expansion of assets that support the delivery of the agency's services. Assets include property, hardware, software and office equipment.

Key Initiatives and Activities

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 optimise returns and security of funds invested for the benefit of the dependants of deceased workers.

Section 218 of the *Worker's Compensation and Injury Management Act 1981* empowers the Dispute Resolution 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 5.57% for all trust accounts.

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 of the *Worker's Compensation and Injury Management Act 1981*. The agency also recovers funds paid to workers from the General Fund from uninsured employers and provides evidence to the Dispute Resolution 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 26 claims made on the General Fund pursuant to section 174, compared to 20 last year. There were six new claims this year and 20 continuing claims from previous financial years. The cost of new claims was \$138 825 and ongoing claims amounted to \$244 629. On the 30 June 2006, the total outstanding debt being recovered through the courts from uninsured employers was approximately \$1 290 374. Recovery action was finalised against one employer 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 2006.

In relation to the liquidation of HIH Insurance, outstanding claims in Western Australia are estimated at \$17.239 million as at 30 June 2006 (which includes an allowance for asbestos related diseases for current known claims, but does not allow for incurred but not reported claims). This represents projected outstanding liabilities in inflated and discounted values, claim administration expenses and a prudential margin. During 2005-06, \$6.79 million was received from the liquidators of HIH Insurance. Claims payments during the year were \$6.65 million and since the liquidation process commenced in June 2001, claims payments have total \$61.79 million.

The Employers' Indemnity Supplementation Fund also pays claims under the *Waterfront Workers' (Compensation for Asbestos Related Disease) Act 1986* and *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001*. Payments for claims under the *Waterfront Workers' (Compensation for Asbestos Related Disease) Act 1986* for 2005-06 totalled \$2 822 and since its inception (February 1987) a total of \$2.75 million has been paid. Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2005-06 totalled \$26 264. The *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* came into effect in 2001, but the first claim payment was not received until December 2005. Claim payments and receipts during the year for those insurers in liquidation are provided in table 4.

Table 4: Insurers in liquidation: Claim payments and receipts during 2005-06

Insurer (In Liquidation)	Payments	Receipts
National Employers' Mutual General Insurance Co.	\$57,851	NIL
Standard Insurance Co.	\$75,850	NIL
HIH Insurance	\$6 651 513	\$ 6 789 413

Debts and Investments

As at 30 June 2006, there were 15 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 \$39 660 remained outstanding. During the 2005-06 year the weighted average rate of return on General Fund investments was 5.79%.

Information Management

WorkCover WA's key initiatives and activities in 2005-06 were:

- Implemented an electronic facility on the internet and intranet for the recording of complaints, compliments and suggestions through the *Customer First* system.
- Developed and implemented eight computer applications, related to the dispute resolution, enforcement, accreditation and licensing, governance, injury management and insurance areas, as part of change management process, to support the introduction of the 2005 legislative reforms.
- Amalgamated networking infrastructure at the main office at Shenton Park following the relocation of WorkCover WA's Conciliation and Review Directorate from West Perth.
- Amalgamated corporate records from WorkCover WA's Conciliation and Review Directorate into the agency's records management system.
- Developed and implemented a system to classify agency records according to the level of confidentiality.
- Reviewed the agency's existing retention and disposal schedule to include electronic records and information management policies.

Resource Management

The 2005-06 year was significant for WorkCover WA in that a major refit of the Shenton Park premise occurred, while the West Perth premise was sold. Following a decision by the WorkCover WA Board to co-locate all of the agency's services and employees at Shenton Park, the existing asset base was rationalised by approving the sale of the West Perth premise and the upgrade of the Shenton Park premise. The co-location of operations at Shenton Park required the leasing of facilities at Perry Lakes Stadium and the re-location of employees to the stadium.

The West Perth premise at 15 Rheola Street was sold by public tender on 31 August 2005. WorkCover WA employees vacated the building on 31 March 2006 following completion of the first two stages of the capital works project. As at 30 June 2006, the total expenditure incurred on the project was \$3.898 million. The activities undertaken during the year were:

- Completed the fit out of the southern wing and central core of the Shenton Park premise including the building of a courtroom, secured car park, chambers for the Commissioner; 11 arbitration rooms for the hearing of disputes; a new reception area with concierge desk; and workstations for over 50 employees.
- Completed the fit out of the northern wing at Shenton Park and vacated the West Perth premise.
- Configured and refitted the first mezzanine floor area at Shenton Park to accommodate the staff amenities area, boardroom and training facilities. The design of the area allows WorkCover WA to hold events for 20 to 100 participants.



Activities planned for 2006-07 include scoping of options for accommodating the remaining employees within the Shenton Park premise. The Shenton Park premise refit project is due for completion in December 2006, with an additional \$1.0 million estimated for the completion of the final stages.

PERFORMANCE INDICATORS

Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the WorkCover Western Australia Authority at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the 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
- (iii) the key effectiveness and efficiency performance indicators of the 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 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators 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 and performance indicators.

JOHN DOYLE
ACTING AUDITOR GENERAL
31 August 2006

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

Certification of the Performance Indicators

We hereby certify that the accompanying 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 2006.



G JOYCE

Chairman

WorkCover WA Authority

28 August 2006



A WARNER

Chief Executive Officer

WorkCover WA Authority

28 August 2006

Audited Performance Indicators

PERFORMANCE INDICATOR REPORT

For the year ended 30 June 2006

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 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 identifies 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.

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 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 *Workers' Compensation and Injury Management Act 1981*. 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 financial 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's Dispute Resolution Directorate acts to resolve disputes between parties through a system of teleconference, conciliation and arbitration. The initial process assists parties to resolve disputes by informal means. Where the parties cannot reach agreement, disputes are heard and determined by a review officer (pre-14 November 2005) or arbitrator (post-14 November 2005). Appeals from decisions of review officers or arbitrators are heard in the compensation magistrate's court (pre-14 November 2005) or by the Commissioner (post-14 November 2005).

5. Registration of Agreements

WorkCover WA's Director of Dispute Resolution 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 or whole person impairment 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 (\$436 000), uninsured claims payments (\$472 000), the management of trust funds (\$21 000), tenant costs for the agency's West Perth property (\$103 000), funding of joint initiatives with the WorkSafe division of the Department of Consumer and Employment Protection (\$250 000), fulfillment of WorkCover WA's obligations under the Service Delivery Agreement with the Commonwealth for delivery of services to Cocos and Christmas islands (\$5 000) and a once off advertising campaign for the November 2005 legislative reforms (\$313 000). 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 year.

Outcome 1.

Information And Education

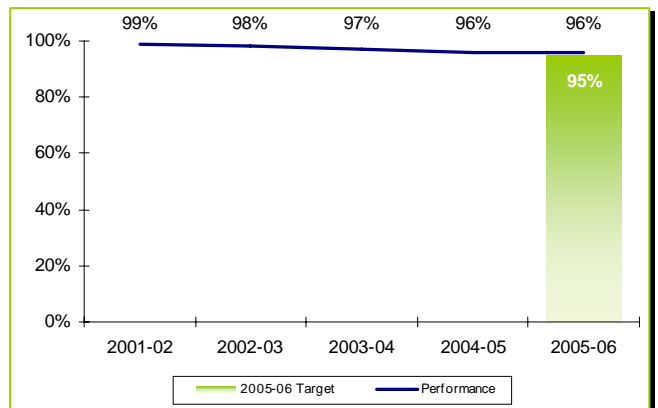
Workers' compensation scheme participants are aware of their rights and responsibilities regarding workers' compensation and injury management.

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 level of knowledge of the workers' compensation scheme has remained stable over the last five years and meets the 2005-06 target, indicating that educational activities continue to deliver information in a relevant and effective manner.

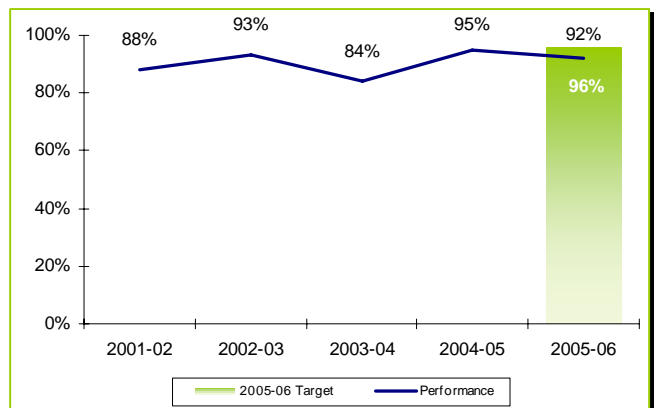


Effectiveness Indicator 1.2 – Enquiries

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 in 2005-06 was marginally below target. This result reflects a concerted effort to maintain the effectiveness of information and assistance services in an environment of substantial change to the workers' compensation legislation.



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

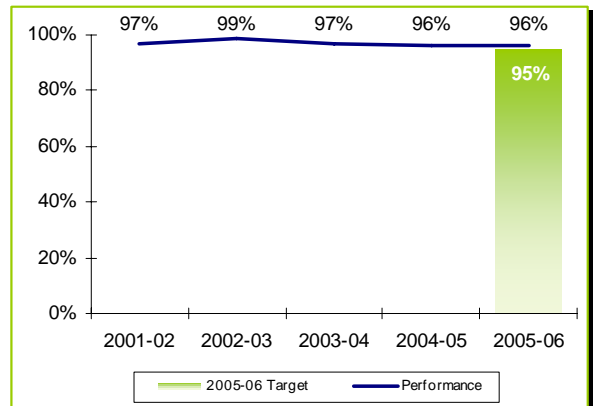
Effectiveness indicator 2.1 - Compliance

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

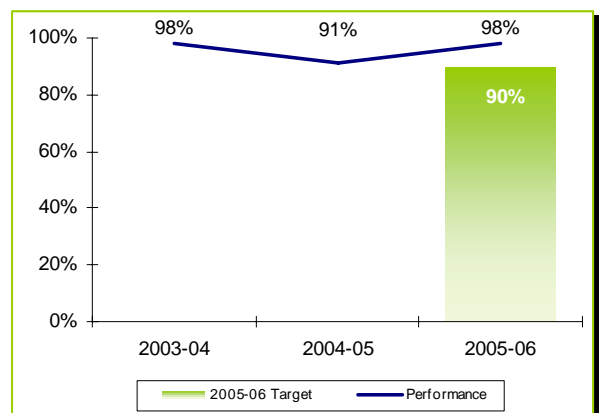
Comment:

The level of compliance of business who were identified as employing staff has continued to meet the target. In respect of new business and field inspections a significant media campaign was undertaken in the last quarter of 2005 to inform employers of legislative change and their responsibilities regarding workers' compensation.

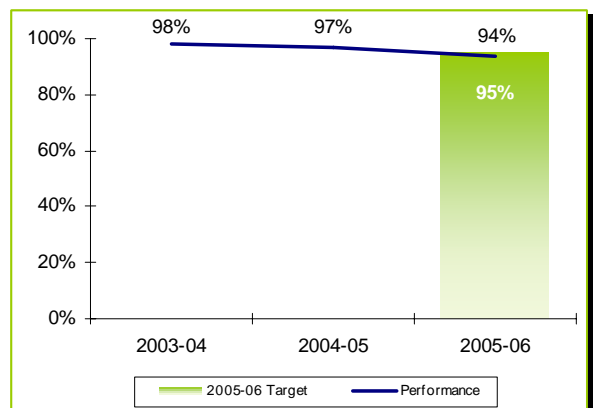
Data collection for *field* and *targeted* inspections commenced in 2003-04. Results prior to that year are unavailable.



New business inspections



Field inspections



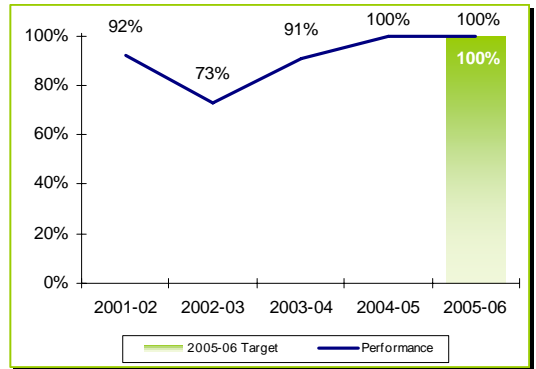
Targeted inspections

Effectiveness indicator 2.2 – Accreditation and Licensing

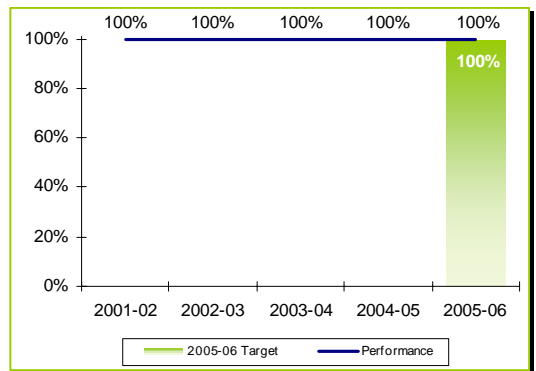
Percentage of service providers that met accreditation or licensing standards:

Comment:

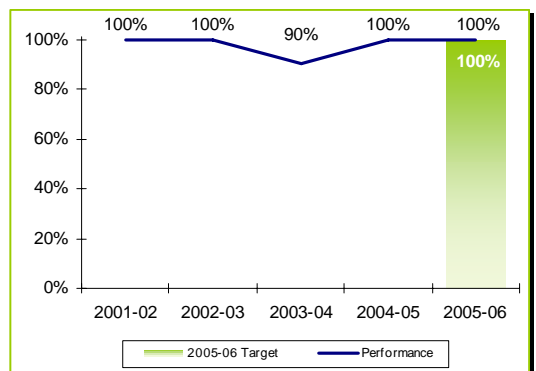
Compliance with licensing requirements continues to meet the set targets.



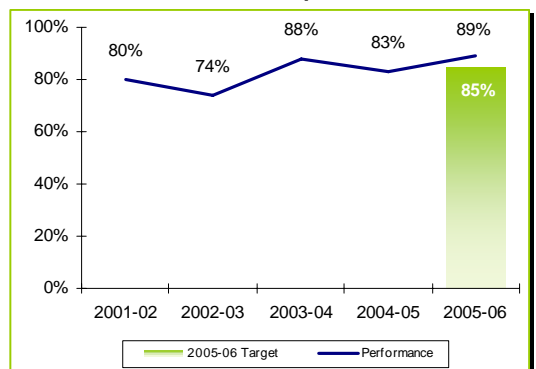
Insurers



Self insurers



Vocational rehabilitation providers



Approved air conduction testers

Outcome 3.

Dispute Resolution

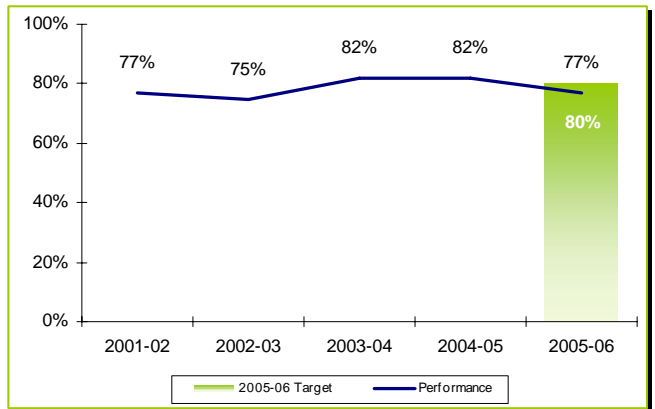
Workers' compensation disputes are resolved and agreements registered.

Effectiveness Indicator 3.1 – Dispute Resolution

Percentage of workers' compensation disputes resolved at conciliation:

Comment:

77% reflects disputes resolved at the conciliation stage pre and post the legislative reforms implemented on 14 November 2005. Prior to the legislative reforms, 79% of disputes were resolved at conciliation. Since the introduction of the reforms, 73% of disputes have been resolved without the need for formal arbitration. Due to the part-year transition to a new dispute resolution system, the full impact of these changes is yet to be realised.

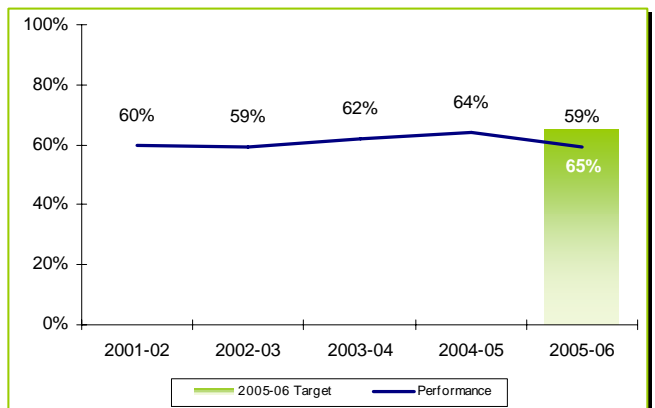


Effectiveness Indicator 3.2 – Dispute Resolution (Timeliness)

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

Comment:

59% reflects all disputes resolved within 12 weeks pre and post the legislative reforms implemented on 14 November 2005. This result is consistent with the range of results from previous years, notwithstanding the operation of three systems during 2005-06 (matters pre and post 14 November 2005 and transitional matters); and scheme participants and WorkCover WA officers becoming familiar with the operation of the new system. Early indications of the new system shows that it could lead to a significant improvement as 90% of new applications lodged since 14 November 2005 have been resolved within 12 weeks. Due to the part-year transition to a new dispute resolution system, the full impact of these changes is yet to be realised.



Key Efficiency Indicators

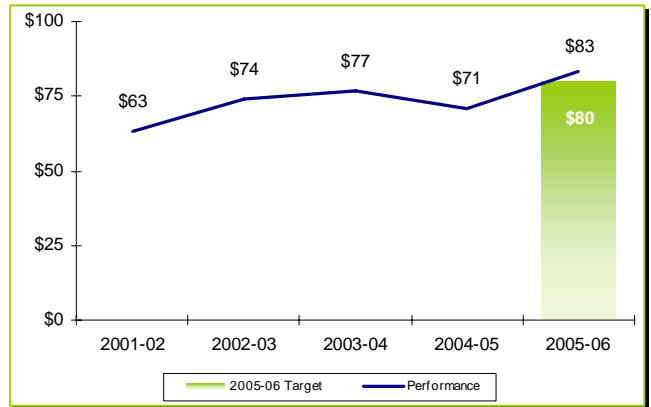
Key Efficiency Indicators measure the average cost of delivering services.

Service 1 – Information and Education

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

Comment:

The cost per contact to provide information, education and training services was marginally above the target. This reflects transitional costs arising associated with the implementation of major legislative reforms in 2005, which required extensive revisions to existing information materials and training courses.



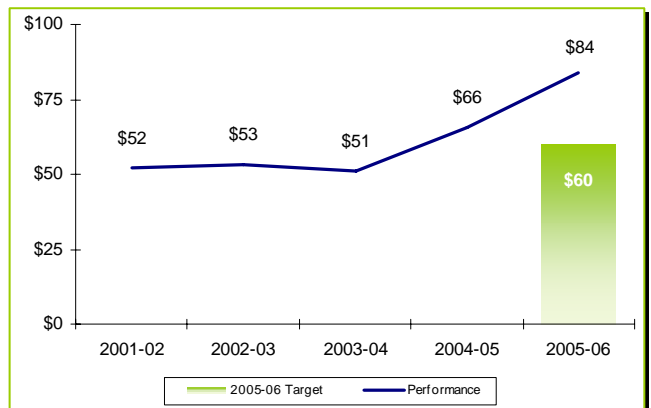
Note: The above excludes a once-off cost of \$313 000 relating to an advertising campaign for the November 2005 legislative reforms.

Service 2 - Compliance

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

Comment:

The level of employer compliance is determined through a compliance cycle where activities undertaken in one year may overlap into the following year depending on the timing of the activity. In 2005-06 the new business inspections were not undertaken till the last quarter of the financial year. This was as a result of a planned reallocation of resources to progress the implementation of the new legislation. In addition there was an increase in the number of field inspections, which is a higher cost and more labour intensive activity. The responses to a letter of inspection for the new business activity where possible have been included in the 2005-06 period however there are a number of responses that will not be included due to the timing of the activity. As a consequence the cost per service has increased. In addition a significant compliance targeting activity in the southern metropolitan region was also commenced in June 2006. The investigations as a result of this activity will not be included in the 2005-06 period.

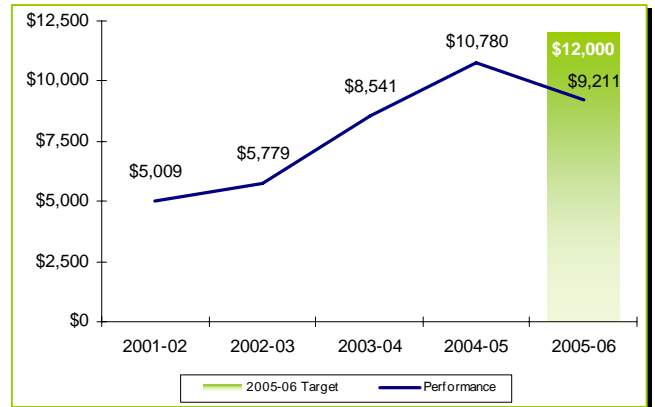


Service 3 – Accreditation and Licensing

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

Comment:

There has been a marginal increase in the resources allocated to the area to undertake new registrations of approved medical specialists and registered agents as a result of the introduction of these participants into the system in November 2005. However this increase is offset by the number of registered agents and approved medical specialists entering the system and efficiencies gained in the accreditation and licensing processes within the branch. As a result, the average weighted cost per service provider is below the 2005-06 target.

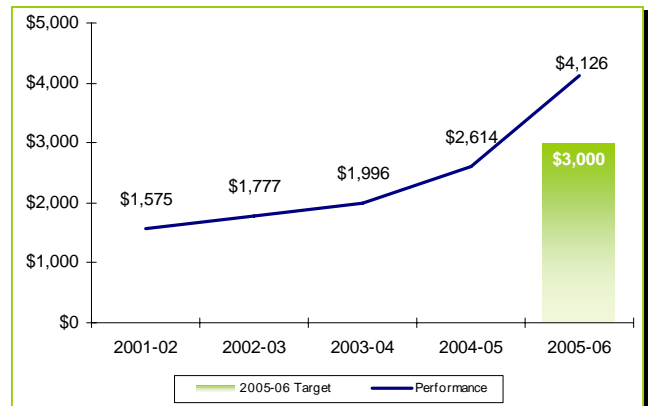


Service 4 – Dispute Resolution

The average cost to resolve each dispute:

Comment:

Based on similar legislative reforms across other jurisdictions, the 2005-06 target included initial transition costs that have been incurred (e.g. the dual appointment of a Commissioner and Magistrate, as well as the appointment of legally qualified arbitrators). The variation in cost per dispute resolved, to the 2005-06 target has been inflated by a decrease in disputes resolved post 14 November 2005 (52% reduction between January - June 2006) which occurred whilst parties became familiar with the new dispute process. Additional costs were also incurred as multiple systems operated for a greater part of the year. The Directorate was resourced at a higher capacity relative to the number of dispute applications lodged to allow for a smooth transition and familiarity with the new system. The number of dispute applications has in recent months increased. If however, this trend does not continue into the future, resources will be adjusted.

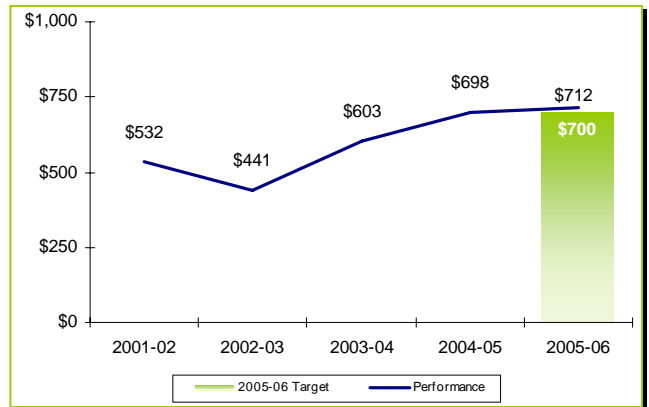


Service 5 – Registration of Agreements

The cost per agreement to register agreements or determinations:

Comment:

The number of agreements registered in 2005-06 (3 992) is comparable with the number of agreements registered in 2004-05 (4 003). Accordingly, the cost per agreement has remained stable allowing for minor inflationary pressures.



Notes to the Performance Indicators

How were the performance indicators derived?

Effectiveness Indicator 1.1 – Information Seminars

The indicator was derived from a survey of information and education session attendees. At the conclusion of each session people who attended were requested to complete a survey form with a four point rating scale. The respondents rated their level of agreement (from strongly disagree through to 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 4 831 people who attended seminars during 2005-06 2 743 provided useable responses to the survey. The sampling error rate for the survey is $\pm 1.23\%$ at a 95% confidence level assuming 0.5 as the proportion of incidence in the population.

Effectiveness Indicator 1.2 – Enquiries

The indicator is derived from a survey of Infoline callers. At the conclusion of their Infoline 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 22 276 calls received during 2005-06, 377 callers surveyed provided useable responses to the survey. The sampling error rate for the survey is $\pm 5.00\%$ 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 *Workers' Compensation and Injury Management Act 1981*. This category also includes the inspection of new owners of businesses when they are sold.

Targeted inspection includes inspections undertaken in regional areas 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 2005-06 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 Infoline 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

The *Workers' Compensation and Injury Management Act 1981* provides a process for the resolution of disputes arising between parties in the workers' compensation system. The process is aimed at resolving disputes in a manner that is fair, cost-effective, informal and timely. 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

Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the WorkCover Western Australia Authority at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the 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
- (iii) the key effectiveness and efficiency performance indicators of the 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 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators 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 and performance indicators.

JOHN DOYLE
ACTING AUDITOR GENERAL
31 August 2006

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

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 2006 and the financial position as at 30 June 2006.

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

28 August 2006

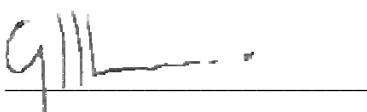


A WARNER

Chief Executive Officer

WorkCover WA Authority

28 August 2006



G THOMPSON

Chief Finance Officer

WorkCover WA Authority

28 August 2006

Audited Financial Statements

WORKCOVER WESTERN AUSTRALIA AUTHORITY INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$000	2005 \$000
INCOME			
Revenue			
Insurer contributions		16,398	12,864
Provision of services	7	178	519
Commonwealth grants and contributions	8	-	25
Interest revenue	9	1,281	1,035
Other revenue	10	157	421
Employers' Indemnity Supplementation Fund	11	13,860	6,441
Total Revenue		31,874	21,305
Gains			
Gains on disposal of non-current assets	12	660	1
Total Gains		660	1
Total Income		32,534	21,306
EXPENSES			
Expenses			
Employee benefits expenses	13	10,730	9,416
Supplies and services	14	3,267	2,632
Depreciation expense	15	418	876
Accommodation expenses	16	1,011	736
Workers' compensation claims	17	315	7,888
Uninsured Claims		472	512
Other expenses	18	969	894
Total Expenses		17,182	22,954
Profit/(Loss) before grants and subsidies from State Government		15,352	(1,648)
Grants and subsidies from State Government	19	56	115
Profit/(Loss) for the period		15,408	(1,533)

The Income Statement should be read in conjunction with the accompanying notes.

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$000	2005 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	20	10,090	5,581
Restricted cash and cash equivalents	21	20,625	13,180
Receivables	22	409	561
Other current assets	23	743	502
Non-current assets classified as held for sale	24	-	6,067
Total Current Assets		31,867	25,891
Non-Current Assets			
Receivables	22	-	-
Property, plant, equipment & vehicles	25	8,874	5,689
Total Non-Current Assets		8,874	5,689
Total Assets		40,741	31,580
LIABILITIES			
Current Liabilities			
Payables	27	1,672	1,289
Interest-bearing liabilities	28	-	726
Provisions	29	5,750	5,556
Total Current Liabilities		7,422	7,571
Non-Current Liabilities			
Provisions	29	18,044	24,142
Total Non-Current Liabilities		18,044	24,142
Total Liabilities		25,466	31,713
NET ASSETS		15,275	(133)
EQUITY			
Reserves	30	5,395	5,210
Retained earnings/(accumulated losses)		9,880	(5,343)
Total Equity		15,275	(133)

The Balance Sheet should be read in conjunction with the accompanying notes.

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$000	2005 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Supplementation Fund receipts		13,796	6,155
Insurer contributions		16,398	12,864
Provision of services		178	519
Commonwealth grants and contributions		-	33
Interest received		1,103	1,103
GST receipts on sales		446	73
GST receipts from taxation authority		381	349
Other receipts		319	506
Payments			
Workers' Compensation claim payments		(6,782)	(8,083)
Employee benefits		(10,088)	(10,181)
Supplies and services		(3,267)	(1,290)
GST payments on purchases		(837)	(605)
Other payments		(2,091)	(3,428)
Net cash provided by/(used in) operating activities	31	<u>9,556</u>	<u>(1,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets	12	6,798	78
Purchase of non-current physical assets		(3,674)	(934)
Net cash provided by/(used in) investing activities		<u>3,124</u>	<u>(856)</u>
Net increase/(decrease) in cash and cash equivalents		12,680	(2,841)
Cash and cash equivalents at the beginning of the period		18,035	20,876
Cash and cash equivalent assets at the end of period	31	<u>30,715</u>	<u>18,035</u>

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

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$000	2005 \$000
Balance of equity at start of period	42	<u>(133)</u>	<u>1,399</u>
RESERVES	30		
Asset Replacement Reserve			
Balance at start of period		577	458
Transfer from/(to) retained earnings		185	119
Balance at end of period		<u>762</u>	<u>577</u>
Asset Revaluation Reserve			
Balance at start of period		4,633	4,633
Balance at end of period		<u>4,633</u>	<u>4,633</u>
RETAINED EARNINGS			
Balance at start of period		(5,343)	(3,691)
Transfer from/(to) asset replacement reserve		(185)	(119)
Profit/(loss) for the period		15,408	(1,533)
Balance at end of period		<u>9,880</u>	<u>(5,343)</u>
Balance of equity at end of period		<u>15,275</u>	<u>(133)</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

1. First time adoption of Australian equivalents to International Financial Reporting Standards

General

This is the Authority's first published financial report prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS, which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1.36A and exercised by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards', AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119], AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided in note 41 'Reconciliations explaining the transition to AIFRS'.

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 the Accounting Standards, the Framework, Statements of Account Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure, which have been measured at fair value.

WORKCOVER WESTERN AUSTRALIA AUTHORITY **Notes to the Financial Statements** **For the year ended 30 June 2006**

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises WorkCover Western Australia Authority.

The financial statements represent transactions of the Workers' Compensation and Injury Management 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 40 'Workers' Compensation & Injury Management Trust Fund' for transactions relating to the Trust Fund.

(d) Income

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Insurer contributions and supplementation fund levies

Revenue is recognised when the amount becomes due and payable.

Provision of services

Revenue is recognised on delivery of the service or by reference to the stage of completion.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Interest

Revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(e) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure costing over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$1,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

Initial recognition and measurement

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Authority uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

The revaluation of land and buildings is an independent valuation provided on a triennial basis by the Department of Land Information (Valuation Services).

The most significant assumptions in estimating fair value are in assessing whether to apply the existing use basis to assets. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to note 25 'Property plant, equipment and vehicles' for further information on revaluations.

Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	13 to 16 years
Plant and equipment	10 to 15 years
Office equipment	5 years
Information technology - Hardware	3 years
Motor vehicles	6 to 7 years

(f) Impairment of Assets

Property, plant and equipment assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment. Surplus assets at cost are tested for indications of impairment at each reporting date.

See note 26 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(k) 'Receivables' and note 22 'Receivables' for impairment of receivables.

WORKCOVER WESTERN AUSTRALIA AUTHORITY **Notes to the Financial Statements** **For the year ended 30 June 2006**

(g) Non-Current Assets (or Disposal Groups) Classified as Held For Sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised.

(h) Leases

The Authority has not entered into any finance lease arrangements.

The Authority holds an operating lease for a branch office building. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property.

(i) Financial Instruments

The Authority has two categories of financial instrument:

- Loans and receivables (cash and term deposits); and
- Non-trading financial liabilities (payables).

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is immaterial.

See note 2(l) for 'Investments and other financial assets'.

(j) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(k) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value, as it is due for settlement within 30 days. See note 2(i) 'Financial Instruments' and note 22 'Receivables'.

(l) Investments and Other Financial Assets

The Authority has exercised the exemption under AASB 1-36A to apply AASB 132 and AASB 139 from 1 July 2005. The previous AGAAP Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments' has been applied to the comparative information on financial instruments disclosures. See note 2(q) 'Comparative Figures'.

The Authority classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale-assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Loans and receivables and held-to-maturity investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(m) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(i) 'Financial Instruments' and note 27 'Payables'.

(n) Provisions

Provisions are liabilities of uncertain timing and amount. The Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. See note 29 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees who are not members of either of these schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Authority contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at reporting date. The liabilities under these schemes have been calculated separately for each scheme annually by Price Waterhouse Coopers Actuaries using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS Scheme and the WSS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme and WSS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

WORKCOVER WESTERN AUSTRALIA AUTHORITY **Notes to the Financial Statements** **For the year ended 30 June 2006**

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from the Authority's perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119. See also note 2(o) 'Superannuation expense'.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. (See note 13 'Employee benefits expenses' and note 29 'Provisions'.)

(iii) Provisions – Employer Indemnity Supplementation Fund

Liability for future claims

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims such as claims administration costs.

The expected future payments are discounted to present value using a risk free rate.

(o) Superannuation Expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

See also note 2(n)(i) 'Provisions - Employee Benefits' under Superannuation.

(p) Accrued Salaries

Accrued salaries (refer note 27 'Payables') 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. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(q) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information which has been prepared under the previous AGAAP Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments was 1 July 2005 in accordance with AASB 1 paragraph 36A and Treasurer's Instruction 1101.

(r) Resources Received Free of Charge or For Nominal Cost

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

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

(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 Dispute Resolution Directorate has made an order and the worker has not received the compensation due from the General Fund by reporting date.

(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; and
- Printers.

The parameters for inclusion in the reserve is if the asset costs more than \$1,000 and there is an ongoing need for it.

3. Segment Information

The Authority operates within one industry segment as per AASB 1005 however, for information purposes a summary is provided at note 43 for each of the Authority's services and the two funds.

4. Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial report include:

- i) The Authority uses the services of an actuary for the purpose of determining the liability for workers' compensation claims relating to HIH Insurance.
- ii) The Authority has adopted a policy of obtaining actuarial assessment of employee entitlements.

5. Key sources of estimation uncertainty

Defined Benefit Superannuation Plans.

In determining the Authority's ultimate cost of its defined superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 29 'Provisions'.

Assessment of Supplementation Fund Future Claims Liability.

The Authority's risk in relation to outstanding claims liability arising from the failure of HIH has been determined by actuarial assessment. The principal actuarial assumptions used are disclosed in note 29 'Provisions'.

6. Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 1, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-06. Consequently, the Authority has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

- a. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10, 'Amendments to Australian Accounting Standards' [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2006

- b. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default

contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Authority does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods on or after 1 January 2006.

- c. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Authority has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the Authority, as they will have no impact:

AASB	Affected Standards
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<u>Amendment</u>	<u>Standards</u>
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2005-1	AASB 139 (<i>Cash flow hedge accounting of forecast intragroup transactions</i>)
2005-5	'Amendments to Australian Accounting Standards [AASB1 and AASB 139]'
2006-1	AASB 121 (<i>Net investment in foreign operations</i>)
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies.
UIG 8	'Scope of AASB 2'.
UIG 9	'Reassessment of Embedded Derivatives'.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$000	2005 \$000
7 Provision of services		
Revenue from tenant	81	272
Seminars	45	144
Other	52	103
	<u>178</u>	<u>519</u>
8 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	72	62
Funding received from the Commonwealth	-	25
	<u>72</u>	<u>87</u>
Payments by Program		
Statistical Database		
Scheme Information	1	1
Dispute Resolution	-	1
Compliance	-	9
Support	4	4
Total Payments	<u>5</u>	<u>15</u>
Balance carried forward	<u>67</u>	<u>72</u>
9 Interest revenue		
<u>General Fund</u>	459	311
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>	822	724
	<u>1,281</u>	<u>1,035</u>
10 Other revenues		
<u>General Fund</u>		
Recoveries from uninsured employers	140	319
Other	17	102
	<u>157</u>	<u>421</u>
11 Employers' Indemnity Supplementation Fund		
Surcharge (i)	7,070	6,160
Recovery (ii)	6,790	281
	<u>13,860</u>	<u>6,441</u>
(i) This represents funds collected to pay for HIH claims.		
(ii) Dividend received from the liquidation of HIH.		
12 Net gain/(loss) on disposal of non-current assets		
<u>Costs of Disposal of Non-Current Assets</u>		
Buildings and land	6,068	-
Equipment	7	-
Vehicles	63	77
	<u>6,138</u>	<u>77</u>
<u>Proceeds from Disposal of Non-Current Assets</u>		
Buildings and land	6,727	-
Equipment	4	-
Vehicles	67	78
	<u>6,798</u>	<u>78</u>
Net gain/(loss)	<u>660</u>	<u>1</u>

financial statements

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2006

	2006 \$000	2005 \$000
13 Employee benefits expenses		
Wages and salaries ^(a)	9,616	7,473
Superannuation-defined benefit plans (see note 29)	771	677
Annual leave ^(b)	191	521
Long service leave ^(b)	178	255
Superannuation	(26)	490
	<u>10,730</u>	<u>9,416</u>
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component. (b) Includes a superannuation contribution component.</p> <p>Employment on-costs such as workers' compensation insurance are included at note 18 'Other expenses'. The employment on-costs liability is included at note 29 'Provisions'.</p>		
14 Supplies and services		
Communications	239	77
Consultants and Contractors	1,700	1,182
Consumables	1,003	1,155
Insurance	102	85
Training	71	15
Travel	61	44
Other	91	74
	<u>3,267</u>	<u>2,632</u>
15 Depreciation expense		
Buildings	193	527
Plant, equipment and vehicles	225	349
	<u>418</u>	<u>876</u>
16 Accommodation expenses		
Air conditioning	56	125
Renovations & outgoings	637	190
Electricity	109	93
Repairs and maintenance	47	200
Security	3	14
Other	159	114
	<u>1,011</u>	<u>736</u>
17 Workers' Compensation Claims		
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>	<u>315</u>	<u>7,888</u>
	<u>315</u>	<u>7,888</u>
18 Other expenses		
<u>General Fund</u>		
Joint initiative with WorkSafe	250	250
Employment on-costs ^(a) (see note 13 Employee benefits expense)	500	539
Seminars	100	30
Doubtful Debts	42	2
Sitting Fees	60	31
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>		
Administration fee paid to Insurance Commission of WA	17	42
	<u>969</u>	<u>894</u>

(a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 29 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$000	2005 \$000
19 Grants and subsidies from State Government		
Revenue received during the year:		
Resources received free of charge from the State Solicitors Office	56	115
	56	115
20 Cash and cash equivalents		
Current		
Bank account	746	1,698
Cash on hand	2	2
Term deposit ^(a)	9,342	3,881
Short term money market	-	-
	10,090	5,581
 (a) Term deposits are held in order to fund payments as they become due and payable. The term deposits range from 30 days to 6 months and have a weighted average of 5.79%.		
21 Restricted cash and cash equivalents		
<u>Employers' Indemnity Supplementation Fund (See note 32)</u>		
Cash balance at Treasury	20,558	13,108
<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	67	72
	20,625	13,180
22 Receivables		
Current		
<u>General Fund</u>		
Receivables	150	251
Allowance for impairment of receivables	(55)	(13)
Fines and penalties	40	58
GST receivable	270	256
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>		
GST receivable	4	9
	409	561
Non-current		
<u>General Fund</u>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
	-	-
See also note 2(k) 'Receivables and note 37 'Financial Instruments'.		
23 Other assets		
<u>General Fund</u>		
Accrued income - Trust Fund	1	1
Interest	27	33
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>		
Accrued interest	244	60
Sundry debtor	471	408
	743	502

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$000	2005 \$000
24 Non-current assets classified as held for sale		
<u>Assets reclassified as held for sale</u>		
Freehold land	-	2,220
Building	-	3,847
	<u>-</u>	<u>6,067</u>
<u>Less assets sold</u>		
Freehold land	-	-
Building	-	-
	<u>-</u>	<u>-</u>

See also note 2(g) 'Non-current assets held for sale' and note 12 'Net gain/(loss) on disposal of non-current assets'.

25 Property, plant, equipment and vehicles

Freehold land		
At fair value ^(a)	1,650	1,650
	<u>1,650</u>	<u>1,650</u>
Buildings		
At fair value ^(a)	3,081	3,099
Accumulated depreciation	(577)	(385)
	<u>2,504</u>	<u>2,714</u>
Buildings under construction		
Construction costs	3,898	698
	<u>3,898</u>	<u>698</u>
Plant, equipment & vehicles		
At cost	1,656	1,478
Accumulated depreciation	(1,184)	(1,036)
	<u>472</u>	<u>442</u>
Office equipment		
At cost	661	479
Accumulated depreciation	(311)	(294)
	<u>350</u>	<u>185</u>
	<u>8,874</u>	<u>5,689</u>

(a) Freehold land and buildings were revalued as at 1 July 2003 by the Department of Land Information (Valuation Services). The valuations were performed during the year ended 30 June 2004 and recognised at 30 June 2004. The fair value of all land and buildings has been determined by reference to recent market transactions. Refer Note 2(e) 'Property, Plant and Equipment and Infrastructure'.

Reconciliations

Reconciliations of carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

	Freehold land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment & vehicles \$000	Office equipment \$000	Total \$000
2006						
Carrying amount at start of year	1,650	2,714	698	442	185	5,689
Additions	-	-	3,200	274	210	3,684
Transfers	-	(17)	-	-	7	(10)
Disposals	-	-	-	(64)	(7)	(71)
Depreciation	-	(193)	-	(180)	(45)	(418)
Carrying amount at end of year	<u>1,650</u>	<u>2,504</u>	<u>3,898</u>	<u>472</u>	<u>350</u>	<u>8,874</u>

	Freehold land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment & vehicles \$000	Office equipment \$000	Total \$000
2005						
Carrying amount at start of year	3,870	7,079	-	642	185	11,776
Additions	-	9	698	197	29	933
Disposals	-	-	-	(77)	-	(77)
Classified as held for sale	(2,220)	(3,847)	-	-	-	(6,067)
Depreciation	-	(527)	-	(320)	(29)	(876)
Carrying amount at end of year	<u>1,650</u>	<u>2,714</u>	<u>698</u>	<u>442</u>	<u>185</u>	<u>5,689</u>

WORKCOVER WESTERN AUSTRALIA AUTHORITY

Notes to the Financial Statements

For the year ended 30 June 2006

26 Impairment of assets

There were no indications of impairment of Property, plant and equipment assets as at 30 June 2006.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

27 Payables	2006 \$000	2005 \$000
Current		
<u>General fund</u>		
Trade payables	732	364
Accrued salaries	360	15
Other payables	87	9
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>		
Claim payments	493	778
GST payable	-	1
Other creditors	-	122
	<u>1,672</u>	<u>1,289</u>

See also note 2(m) 'Payables' and note 37 'Financial Instruments'.

28 Interest-bearing liabilities

Current		
<u>General fund</u>		
Bank overdraft	-	726
	<u>-</u>	<u>726</u>

29 Provisions

Current		
<u>General Fund</u>		
Employee benefits provision		
Annual leave ^(a)	851	512
Long service leave ^(b)	1,084	954
	<u>1,935</u>	<u>1,466</u>
Superannuation ^(e)	200	397
	<u>2,135</u>	<u>1,863</u>
Other provisions		
Employment on-costs ^(c)	109	(54)
Leave arrangements 48/52 ^(d)	-	9
	<u>109</u>	<u>(45)</u>
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>		
Liability for estimated future claim payments	3,506	3,738
	<u>5,750</u>	<u>5,556</u>
Non-current		
<u>General Fund</u>		
Employee benefits provision		
Long service leave ^(b)	686	550
Superannuation ^(e)	3,587	3,575
	<u>4,273</u>	<u>4,125</u>
Other provisions		
Employment on-costs ^(c)	38	334
	<u>4,311</u>	<u>4,459</u>
<u>Employers' Indemnity Supplementation Fund (see note 32)</u>		
Liability for estimated future claim payments	13,733	19,683
	<u>18,044</u>	<u>24,142</u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	451	297
More than 12 months after reporting date	330	215
	<u>781</u>	<u>512</u>

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2006

	2006 \$000	2005 \$000
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of reporting date	798	722
More than 12 months after reporting date	867	782
	<u>1,665</u>	<u>1,504</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 18 'Other expenses'.

(d) Employees have exercised their right to forego 4 weeks salary in order to receive 8 weeks annual leave.

(e) Defined benefit superannuation plans

The amounts recognised in the income statement are as follows:

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2006 \$000	2005 \$000	2006 \$000	2005 \$000
Current service cost	78	50	-	-
Interest cost (unwinding of the discount)	143	142	56	108
Net actuarial losses/(gains) recognised	74	118	(335)	(225)
Past service cost	-	-	-	-
Total, included in 'Employee benefits expense' (see Note 13)	<u>295</u>	<u>310</u>	<u>(279)</u>	<u>(117)</u>

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	2,684	2,567	1,103	1,406
Liability in the balance sheet	<u>2,684</u>	<u>2,567</u>	<u>1,103</u>	<u>1,406</u>

The Authority has no legal liability to make up the liability other than by continuing to comply with the employer funding arrangements as detailed below.

Reconciliation of the unfunded liability recognised in the balance sheet is as follows:

Liability at start of year	2,567	2,427	1,406	1,742
Current service cost	78	50	-	-
Interest cost (unwinding of the discount)	143	142	56	108
Net actuarial losses/(gains) recognised	74	118	(336)	(225)
Benefits paid	(178)	(170)	(23)	(219)
Liability at end of year	<u>2,684</u>	<u>2,567</u>	<u>1,103</u>	<u>1,406</u>

Reconciliation of the fair value of plan assets is as follows:

Fair value of plan assets at start of year	-	-	-	-
Employer Contributions	165	160	117	478
Benefits Paid	(165)	(160)	(117)	(478)
Fair Value of plan asset at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

Discount rate	5.80%	5.40%	5.80%	5.40%
Future salary increases	3.00%	3.00%	4.50%	4.50%

Historic summary

Pension scheme:

Present value of unfunded obligation	2,684	2,567
Fair value of plan assets	-	-
Deficit	<u>2,684</u>	<u>2,567</u>

Pre-transfer benefit - Gold State Superannuation Scheme:

Present value of unfunded obligation	1,103	1,405
Fair value of plan assets	-	-
Deficit	<u>1,103</u>	<u>1,405</u>

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$000	\$000
Experience adjustments arising on plan liabilities:		
Pension Scheme	46	20
Pre-transfer benefit - Gold State Superannuation Scheme	3	12

Employer funding arrangements for the defined benefit plans

Details of the deficit of the defined benefit plans measured in accordance with AAS 25 Financial Reporting by Superannuation Plans as determined from the plans' most recent financial report:

	Pension Scheme	Gold State Superannuation Scheme ^(a)
	2005	2005
	\$000	\$000
Gross accrued benefits	(2,465,759)	(4,256,474)
Net market value of plan assets	106,688	1,956,022
Deficit	<u>(2,359,071)</u>	<u>(2,300,452)</u>

- (a) The amounts recorded for the Gold State Superannuation Scheme relate to the scheme as a whole (ie the pre-transfer benefit component plus the concurrently funded benefit component).

The funding policy adopted by the Government in respect of the defined benefit plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded at the time the benefits become payable. As such, the Schemes' actuary has considered long-term trends in such factors as scheme membership, salary growth and average market value of the schemes' assets when advising the Government on employer and employee contribution rates. The employer funding arrangements for the defined benefit plans under the Superannuation and Family Benefits Act 1938 (Pension Scheme) and the Government Employees Superannuation Act 1987 (Gold State Superannuation Scheme) are summarised as follows:

Pension Scheme

The Pension Scheme is a unit-based scheme. The level of pension payable is determined by the number of units purchased, the length of service and the final salary of the member. The employer liability is funded only on the emergence of a member's pension benefit entitlement and is recouped by the Government Employees Superannuation Board fortnightly following the payment of each pension.

Employer contributions of \$177,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2007.

Gold State Superannuation Scheme

The Gold State Superannuation Scheme is a lump sum scheme. The Authority is required under the State Superannuation Regulations 2001 to make concurrent employer contributions direct to the Scheme in respect of contributory members who are the Authority's employees.

The employer contribution rate for 2005/2006 for contributory members was 12% (2004/2005:12%) of a member's salary, based on a 5% member contribution. The employer contribution rate is proportionately less or more where members elect a contribution rate of 3%, 4%, 6% or 7% of salary.

In respect of those members who transferred their membership from the Pension Scheme, the employer liability in relation to service or period of employment constituted as service for the purposes of the Superannuation and Family Benefits Act 1938, is calculated at a rate of 12% of final average salary for each year of such service, based upon a 5% member's average contribution rate to the scheme (this rate is proportionately less where a member's average contribution rate is less than 5%).

Employer contributions of \$120,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2007.

Note that the superannuation - defined benefit plans expense and defined benefit superannuation plan liabilities for the 2004-2005 comparatives have not been restated to comply with AASB 119 Employee Benefits methodology as there is no material difference.

Movements in Other Provisions

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

Employers' Indemnity Supplementation Fund

Liability for estimated future claim payments		
Carrying amount at the start of year	23,421	24,090
Additional provisions recognised	348	7,273
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	(6,530)	(7,942)
Carrying amount at the end of year	<u>17,239</u>	<u>23,421</u>

Uninsured claims

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

financial statements

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2006

	2006 \$000	2005 \$000
<u>Employment on-costs provision</u>		
Carrying amount at the start of year	280	-
Additional provisions recognised	42	280
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	-	-
Carrying amount at the end of year	<u>322</u>	<u>280</u>

30 Equity

Reserves

<u>Asset replacement reserve (i):</u>		
Opening balance	577	458
Net transfer from retained earnings	185	119
Closing balance	<u>762</u>	<u>577</u>
<u>Asset revaluation reserve (ii):</u>		
Opening balance	4,633	4,633
Closing balance	<u>4,633</u>	<u>4,633</u>
<u>Retained Earnings / (Accumulated losses)</u>		
Balance at start of year	(5,343)	(3,691)
Result for the period	15,408	(1,533)
Transfer (to reserve)/from asset replacement reserve	(185)	(119)
Balance at end of year	<u>9,880</u>	<u>(5,343)</u>

- (i) The asset replacement reserve is used to replace/purchase non-current assets, as described in accounting policy note 2(t).
(ii) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(e).

31 Notes to the Cash Flow Statement

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents and Restricted cash	30,715	18,761
Interest-bearing liability	-	(726)
	<u>30,715</u>	<u>18,035</u>

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

Profit/(loss)	15,408	(1,533)
<u>Non-cash items:</u>		
Depreciation & amortisation expense	418	890
Net (gain)/loss on sale of property, plant and equipment	(660)	1
<u>(Increase)/decrease in assets:</u>		
Current receivables	98	(181)
Other current assets	(178)	(63)
Non-current assets	-	(13)
<u>Increase/(decrease) in liabilities:</u>		
Current payables	384	(314)
Current provisions	278	(596)
Non-current provisions	(6,182)	(103)
Net GST receipts/(payments)	(10)	(598)
Change in GST receivables/(payables)	-	525
Net cash provided by/(used in) operating activities	<u>9,556</u>	<u>(1,985)</u>

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2006

32 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 provisional liquidation on 15 March 2001. All claims up to and including that date are required to be paid from the EISF.

The Authority's claim costs for HIH Insurance are actuarially assessed each financial year and the values disclosed in the financial statements. The actuarial estimates are based on inflated and discounted values including a 75% prudential margin. The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the company, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be directly associated with individual claims such as legal and other professional fees, and costs that can only be indirectly associated with individual claims such as claims administration costs.

The actuarial estimates from June 2001 are as follows:

Year	\$'000
2001	122,312
2002	49,923
2003	31,717
2004	24,090
2005	23,421

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

From 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 General Insurance Contracts the outstanding claims liability at 30 June 2006 was assessed at \$17,239,000 and a provision for this amount has been included in the financial statements (see note 28).

As claim costs totalling \$6,530,000 were paid from the provision account during the year, a charge of \$348,000 was required to increase the liability account to reflect the actuarial valuation.

The actuary's assessment of outstanding claims liability does not recognise that 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 2005/06 financial year the surcharge rate remains unchanged at 1%. Revenue collected from the surcharge will be used to pay this liability.

	2006 \$000	2005 \$000
33 Commitments		
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	<u>1,016</u>	<u>848</u>
The capital commitments include amounts for :		
Shenton Park Building Upgrade	<u>1,016</u>	<u>848</u>
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	<u>39</u>	<u>76</u>
Representing		
Cancellable operating leases	<u>39</u>	<u>76</u>
The cancellable lease is a monthly property lease.		

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2006

34 Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets.

35 Events occurring after balance sheet date

No events occurred after balance sheet date.

36 Explanatory Statement

This statement provides details of any significant variation between estimates and actual results for 2006 and between the actual results for 2005 and 2006.

Significant variations are considered to be those greater than 10% or \$50,000.

Significant variances between estimates and actual results for the financial year for the General Fund.

	2006 Actual \$000	2006 Estimate \$000	Variation \$000
Interest Revenue	459	260	199
Gains on Disposal of Non-Current Assets	660	-	660
Employee Benefits Expense	10,730	11,035	(305)
Depreciation Expense	418	800	(382)
Accommodation Expenses	1,011	766	245
Other Expenses	969	839	130

Interest revenue

The variance largely reflects higher returns on investment as a result of funds held during the year from the sale of the West Perth office.

Gains on disposal of non-current assets

The variance reflects a greater than expected return on the sale of the West Perth office as a result of favourable market conditions.

Employee benefits expenses

The variance predominately reflects the lower than estimated increase in superannuation liability.

Depreciation expense

The variance reflects the sale of the West Perth office and the upgrade of Shenton Park not being completed as early as anticipated.

Accommodation expenses

The variance largely reflects the non-capital fit out costs for the Shenton Park office

Other expenses

The variance is largely due to increases in education seminars associated with legislation reforms, the impact of EBA increases on employee on-costs and the increase in the allowance for doubtful debts.

Significant variances between actual and prior year actual - revenues and expenditures

	2006 \$000	2005 \$000	Variance \$000
Insurer Contributions	16,398	12,864	3,534
Provision of Services	178	519	(341)
Interest Revenue	1,281	1,035	246
Employers' Indemnity Supplementation Fund	13,860	6,441	7,419
Other Revenue	157	421	(264)
Gains on Disposal of Non-Current Assets	660	1	659
Employee Benefits Expense	10,730	9,416	1,314
Supplies & Services	3,267	2,632	635
Depreciation Expense	418	876	(458)
Accommodation Expenses	1,011	736	275
Workers' Compensation Claims	315	7,888	(7,573)
Other Expenses	969	894	75

Insurer contributions

The variance largely reflects additional funding for changes to the dispute resolution process resulting from the impact of legislative reforms, EBA increases and indexation.

Provision of services

The decrease largely reflects a reduction in tenancy revenue following the sale of the West Perth office and the cessation of education seminars.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
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Interest revenue

The increase largely reflects higher returns on investment as a result of funds held during the year from the sale of the West Perth office.

Employers' Indemnity Supplementation Fund

The increase largely reflects dividends from liquidators in relation to HIH, FAI & CIC Insurers.

Other revenue

The decrease largely reflects lower recoveries from uninsured employers.

Gains on disposal of non-current assets

The increase is predominately a result of the profit on sale of the West Perth office.

Employee benefits expenses

The increase largely reflects the impact of the EBA increase and the implementation of legislative reforms.

Supplies and services

The increase in supplies and services expenditure is largely the result of the implementation of legislative reforms.

Depreciation expense

The decrease in depreciation expenditure is largely a result of the sale of the West Perth office.

Accommodation expenses

The increase in accommodation expenditure largely reflects non capital costs resulting from the relocation of staff from the West Perth office to Shenton Park.

Workers' compensation claims

The decrease in workers' compensation claims is predominately a result of the revised actuarial assessment of asbestos related diseases.

Other Expenses

The variance is largely due to increases in education seminars associated with legislation reforms and the increase in the allowance for doubtful debts.

37 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents, commercial bills, term deposits and receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Authority has appropriate procedures to manage cash flows by monitoring cash flows to ensure that sufficient funds are available to meet its commitments.

Cash flow interest rate risk

The Authority has no long-term debt obligations. The Board's exposure to market risk for changes in interest rates relate primarily to cash and cash equivalent holdings. Variations on interest rates have a direct impact on the Board's earnings, however, movements in interest rates are beyond the Board's control.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
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37 Financial Statements

a) Interest Rate Risk Exposure

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

2006	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total \$000
Financial Assets					
Cash and cash equivalents	5.79	-	10,088	2	10,090
Restricted Cash	5.43	20,625	-	-	20,625
Receivables	-	-	-	409	409
Other financial assets	-	-	-	743	743
		<u>20,625</u>	<u>10,088</u>	<u>1,154</u>	<u>31,867</u>
Financial Liabilities					
Payables				1,672	1,672
Provisions				23,794	23,794
				<u>25,466</u>	<u>25,466</u>

2005	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total \$000
Financial Assets					
Cash and cash equivalents	5.31	-	-	5,581	5,581
Restricted cash	4.68	13,180	-	-	-
Receivables	-	-	-	561	561
Other assets	-	-	-	502	502
		<u>13,180</u>	<u>-</u>	<u>6,644</u>	<u>19,824</u>
Financial Liabilities					
Payables				1,289	1,289
Interest -bearing liabilities				726	726
Provisions				29,698	29,698
				<u>31,713</u>	<u>31,713</u>

b) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
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(b) Financial Instrument disclosures

Financial Instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial Instrument information from 1 July 2005 for the year ended 2006 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement. See also note 2(q) 'Comparative figures'.

38 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:

	2006 \$000	2005 \$000
\$0 - \$10,000	5	11
\$ 20,001 - \$ 30,000	1	-
\$ 80,001 - \$ 90,000	-	1
\$ 130,001 - \$ 140,000	-	1
\$ 190,001 - \$ 200,000	1	-
\$ 200,001 - \$ 210,000	-	1

The total remuneration of members of the Accountable Authority is:

234 445

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.

The number of members of the Accountable Authority was higher in 2005 as there was a change in Board membership. Total fees decreased in 2006 due to the 2005 figures including the retirement of the CEO.

Remuneration of Senior Officers

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

	2006 \$000	2005 \$000
\$0 - \$10,000	1	-
\$ 20,001 - \$ 30,000	2	-
\$ 40,001 - \$ 50,000	3	-
\$ 80,001 - \$ 90,000	2	1
\$ 110,001 - \$ 120,000	1	1
\$ 120,001 - \$ 130,000	1	-
\$ 130,001 - \$140,000	-	1

The total remuneration of senior officers of the Accountable Authority is:

589 338

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the Accountable Authority.

No senior officers are members of the Pension Scheme.

The Senior Officers remuneration increased in 2005/06 due to a change in membership and structure during the year.

39 Remuneration of Auditor

Remuneration to the Auditor General for the financial year is as follows:
 Auditing the accounts, financial statements and performance indicators

2006 \$000	2005 \$000
51	31
<u>51</u>	<u>31</u>

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
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	2006 \$000	2005 \$000
40 Workers' Compensation & Injury Management Trust Fund		
<p>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.</p>		
Income	590	329
Amounts paid to the custody of the Authority	64	56
Interest on Investments	654	385
Expenditure		
Payments by the Authority	722	423
Administration Fee	12	12
	734	435
Surplus/(Deficit)	(81)	(50)
Balance July 1	1,121	1,170
Balance June 30	1,040	1,120
Balance of funds held represents:		
Cash and cash equivalents	1,037	1,118
Add Accrued interest	4	3
Less Accrued expenses	(1)	(1)
	1,040	1,120
41 Supplementary financial information		
<u>Write-Offs</u>		
Debts written off by the Authority during the financial year		
-Uninsured claims	42	320
	42	320
<u>Losses Through Theft, Defaults And Other Causes</u>		
Losses of public moneys and public and other property through theft or default	-	3
Amount recovered through insurance	-	(3)
	-	-

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

42 Reconciliation of Equity at the Date of Transition to AIFRS: 1 July 2004 (AASB 1.39(a)(i))

Note	Previous GAAP 1-Jul-04 \$000	Effect of Transition to Australian Equivalents to IFRSs \$000	AIFRS 1-Jul-04 \$000
ASSETS			
Current Assets			
1	403	5,849	6,252
	14,623		14,623
	189		189
1	5,849	(5,849)	-
	566		566
	-		-
	<u>21,630</u>	<u>-</u>	<u>21,630</u>
Non-Current Assets			
	-		-
	11,777		11,777
	<u>11,777</u>	<u>-</u>	<u>11,777</u>
Total Assets			
	<u>33,407</u>	<u>-</u>	<u>33,407</u>
Current Liabilities			
	1,610		1,610
	6,152		6,152
	-		-
	<u>7,762</u>	<u>-</u>	<u>7,762</u>
Non-Current Liabilities			
	24,246		24,246
	<u>24,246</u>	<u>-</u>	<u>24,246</u>
Total Liabilities			
	<u>32,008</u>	<u>-</u>	<u>32,008</u>
NET ASSETS			
	<u>1,399</u>	<u>-</u>	<u>1,399</u>
Equity			
	5,091		5,091
	(3,692)		(3,692)
	<u>1,399</u>	<u>-</u>	<u>1,399</u>

1 Reclassification of Investments to Cash & cash equivalents as per AASB 107 - Cash Flow Statements.

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

42 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT 30 JUNE 2005 (AASB 1.39(a)(ii))

Note		AGAAP 30 June 2005	Adjustments AASB 107	Adjustments AASB 5	AIFRS 30 June 2005
	ASSETS				
	Current Assets				
1	Cash & cash equivalents	1,700	3,881		5,581
	Restricted cash and cash equivalents	13,180			13,180
	Receivables	561			561
1	Investments	3,881	(3,881)		-
	Other current assets	502			502
2	Non-current assets classified as held for sale	-		6,067	6,067
	Total Current Assets	19,824	-	6,067	25,891
	Non-Current Assets				
	Receivables	-			-
2	Property, plant, equipment & vehicles	11,742		(6,053)	5,689
	Total Non-Current Assets	11,742	-	(6,053)	5,689
	Total Assets	31,566	-	14	31,580
	Current Liabilities				
	Payables	1,289			1,289
	Interest-bearing liabilities	726			726
	Provisions	5,556			5,556
	Total Current Liabilities	7,571	-	-	7,571
	Non-Current Liabilities				
	Provisions	24,142			24,142
	Total Non-Current Liabilities	24,142	-	-	24,142
	Total Liabilities	31,713	-	-	31,713
	NET ASSETS	(147)	-	14	(133)
	Equity				
	Reserves	5,210			5,210
3	Retained earning/(accumulated losses)	(5,357)		14	(5,343)
	TOTAL EQUITY	(147)	-	14	(133)

- 1 Reclassification of Cash Investments to Cash & cash equivalents as per AASB 107 - Cash Flow Statements.
- 2 Reclassification of Non-Current Assets to be held for sale as per AASB 5 - Non-Current Assets Held for Sale and Discontinued Operations.
- 3 Adjustment to Accumulated Losses for depreciation on assets held for sale as per AASB 5 Non-Current Assets Held for Sale and Discontinued Operations.

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) AT 30 JUNE 2005 (AASB 1.39(b)(ii))
42 (Cont.)**

Note	Adjustments					Total \$000	AIFRS 30 June 2005 \$000
	GAAP 30 June 2005 \$000	AASB 101 \$000	Net gains on disposal AASB 116 \$000	\$000	AASB 119 \$000		
INCOME							
Revenue							
	12,864					-	12,864
	519					-	519
	25					-	25
	1,035					-	1,035
	36	(36)				(36)	-
5	6,826	(6,405)				(6,405)	421
	-	6,441				6,441	6,441
Gains							
3	78		(78)			(78)	-
3	-		1			1	1
	21,383	-	(77)	-	-	(77)	21,306
EXPENSES							
Expenses from ordinary activities							
1	9,955				(539)	(539)	9,416
2	1,573			1,059		1,059	2,632
	890	(14)				(14)	876
	3	(3)				(3)	-
2	1,059			(1,059)		(1,059)	-
	736					-	736
	512					-	512
3	77		(77)			(77)	-
4	967	(612)			539	(73)	894
	7,273	615				615	7,888
	23,045	(14)	(77)	-	-	(91)	22,954
Profit/(Loss) before grants and subsidies from State Government							
	(1,662)	14	-	-	-	14	(1,648)
Grants and subsidies from State Government							
	115					-	115
	(1,547)	14	-	-	-	14	(1,533)

See Statement of Changes in Equity

- 1 Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits expense')
- 2 Supplies and services now includes Administration expenses
- 3 Disposals are treated on the net basis under AIFRS
- 4 Equivalent AGAAP line item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')
- 5 Equivalent AGAAP line item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')

**WORKCOVER WESTERN AUSTRALIA AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

**RECONCILIATION OF CASH FLOW STATEMENT AT 30 JUNE 2005 (AASB 1.40)
42 (Cont.)**

	GAAP 30 June 2005	AASB 119 Adjustments	AIFRS 30 June 2005
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Supplementation Fund levy collected	6,155		6,155
Insurer contributions	12,864		12,864
Sale of goods and services	519		519
Commonwealth grants and contributions	33		33
Interest received	1,103		1,103
GST receipts on sale	73		73
GST receipts from taxation authority	349		349
Other receipts	506		506
Payments			
Supplementation Fund claim payments	(8,083)		(8,083)
1 Employee benefits	(10,295)	114	(10,181)
Supplies and services	(1,290)		(1,290)
GST payments on purchases	(605)		(605)
Other payments	(3,314)	(114)	(3,428)
Net cash provided by/(used in) operating activities	(1,985)	-	(1,985)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets	78		78
Purchase of non-current physical assets	(934)		(934)
Net cash provided by/(used in) investing activities	(856)	-	(856)
Net increase/(decrease) in cash held	(2,841)		(2,841)
Cash and cash equivalents at the beginning of the financial year	20,876		20,876
Cash and cash equivalents at the end of period	18,035	-	18,035

1 Reclassification of employee on-costs as per AASB 119 - Employee Benefits.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

42.1 Non-Current Assets held for Sale (AASB 5)

AASB 5 requires non-current assets available for sale to be disclosed as a separate class of asset on the balance sheet. Assets classified as non-current assets classified as held for sale are not depreciated and are measured at the lower of carrying amount (prior to reclassification) and fair value less selling costs.

The Authority has identified items of property that are required to be classified as non-current assets classified as held for sale and has made the following adjustments:

42.1a Adjustment to 30 June 2005 Balance Sheet

The Authority has transferred \$ 6,067,000 (Net) from Property, plant and equipment to non-current assets classified as held for sale.

42.1b Adjustments to the Income Statement for the period ended 30 June 2005

Assets classified as held for sale are not depreciated, and as such the depreciation expense has been reduced by \$14,000, which reflects an adjustment from the time the asset was identified as held for sale.

42.2 Employee benefits (AASB 119 and AASB 101)

AASB 101 requires that a liability must be classified as current where the entity does not have an unconditional right to defer settlement of the liability for at least twelve months beyond the reporting date. Consequently, all annual leave and long service leave entitlements (unconditional long service leave) must now be classified as current. Non-vested long service leave liability will be non-current to the extent that it does not become unconditional within 12 months from reporting date.

Employment on-costs are not included in employee benefits under AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as Employee expenses. Under AIFRS employee benefits will be the equivalent item disclosed on the face. On-costs have been transferred to other expenses.

42.2a Adjustments to 30 June 2005 Balance Sheet

All unconditional long service leave previously reported as non-current liability has been reclassified to current liability (\$54,182)

42.2b Adjustments to the Income Statement for the period ended 30 June 2005

Employment on-costs expense has been reclassified from employee benefits expense to other expense (\$114,166)

42.2c Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Employment on-costs payments have been reclassified from employee benefits payments to other payments (\$54,182).

42.3 Net gain on disposal of non-current assets (AASB 116)

Under AGAAP the disposal of non-current assets is disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. The disposal of non-current assets is disclosed on the net basis (gains or losses) under AIFRS.

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2006

43 Schedule of Income and Expenses by Service

	GENERAL FUND										EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND	
	Information Education and Advice		Scheme Regulation		Dispute Resolution		Not Attributed		Total		Total 2006 \$000	Total 2005 \$000
	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000
Revenues from ordinary activities	2,360	1,835	2,982	2,370	9,923	7,777	2,588	2,159	17,853	14,141	14,681	7,165
Expenses from ordinary activities	2,528	2,102	2,926	2,734	10,128	9,128	1,164	1,059	16,746	15,023	436	7,931
Grants and subsidies from Government	-	-	-	-	-	-	56	115	56	115	-	-
Net Profit/(loss)	(168)	(267)	56	(364)	(205)	(1,351)	1,480	1,215	1,163	(767)	14,245	(766)
											15,408	(1,533)

APPENDIX 1: SCHEME DESIGN

The Western Australian workers' compensation scheme is predicated on a no-fault system that provides fair compensation to workers injured at work through employers sharing collective liability. This design ensures the rights of workers are balanced against the financial affordability of the scheme.

The Western Australian workers' compensation scheme comprises the following elements:

- insurance
- compensation
- injury management
- dispute resolution
- regulation.

Insurance

The objective of the insurance requirements of the workers' compensation scheme is to ensure employers have the capacity to maintain workers' incomes and meet relevant medical and other costs that arise when workers are injured at work.

Workers' compensation insurance is compulsory for all employers in Western Australia. Workers' compensation insurance is underwritten in a competitive market by private insurers who are approved by WorkCover WA. Employers who obtain exemption from WorkCover WA from insurance requirements are known as self insurers. There are currently 10 insurers approved to underwrite workers' compensation insurance in Western Australia and 28 exempt employers (self insurers).

Recommended premium rates for each industry are set and reviewed by WorkCover WA each year. Recommended premium rates are published annually, in the Government Gazette. Recommended premium rates are a guide to insurers and employers in setting actual premiums. Depending upon employers' risk profile and past experience, insurers may discount the recommended premium rates by any amount, or surcharge (load the premium) to a maximum of 75% of the relevant recommended rate, before seeking approval of WorkCover WA to exceed this amount.

Compensation

Injured workers have a statutory entitlement to compensation without the need to prove negligence by their employer (i.e. "no fault"). Injured workers receive compensation for loss of wages subject to a maximum amount per week and a total entitlement for the life of the claim. Generally injured workers receive their pre-injury earnings (to a maximum of 2 times average weekly earnings) for a period of 13 weeks after which a step down in income payments is applied.

Lump sum payments are also available to injured workers in certain circumstances. Injured workers who suffer a permanent impairment are able to receive fixed lump sum payments (Schedule 2 of the *Workers' Compensation and Injury Management Act 1981*). Injured workers who wish to redeem or commute their claim are able to do so subject to meeting specified criteria.

Injured workers with significant or serious injuries are able to seek common law damages from their employer subject to meeting specified disability or impairment thresholds. Injured workers with injuries that are significant (16% disability for injuries that occurred prior to 14 November 2006 or 15% whole person impairment after 14 November 2005) can elect to pursue common law damages at the District Court subject to a limit on the damages able to be awarded. Injured workers with injuries that are serious (30% disability for injuries that occurred prior to 14 November 2005 or 25% whole person impairment after 14 November 2005) can seek unlimited damages through the court.

Injury Management

Returning injured workers to work is a primary goal of the scheme. Injury management is a process of managing of workers' injuries in a manner that is directed at enabling injured workers to return to work.

All employers are required to establish an injury management system that sets out the steps will be undertaken when an injury occurs at a workplace. In certain situations employers are required to establish and implement a written return to work program for an injured worker. Return to work programs set out specific actions directed towards returning the injured worker to work and typically include strategies such as alternative, modified or restricted duties and graduated return. The scheme includes an entitlement for access to specialist return to work services provided by approved vocational rehabilitation providers.

Specialised retraining programs are available in certain circumstances for injured workers with a permanent impairment who are unable to return to their pre-injury job.

Injured workers have an entitlement to access reasonable medical and allied health services at no cost. This includes services provided by general practitioners and medical specialists as well as approved allied health service providers such as vocational rehabilitation service providers, physiotherapists, occupational therapists, clinical psychologists, etc. WorkCover WA sets recommended fees for medical and allied services and facilitates medical assessment of whole person impairment by approved medical specialists.

Dispute Resolution

The WorkCover WA Dispute Resolution Directorate is responsible for the resolution of disputed workers' compensation claims. A new dispute resolution system was implemented on 14 November 2005 comprising:

- interim orders and minor claims with the aim of providing prompt interim relief in appropriate cases
- statutory dispute resolution processes involving more complex matters
- civil proceedings relating to common law claims prior to 14 November 2005.

The dispute resolution system is aimed at resolving the dispute as early as possible through a structured process involving an initial teleconference followed by a conciliation conference and arbitration hearing if required.

The Dispute Resolution Directorate also convenes medical panels to resolve conflicts of medical opinion about the nature or extent of an injury or a worker's capacity for work.

Regulation

Administration of the workers' compensation scheme is undertaken by WorkCover WA. WorkCover WA regulates the operation of the scheme through licensing and performance monitoring of service providers. WorkCover WA undertakes education and promotion activities as well as providing advice and assistance to injured workers and employers.

WorkCover WA advises the Government on further development of the scheme and monitors the overall performance and sustainability of the scheme.

APPENDIX 2: SCHEME HEALTH

WorkCover WA plays a critical role in ensuring the long term sustainability of the Western Australian workers' compensation scheme. This can only be realised through effective monitoring of outcomes and activities within the scheme and analysis of the relevant trends.

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 the State Government experience, each year. In 2006-07, recommended premium rates ranged from 0.40% to 11.11%. The average recommended premium rate decreased by 8.6% from 2.317% in 2005-06 to 2.117% in 2006-07. Figure 6 shows the trend in the average recommended premium rate over the past thirteen years and is based on the gazetted premium rate.

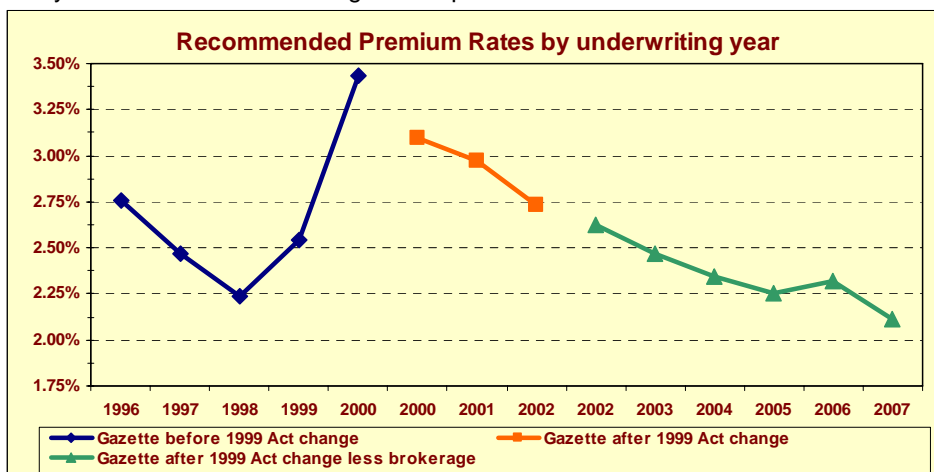


Figure 6: Average recommended premium rates by underwriting year

Source: PricewaterhouseCoopers: WorkCover Western Australia – Actuarial Assessment of the Recommended Premium Rates for 2006-07: April 2006, 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 2005-06

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 2006, there were 10 insurers and 28 self insurers (including the Insurance Commission of WA) in the State. In 2005-06, the total premium for the scheme declared in contribution returns to WorkCover WA was \$771.655 million, which comprised of \$693.104 million for insurers and \$78.551 million for self insurers.

Premium Income Historical

Since 1997-98, the real total income of the scheme has increased by 16.8%, from \$660.5 million to \$790.2 million. As can be seen in Figure 7, after a period of decline total scheme income increased in 2004-05 and 2005-06.

Note: To facilitate meaningful time series comparisons, premium income has been adjusted for inflation using past wage inflation rates, which are based on ABS Average Weekly Earnings (ABS Cat. 6302.0). This adjustment ensures that all reported income is represented in 2005-06 dollars (for indexing procedure see Appendix E of PricewaterhouseCoopers, WorkCover WA Actuarial Assessment of the Recommended Premium Rates for 2006-07). These figures are therefore not comparable to those presented in previous annual reports.

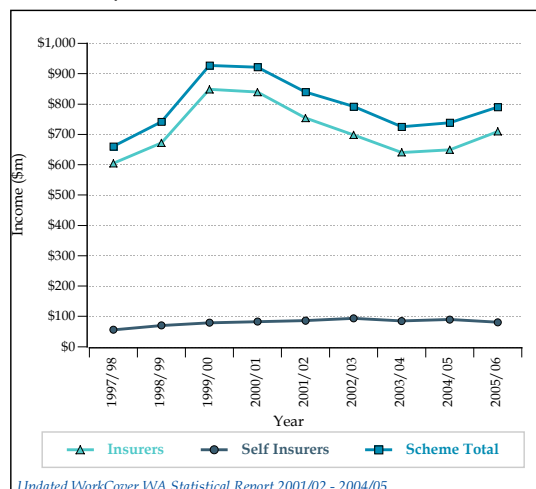


Figure 7: Adjusted premium income by year for 1997-98 to 2005-06

Figure 7 Notes:

- (a) '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.
- (b) 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.
- (c) 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.
- (d) 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*; the Insurance Commission of Western Australia in relation to insurance arrangements for State Government workers and industrial diseases; and self insurers. Claim payments represent the actual expenses incurred during each financial year. 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 2005-06

In 2005-06 total unadjusted claim payments incurred against all accident years was \$446.977 million, 5.3% higher than the total payments made in 2004-05. In 2005-06 weekly payments accounted for 32.6% while common law and other Acts accounted for 13.0% of the total claim payments. In 2004-05, these payments accounted for 31.7% and 13.1% respectively of the total claim payments. These two categories of payments accounted for 45.6% of the total scheme payments in 2005-06, 44.8% in 2004-05, and 42.9% in 2003-04.

Table 5 shows unadjusted claim payments by category of expense. The table shows that the only decrease during the four-year period was legal expenses (7.3% decrease). The largest increases recorded in the period 2002-03 to 2005-06 were for hospital expenses (60.3%), miscellaneous payments (29.3%) and weekly payments (23.5%).

Table 5: Claim payment by category of expense (unadjusted) for 2002-03 to 2005-06

	2002/03		2003/04		2004/05		2005/06	
	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total
Weekly Payments	118.125	30.2%	124.329	32.3%	134.622	31.7%	145.879	32.6%
Redemptions	59.976	15.3%	55.992	14.5%	59.805	14.1%	62.550	14.0%
Specific Injuries (2nd Schedule)	16.130	4.1%	16.907	4.4%	17.047	4.0%	17.943	4.0%
Fatal (including funeral expenses)	1.164	0.3%	1.769	0.5%	1.063	0.3%	1.612	0.4%
Medical Expenses	81.126	20.7%	86.046	22.3%	94.005	22.2%	115.616	25.9%
<i>Medical Practitioners & Specialists</i>	42.588	10.9%	41.582	10.8%	46.488	11.0%	48.854	10.9%
<i>Hospital Expenses</i>	14.428	3.7%	18.184	4.7%	21.028	5.0%	23.126	5.2%
<i>All Other Treatments</i>	24.110	6.2%	26.280	6.8%	26.489	6.2%	26.448	5.9%
Vocational Rehabilitation	14.870	3.8%	16.818	4.4%	16.677	3.9%	17.188	3.8%
Miscellaneous	14.488	3.7%	17.331	4.5%	18.137	4.3%	18.736	4.2%
Legal Expenses	28.781	7.3%	24.912	6.5%	27.634	6.5%	26.684	6.0%
Common Law and Other Acts	57.082	14.6%	40.930	10.6%	55.396	13.1%	57.952	13.0%
Total	391.742	100.0%	385.033	100.0%	424.385	100.0%	446.976	100.0%

Updated WorkCover WA Statistical Report 2001/02 - 2004/05

Table 5 Notes:

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

- (1) These are costs reported as at 30 June each year and may be subject to change due to payment variations subsequently reported by approved, former approved insurers and self insurers.
- (2) 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 2005-06 dollars. Total adjusted claim scheme payments in 2005-06 totalled \$457.703 million.

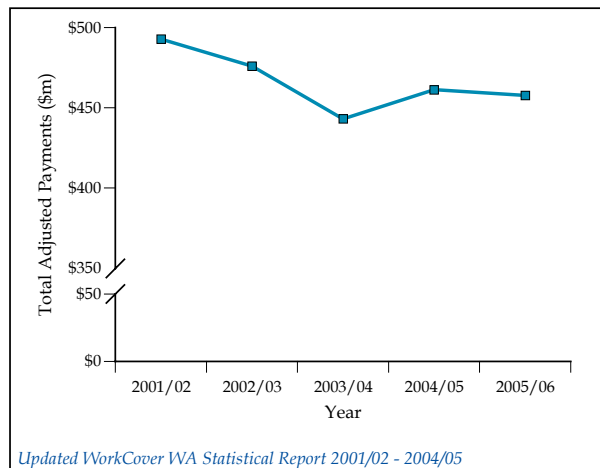


Figure 8: Adjusted claim payments by year for 2001-02 to 2005-06

Claim Statistics

Unlike claim payments, claim statistics represent workers' compensation information according to the financial year in which a claim was lodged. 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 scheme provide more up-to-date claims information. The dynamic nature of the data necessitates that a "snapshot" of the data be presented. The information contained within this section of the report is based on claims data extracted in December 2005 and should therefore be considered as a snap shot of the workers' compensation scheme in Western Australia. It should be noted that due to the nature of capturing, verifying and analysing claims data, information for the 2005-06 year was not available at the time of publishing this report.

Number of Claims Lodged

A total of 43 632 workers' compensation claims were lodged with approved insurers and self insurers in 2004-05. Of these, 45.4% (19 817) were classified as lost-time claims in that they related to an injury or disease that resulted in an absence from work of one day/shift or more. Figure 9 shows that the proportion of claims that are lost-time claims has risen by 5.0% over the four-year period 2001-02 to 2004-05.

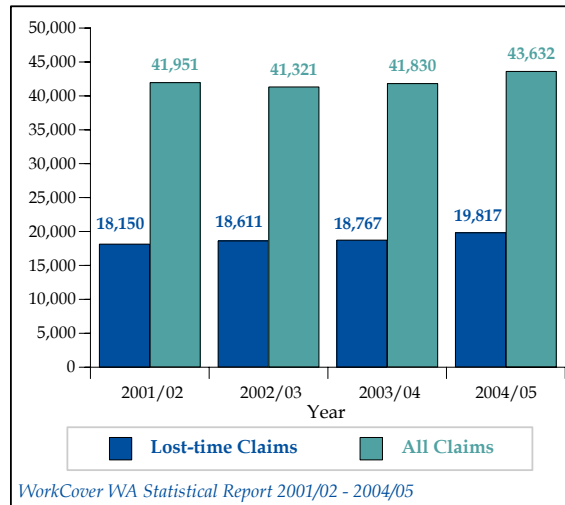


Figure 9: Number of lost-time claims lodged for 2001-02 to 2004-05

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 10, long duration claims accounted for 22.5% of lost-time claims in 2004-05, while claims with less than 60 working days lost accounted for more than three quarters of all lost-time claims. Despite accounting for only 22.5% of all lost-time claims lodged with the workers' compensation scheme, long duration claims accounted for 72.6% of the costs.

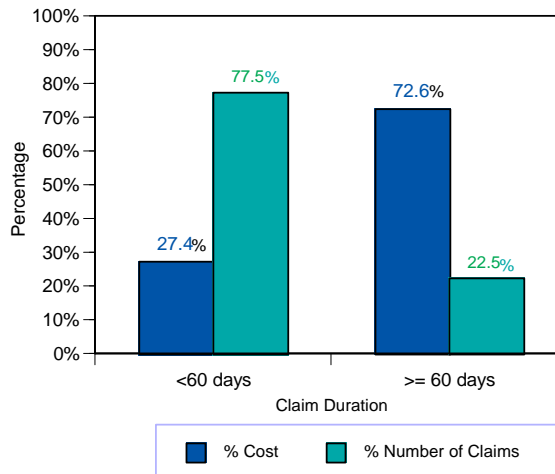


Figure 10: Claim cost by claim duration for 2004-05

Frequency Rate of Lost-Time Claims

The frequency rate represents the number of lost-time claims per million hours worked. As shown in Figure 11, the frequency rate for males, females and all persons in 2004-05 increased by 3.2%, 4.2% and 3.2%, respectively. The frequency rate of lost-time claims for males was 1.6 times higher than that for females in 2004-05.

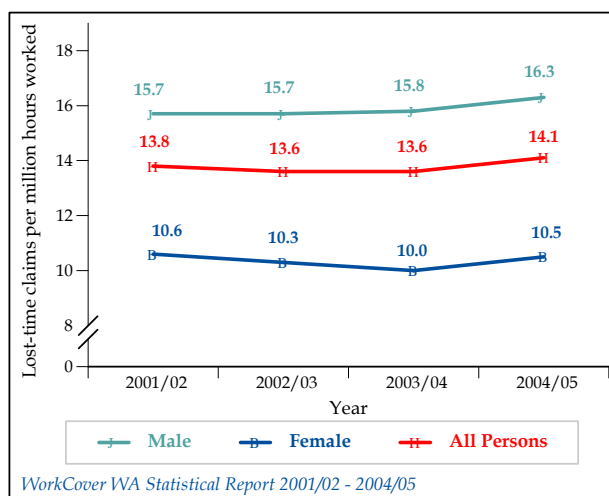


Figure 11: Frequency rate for lost-time claims by gender for 2001-02 to 2004-05

Lost-Time Claims by Industry

In 2004-05 the highest proportion of lost-time claims occurred in the manufacturing industry (20.4%). As can be seen in Table 6, the manufacturing industry was followed by the health and community services industry (12.3%), the construction industry (11.3%) and the retail trade industry (11.1%). Together these four industries accounted for 55.1% of all lost-time claims in 2004-05. 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 6: Number of lost-time claims by industry for 2001-02 to 2004-05

	2001/02		2002/03		2003/04		2004/05		% Change
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	
Agriculture, Forestry and Fishing	932	5.1%	1,073	5.8%	1,129	6.0%	1,100	5.6%	18.0%
Mining	797	4.4%	781	4.2%	719	3.8%	848	4.3%	6.4%
Manufacturing	3,582	19.7%	3,901	21.0%	3,807	20.3%	4,048	20.4%	13.0%
Electricity, Gas and Water Supply	81	0.4%	91	0.5%	84	0.4%	73	0.4%	-9.9%
Construction	1,747	9.6%	1,824	9.8%	2,079	11.1%	2,244	11.3%	28.4%
Wholesale Trade	806	4.4%	797	4.3%	794	4.2%	825	4.2%	2.4%
Retail Trade	2,247	12.4%	2,188	11.8%	2,146	11.4%	2,193	11.1%	-2.4%
Accommodation, Cafes and Restaurants	705	3.9%	752	4.0%	756	4.0%	780	3.9%	10.6%
Transport and Storage	1,117	6.2%	1,028	5.5%	1,121	6.0%	1,183	6.0%	5.9%
Communication Services	41	0.2%	63	0.3%	56	0.3%	53	0.3%	29.3%
Finance and Insurance	132	0.7%	121	0.7%	99	0.5%	90	0.5%	-31.8%
Property and Business Services	1,253	6.9%	1,201	6.5%	1,277	6.8%	1,447	7.3%	15.5%
Government Administration and Defence	491	2.7%	516	2.8%	375	2.0%	390	2.0%	-20.6%
Education	951	5.2%	929	5.0%	1,060	5.6%	1,089	5.5%	14.5%
Health and Community Services	2,203	12.1%	2,214	11.9%	2,193	11.7%	2,434	12.3%	10.5%
Cultural and Recreational Services	380	2.1%	319	1.7%	395	2.1%	394	2.0%	3.7%
Personal and other Services	685	3.8%	813	4.4%	677	3.6%	626	3.2%	-8.6%
Total	18,150	100.0%	18,611	100.0%	18,767	100.0%	19,817	100.0%	9.2%

WorkCover WA Statistical Report 2001/02 - 2004/05

APPENDIX 3: DISPUTE RESOLUTION STATISTICS

Table 7: Statistics and workload indicators for statutory dispute resolution proceedings

STATUTORY DISPUTE RESOLUTION PROCEEDINGS	2003-04	2004-05	2005-06
Resolution			
No disputes resolved:	3,092	2,423	1766
at conciliation / prior to arbitration	2 530 = 82%	1 987 = 82%	1 357 = 77%
at review / arbitration	562 = 18%	436 = 18%	409 = 23%
Timeframe			
% disputes resolved at conciliation / prior to arbitration:			
<4 weeks	46%	48%	39%
between 4 weeks and 8 weeks	17%	18%	22%
between 8 weeks and 12 weeks	10%	9%	12%
>12 weeks	27%	25%	26%
% disputes resolved from date of referral to review/arbitration:			
<4 weeks	11%	11%	2%
between 4 weeks and 8 weeks	16%	17%	8%
between 8 weeks and 12 weeks	15%	12%	11%
>12 weeks	58%	60%	78%
% disputes resolved from date lodged:			
<4 weeks	38%	39%	30%
between 4 weeks and 8 weeks	15%	16%	18%
between 8 weeks and 12 weeks	10%	9%	11%
>12 weeks	37%	36%	41%
Workload			
Referrals for conciliation filed	2 739	2 312	1 647
Number finalised - at conciliation/prior to arbitration	2 530	1 987	1 357
Number finalised - at review/arbitration	562	436	409
General			
Number of conciliation conferences (#Note 1)	3 933	3 242	1 134 [#]
Number of preliminary reviews (#Note 1)	634	492	167 [#]
Number of reviews (#Note 1)	603	471	221 [#]
Matters referred to Compensation Magistrate	Nil	3	3
Number of appeals to Compensation Magistrate	72	51	21
Other matters heard by Compensation Magistrate	26	25	10
Number of tele-conferences (*Note 2)	Not applicable	Not applicable	457 [*]
Number of conciliation hearings (*Note 2)	Not applicable	Not applicable	210 [*]
Number of arbitration hearings (*Note 2)	Not applicable	Not applicable	206 [*]
Leave to refer question of law to Commissioner granted (*Note 2)	Not applicable	Not applicable	Nil [*]
Leave to appeal to Commissioner granted (*Note 2)	Not applicable	Not applicable	3 [*]
Matters referred to a Medical Assessment Panel	67	32	15

[#]Note 1: The figures shown relate to the operations of the Conciliation and Review Directorate from 1 July 2005 to 11 November 2005.

^{*}Note 2: The figures shown relate to the operations of the Dispute Resolution Directorate from 14 November 2005 to 30 June 2006.

Table 8: Statistics and workload indicators for agreements and civil proceedings

AGREEMENTS & CIVIL PROCEEDINGS	2003-04	2004-05	2005-06
Agreements Registered – Section 76:			
Schedule 2	2 381	2 397	2 238
Schedule 5	22	25	2
Redemption	1 511	1 568	1 614
<i>TOTAL</i>	<i>3 914</i>	<i>3 990</i>	<i>3 854</i>
Settlements Recorded – Section 92(f)	126	139	187
<i>1993 Scheme (Injury date Pre 14 November 2005)^</i>			
Referral of Question of Degree of Disability to Employers	799	723	592
Disputes Referred to Review/Arbitration	705	687	552
Disputes finalised after Referral to Review/ Arbitration	599	730	586
Agreements Recorded:			
Without Referral	47	43	67
After Referral	111	148	172
Elections Registered	93	108	157
Determinations Made	297	418	361
Referred to Compensation Magistrate (#Note 2)	NIL	NIL	NIL [#]
Appeals to Compensation Magistrate (#Note 2)	71	78	50 [#]
Other Matters Heard by Compensation Magistrate (#Note 1)	5	11	4 [#]
Leave to refer question of law to Commissioner granted (*Note 3)	Not applicable	Not applicable	NIL [*]
Leave to appeal to Commissioner granted (*Note 3)	Not applicable	Not applicable	8 [*]
Referred to Medical Assessment Panel	11	8	14

[^]Note 1: As at 30 June 2006 no '2004 Scheme' civil proceeding applications (i.e. where the cause of action arose on or after 14 November 2005) involving a worker's permanent whole person impairment (PWPI) had been filed.

[#]Note 2: The figures shown relate to the operations of the Conciliation and Review Directorate from 1 July 2005 to 11 November 2005.

^{*}Note 3: The figures shown relate to the operations of the Dispute Resolution Directorate from 14 November 2005 to 30 June 2006.

Notes to the Dispute Resolution Data

Statutory Dispute Resolution

The Conciliation and Review Directorate sought 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, achieved this initially. Where agreement could not be reached, disputes were heard and determined by a review officer. Appeals from decisions of review officers (on matters of law) were heard in the Compensation Magistrate's court.

The Conciliation and Review Directorate was replaced by the creation of the Dispute Resolution Directorate (the Directorate) under the *Workers' Compensation and Injury Management Act 1981* on 14 November 2005. The new Dispute Resolution Directorate continues to deal with disputes arising between parties in the workers' compensation scheme. The Dispute Resolution Directorate comprises of a Commissioner, Director and arbitrators (who are legally qualified). Arbitrators, have responsibility to facilitate dispute resolution through the holding of teleconferences, conciliation hearings and arbitration hearings. The statutory dispute workload statistics are provided in table 7.

Compensation Magistrate's Court

Matters before review officers could be referred to the Compensation Magistrate's court by a review officer for determination if a question of law arose or because of the complexity of issues. Review officers dealt with all but the most complex of matters. An appeal against a review officer's decision to the Compensation Magistrate's court had to involve a question of law. The Compensation Magistrate also has jurisdiction to hear offences under the *Workers' Compensation and Injury Management Act 1981* 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 tables 7 and 8.

Civil Proceedings for Damages

(The following applies to workers where the cause of action arose prior to 14 November 2005)

Part IV of the *Workers' Compensation and Injury Management Act 1981* 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 where the degree of disability is not less than 30%; and where the degree of disability is not less than 16%. The Director, Conciliation and Review Directorate (Director) recorded agreements regarding a worker's degree of disability. Where the worker and the employer could not agree on whether the worker's degree of disability was not less than the relevant level claimed, the worker may refer that question to the Director. If the dispute was then not resolved the question was 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.

In those cases where a worker had a degree of disability, which is not less than 16%, the worker was required to elect to retain the right to seek damages. Subject to certain exceptions, elections had to be lodged within six months after the commencement of weekly payments. The Director was responsible for the registration of elections. Once the Director registered an election the worker was able to initiate civil proceedings for damages against their employer. Once an election was registered a worker's entitlement to statutory workers' compensation ceased. The civil proceeding workload statistics are provided in table 8.

(The following applies to workers where the cause of action arose on or after 14 November 2005)

Further legislative amendments contained in the *Workers' Compensation Reform Act 2004* have improved the choice available to injured workers seeking to pursue a common law damages claim against their employer and provided certainty in relation to access. Access to common law is now based on a worker's degree of permanent whole person impairment. The threshold for accessing common law is a whole person impairment of not less than 15%. The Director records agreements regarding a worker's whole person impairment. Where the worker and employer cannot agree on the workers degree of whole person impairment the worker may seek an assessment of his/her whole person impairment from an approved medical specialist. The approved medical specialist assessment is also recorded by the Director. Once the Director has recorded an agreement or assessment, that agreement or assessment cannot be withdrawn and/or substituted by a further agreement or assessment.

All workers wishing to pursue a common law claim must have had an agreement or assessment of their whole person impairment recorded by the Director and must make an election evidencing their intent to do so. Subject to certain exceptions elections must be filed within one year of the date the claim for compensation for weekly payments was made on the employer. The Director is responsible for registering elections and once registered an election cannot be withdrawn and/or substituted for a further election. Where a worker with a degree of whole person impairment of not less than 15% but less than 25% elects to pursue common law, their entitlement to weekly payments will be subject to step downs and will cease with effect from six months after the date of election. Other statutory benefits will cease with effect from the date of election. The civil proceeding workload statistics are provided in table 8.

Medical Assessment Panels

When there is a conflict of medical opinion, a conciliation officer, review officer, arbitrator 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, arbitrator 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. 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 7 and 8.

APPENDIX 4: OBLIGATORY REPORTING

WorkCover WA's compliance with obligatory reporting provides transparency on our accomplishments and activities in relation to statutory reporting requirements.

In April 2004, the Western Australian Government released its *Better Planning: Better Services - A Strategic Planning Framework for the Western Australian Public Sector*. Table 9 identifies under each goal, the strategic outcomes that WorkCover WA has contributed towards during 2005-06.

Table 9: Agency reporting against the Government's Strategic Framework 2005-06

Goals	Obligatory Reporting	Reference Page
1. People and Communities		
	Cultural Diversity and Language Service Outcomes	114
	Disability Services Plan Outcomes	113
	Youth Outcomes	114
2. The Economy		
	Agency Operations (Outcomes and Services)	28
	Annual Estimates	105
	Financial Reporting	59
3. The Environment		
	Sustainability Action Plan	108
	Energy Smart Government Policy	109
	Waste Paper Recycling	109
4. The Regions		
	Regional Services	114
	Indian Ocean Territories	115
5. Governance		
	Advertising and Sponsorship (Statement of Expenditure – Electoral Act 1907)	105
	Compliance with Public Sector Standards and Ethical Codes	106
	Corruption Prevention	106
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Legislation Impacting the Authority

During 2005-06, WorkCover WA complied with the following relevant written laws:

- *A New Tax System (Fringe Benefits Reporting) Act 1999* (Cwth)
- *A New Tax System (Goods and Services Tax) Act 1999* (Cwth)
- *Disability Services Act 1993*
- *Corruption and Crime Commission Act 2003*
- *Electoral Act 1907*
- *Electronic Transactions Act 2003*
- *Equal Opportunity Act 1984*
- *Financial Administration and Audit Act 1985*
- *Freedom of Information Act 1992*
- *Occupational Safety and Health Act 1984*
- *Occupational Safety and Health Regulations 1996*
- *Occupiers' Liability Act 1985*
- *Public and Bank Holidays Act 1972*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Public Sector Management (Redeployment and Redundancy) Regulations 1994*
- *Salaries and Allowances Act 1975*
- *Spam Act 2003*

- *Government Employees' Superannuation Act 1987*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Minimum Conditions of Employment Act 1993*
- *Superannuation Act 2000*
- *State Supply Commission Act 1991*
- *State Records Act 2000*
- *Workers' Compensation and Injury Management Act 1981.*

The following written laws also impact on WorkCover WA's activities:

- *Competition Policy Reform (WA) Act 1996*
- *Constitution Act 1889*
- *Constitution Acts Amendment Act 1899*
- *Coroners' Act 1996*
- *Criminal Code Act Compilation Act 1913*
- *Defence Act 1903*
- *Evidence Act 1906*
- *Interpretation Act 1984*
- *State Administrative Tribunal Act 2004*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Trade Practices Act 1974*

Advertising and Sponsorship: Statement of Expenditure – *Electoral Act 1907*

Section 175 ZE of the *Electoral Act 1907* requires the publication of the details of certain classes of expenditure in an agency's Annual Report. Table 10 is a statement of expenditure in accordance with Section 175 ZE of the *Electoral Act 1907* for the 2005-06 financial year. The figure for 2005-06 is higher than 2004-05 as a result of a dedicated advertising program on the 2005 legislative reforms.

Table 10: Statement of Expenditure: *Electoral Act 1907* for 2005-06

CLASS OF EXPENDITURE	AMOUNT	ORGANISATION
Advertising Agencies	NIL	
Direct Mail Agencies	\$53 749.36	Lasermail Pty Ltd
Market Research Agencies	\$4 889.00	Katand WA Pty Ltd T/As Asset Research
Media Advertising Agencies	\$188 865.17	Marketforce Ltd T/As MFP Marketforce Productions and Media Decisions WA
Polling Agencies	NIL	
TOTAL	\$247 503.53	

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 Employment Protection for 2006-07.

Table 11: Annual Estimates 2006-07

	\$
EXPENDITURE	16 878 000
REVENUE	504 000
Contributions	16 374 000
TOTAL	16 878 000

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. The employee services area plays a monitoring and advisory role to divisional heads, who are responsible for compliance with public sector standards and ethical codes. During the induction process, new employees are introduced to the public sector standards in human resource management, code of ethics and code of conduct.

Compliance with *Public Sector Management Act 1994* 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	1
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: 13 December 2006

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 treatment plan developed. WorkCover WA undertook the following activities to prevent corruption and misconduct during 2005-06:

- The Board's Corporate Governance Committee was tasked with the role and responsibility for providing advice and strategic direction on fraud, corruption and misconduct prevention
- WorkCover WA benchmarked its activities in fraud and corruption prevention against best practice strategies undertaken by other agencies
- WorkCover WA's code of conduct for employees was revised to include references to ethical behaviour and corruption
- WorkCover WA's recruitment and selection policy was reviewed to ensure the agency's position on corruption and misconduct prevention was explicitly stated
- Undertook a review of all organisational risks, particularly those around fraud and corruption to ensure controls were appropriate. This process was conducted as part of business planning.

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.

During the 2005-2006 financial year:

- WorkCover WA's Information Statement was reviewed and updated
- WorkCover WA processed 15 freedom of information applications and 12 were finalised. Of these requests, 11 were for personal information and four were for non-personal information
- The average time for finalisation of these requests was 20.5 days.

WorkCover WA's Information Statement outlines the types of information available from WorkCover WA, as well how this information may be accessed. This document, produced in accordance with the requirements of the *Freedom of Information Act 1992*, is available on www.workcover.wa.gov.au. 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. Parties unsure of how to access information from WorkCover WA should contact the Freedom of Information Co-ordinator 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.

Evaluations

There were no evaluations conducted during the year. Statistical information and actuarial reports publicly released during 2005-06 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

There were no Ministerial Directions issued during 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 2005-06, 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 General Manager Regulation and Compliance, Mr Peter King. Mr King 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.

RecordKeeping Plan

One of the requirements of the *State Records Act 2000* is for government agencies to have a RecordKeeping Plan in place. This plan should outline how records are managed within the organisation, including details of the agency's recordkeeping systems, disposal arrangements, policies and practices. The State Records Commission approved WorkCover WA's RecordKeeping Plan in January 2004, for a period of five years. WorkCover WA is required to demonstrate that the agency and its employees are complying with the RecordKeeping Plan, by providing evidence in the Annual Report on four key areas. WorkCover WA's performance for the 2005-06 year is presented in table 12.

Table 12: WorkCover WA's RecordKeeping Plan achievements for 2005-06

Key Area	Achievements during 2005-06
The efficiency and effectiveness of the organisation's record keeping systems is evaluated not less than once every five years.	During the 2005-06 financial year, WorkCover WA's existing Retention and Disposal Schedule was reviewed. A Confidentiality Classification system was introduced, rating WorkCover WA's records in terms of who may access them and how. A review of the agency's file titling system is currently being undertaken.
The organisation conducts a record keeping training program.	New records staff were inducted into the area via a set training program starting on day one. External training is provided on an as needs basis. Training is provided to other staff on records management procedures at WorkCover WA and the agency's Ministerial Online system. An intranet based records management training program has been developed and will be implemented next financial year.
The efficiency and effectiveness of the organisation's record keeping training program is reviewed from time to time.	An intranet quiz has been developed which is designed to assess what staff know about records management at WorkCover WA, and what training is required in the future.
The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.	All new staff were invited in their first week to attend an informal training session to learn about records management at WorkCover WA and their responsibilities. The records management officer conducting the session has an induction checklist to refer to, to ensure all key points are covered.

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's key sustainability initiatives and activities in 2005-06 were:

- Ensured, as part of the strategy development process that WorkCover WA's activities were in line with the goals and strategic outcomes contained in *Better Planning: Better Services - A Strategic Planning Framework for the Western Australian Public Sector* and that the framework would be considered as part of budgeting and planning.
- Developed new performance indicators that are in line with the goals and strategic outcomes contained in *Better Planning: Better Services - A Strategic Planning Framework for the Western Australian Public Sector* framework.
- Reported against the *Better Planning: Better Services - A Strategic Planning Framework for the Western Australian Public Sector* framework in the 2004-05 Annual Report.
- Undertook an organisation-wide awareness program to ensure all relevant staff are aware of the requirements and guidelines of the *Sustainability Assessment Framework*.
- Incorporated the principles of sustainability as part of the agency's capital works project in refit the Shenton Park premise.

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 a 10% cumulative reduction targeted for 2005-06. WorkCover WA achieved a 21.46% cumulative reduction for the year ending 30 June 2006. WorkCover WA implemented the following energy smart initiatives, as part of the refit of the Shenton Park office, during 2005-06:

- Replaced all light fittings and fluorescent tubes to ensure more light was delivered at reduced power consumption through better use of reflective qualities with purpose designed reflectors and low glare lay-in prismatic diffusers.
- Fitted fan speed regulators to air-handling units to reduce energy consumption.
- Installed automatic light sensing devices and a light timing control system.
- Reprogrammed the air conditioning system (regulating valves) to reduce daily consumption.

The result of WorkCover WA's energy program for 2005-06 is provided in table 13.

Table 13: Energy smart Government program for WorkCover WA in 2005-06

	Baseline	2005-06	Variation %
Energy Consumption (MJ)	4 070 574	3 197 016	-21.46
Energy Cost (\$)	172 586	148 148	
Greenhouse Gas Emissions (tonnes of CO ²)	1 040.4	799.00	

Performance indicators: MJ/sqm: 516.92 MJ/FTE: 20 625.91

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. During the year there was continued implementation and acceptance by staff of electronic forms to replace previous paper based form. Additional networked photocopiers with double sided and multiple page printing were also purchased. In accordance with the agency's Sustainability Action Plan an audit of waste paper recycling will be undertaken in 2006-07.

APPENDIX 5: CUSTOMERS, STAKEHOLDERS AND COMMUNITY RELATIONS

Our success in delivering services and achieving our outcomes is directly gauged by feedback we receive from customers, stakeholders and the community. Focusing on customer needs assists the agency in better aligning services and products.

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. 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 focused 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 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
- maintain the highest ethical standards.

In 2006-07, the Customer Service Charter will be reviewed and updated to reflect and support the agency's strategic direction as well as meet accepted customer service 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 providing high quality services to meet customer needs. Feedback on the delivery of our services and facilities is collected as part of customer surveys (training evaluations, annual report survey, Infoline survey). Our *Customer First* System provides for a process 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).

In 2005-06 WorkCover WA implemented its *Customer First* System, which provides a simple and accessible way to make a complaint, compliment or suggestion. Customers can provide feedback verbally (in person or over the telephone), or in writing (letter, email, feedback form). WorkCover WA also has a dedicated *Customer First* officer to assist customers in providing feedback. WorkCover WA's online feedback form is available on our internet site at www.workcover.wa.gov.au. Reporting on our performance will commence in 2006-07

Stakeholder Consultation

WorkCover WA works in partnership with a wide range of stakeholders to achieve our mission and vision for workers' compensation and injury management in Western Australia. WorkCover WA engages and participates with stakeholders in the scheme to develop improved outcomes for all parties. As an organisation, WorkCover WA continued to improve two-way communication with stakeholders and has developed consultation frameworks on key aspects such as legislative reform. One mechanism introduced during 2005-06 was stakeholder forums, which gathered information and perspectives from representative groups and stakeholders. This information can be used to improve the operation of the scheme and the agency by:

- increasing the quality of the policies and practices
- improving successful implementation of initiatives
- increasing the chances of voluntary compliance
- increasing the scope for forms of partnerships.

As a result of stakeholder consultation processes, WorkCover WA will increase its client focus through a co-ordinated and systematic way for stakeholder engagement and participation. It will develop and promote a culture of consultation that will build trust and confidence with representative groups and stakeholders in the scheme. During 2006-07, a framework to better guide our consultation and engagement processes with stakeholders and scheme participants will be developed and implemented across the agency. The framework will adopt the principles contained in the Western Australian Government's consulting citizen's model.

Customer Surveys

Dispute Resolution

The Dispute Resolution Directorate hears and determines disputes that occur between parties in the workers' compensation scheme. The Directorate's objectives are to:

- provide a fair and cost effective system for the resolution of disputes
- reduce administrative costs across the workers' compensation system
- provide a dispute resolution system that is: timely and ensures workers' entitlements are paid promptly; is accessible, approachable and professional; is effective in settling matters; and leads to durable agreements between the parties.

In order to monitor the outcomes of the new dispute resolution system, a client satisfaction survey was developed and piloted. The survey seeks to obtain feedback from parties involved in the dispute resolution process. The results from the pilot were positive and assisted WorkCover WA in not only gaining a greater appreciation of the perception of parties in the system, but assisted in making service delivery and processing improvements.

Infoline Customer Survey

During 2005-06, WorkCover WA undertook two surveys of users of the agency's telephone information service, Infoline, to monitor its effectiveness in meeting customer needs. Wherever possible, services were adjusted to ensure that they more effectively met the needs of customers. The survey also helped to determine whether this key customer service was achieving its objectives of providing timely information, increasing callers' knowledge of their rights and responsibilities in relation to workers' compensation as well as meeting callers' individual needs. These survey results form the basis of reporting in our key performance indicators. This is the seventh year the survey has been conducted and the results for 2005-06 are shown in table 14 along with those for the past two years.

Table 14: Customer survey for WorkCover WA's Infoline

Survey Questions	% of Yes Responses		
	03-04	04-05	05-06
1 Do you know more about the workers' compensation system as a result of the information provided during your call to Infoline?	84%	95%	92%
2 Did the information provided to you answer your query?	90%	94%	96%
3 Do you feel the time taken to respond to your call was reasonable?	96%	98%	91%

Advertising Campaign

The workers' compensation reforms advertising campaign was implemented in 2005-06 to increase awareness on the changes made to the *Workers' Compensation and Injury Management Act 1981*, which commenced on 14 November 2005. The campaign was executed in two phases, the first phase for three weeks between 11 September and 2 October 2005, and the second phase for two weeks between the 14 to 28 November 2005. The campaign was a combination of:

- Print media in newspapers and union journals (The West Australian, The Sunday Times, The Farm Weekly and regional newspapers);
- Radio advertising (HotFM Network, WAFM, Geraldton 96.5 FM, 96.1 FM, 94.5 FM); and
- Direct mail to workers with open workers' compensation claims.

An evaluation of the effectiveness of the awareness campaign via a random stratified telephone survey of 400 stakeholders occurred, specifically employers, injured workers and medical practitioners. The purpose of the survey was to determine awareness of the changes made to the *Workers' Compensation and Injury Management Act 1981*, and recall of advertising (print, radio, direct mail) amongst each of the stakeholder groups. The results demonstrated:

- Over half (55.3%) of all respondents were aware of the changes to workers' compensations laws in 2005. This level of awareness varied on the basis of stakeholder group with higher levels of medical practitioners (59.6%) and workers (58.4%) being aware of recent changes than employers (52.6%).
- Just under half (41.8%) of all respondents recalled having received/viewed/heard some information from WorkCover WA in the five months prior to the survey. On a stakeholder group basis the results were relatively similar, with only small variations from group to group.
- The WorkCover WA advertising campaign resulted in the achievement of awareness rates across its target groups. It is expected that these results may be due to the very targeted nature of the recipient groups, as well as the simplicity of the message.

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 seventh 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 Service Plan

The agency's disability service 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 continued to build on access improvements as a means to remove or limit the barriers impacting on people with disabilities.

In accordance with the requirements of the amended *Disability Services Act 1993*, WorkCover WA's achievements for 2005-06 are reported against the following six new outcomes:

- People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
- People with disabilities have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
- People with disabilities receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
- People with disabilities receive the same level and quality of service from the staff of the relevant public authority.
- People with disabilities have the same opportunities as other people to make complaints to the relevant public authority.
- People with disabilities have the same opportunities as other people to participate in any public consultation by the relevant public authority.

WorkCover WA's key disability service plan initiatives and activities in 2005-06 were:

- Reviewed and developed the 2006-07 Disability Service Plan.
- Ensured accessible venues were utilised for the launch and closing function of Injury Management Week as well as for WorkCover WA information and education sessions held throughout the year.
- Ensured, where appropriate, that contracts for services incorporated a requirement to meet recognised accessibility standards.
- Arranged for a number of staff to attend a course on mentoring co-workers with a disability.
- Improved accessibility and upgraded facilities at the Shenton Park premise as part of the major renovations to the building. Accessibility improvements included dual level reception and concierge desks; handles on doors were set at the appropriate level and doors in public areas utilise upright bar handle; public accessibility toilets were upgraded and modified; the court room was built incorporating accessibility requirements; and new staff workstation were designed to meet accessibility standards.
- Implemented WorkCover WA's customer feedback system. In developing the system, consideration was given to ensuring it was accessible to people with disabilities in that they have access to a variety of methods in which they could make a complaint, compliment, or suggestion about the services and facilities of the agency. In particular, direct assistance is available, if required, from a WorkCover WA staff member to assist people in submitting feedback.

Additionally, the majority of WorkCover WA publications are produced in formats that enable electronic enhancement of documents for visually impaired customers. Specifically, WorkCover WA advertises, to hearing impaired persons, 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. 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.

WorkCover WA's key language and cultural diversity initiatives and activities in 2005-06 were:

- Translated the worker, employer and dispute resolution brochures into five new languages: Chinese, Serbian, Italian, Vietnamese and Croatian. During 2005-06, a greater number of brochures were available in languages other than English than in prior years. This reflects WorkCover WA's recognition of the diverse population within Western Australia.
- Used interpreter services on 164 occasions primarily at the Dispute Resolution 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 was slightly lower than the previous year.

Brochures in languages other than English are available on WorkCover WA's internet site at www.workcover.wa.gov.au under the Information section.

Regional Services

WorkCover WA is committed to providing services to regional communities. Activities undertaken to support this commitment during 2005-06 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 a three day visit to Kalgoorlie to audit nine approved audiometric testers to assess relevant documentation and ensure tests were being conducted in accordance with the approved procedures.
- Conducted a compliance visit to Carnarvon from 22 to 26 May 2006 to maximise the education activities undertaken in late 2005. The trip provided the opportunity for WorkCover WA to maintain a regional presence with workers and employers and provide information on the workers' compensation scheme.

The focus of the regional trip was targeted to inspect:

- the fruit growing industry to ensure they complied with the legislation
 - a sample of employers with workers' compensation claims which had been open from 14 November 2005 against their injury management and return to work obligations
 - new businesses in Carnarvon registered with Department of Consumer and Employment Protection primarily using a desktop inspection process. The program conducted 510 desktop inspections and 79 field inspections. Of these inspections three cases were under investigation at the end of the year to establish if employers breached the legislation.
- Delivered training and information seminars to a number of targeted regional areas including Albany and Narrogin. Seminars delivered to injured workers, employers and medical practitioners, were very well attended and the feedback received was excellent.
 - Convened two review or arbitration hearings at country locations by the Dispute Resolution Directorate. The Dispute Resolution Directorate introduced video-conferencing facilities and services to parties living in regional areas. Where required, dispute resolution hearings are convened in regional areas. Hearing involving country workers are, where possible, convened via telephone conference, but in appropriate cases arbitrators conduct hearings in country locations. In addition, information relating to the dispute resolution process is available on-line, resulting in greater accessibility to people living in regional areas.

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 2005-06, 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 during 2005-06 were:

- Approved one new audiometric officer from Christmas Island in September 2005 and dealt with noise induced hearing loss enquiries.
- Registered three Memorandum of Agreement (Memorandums of Agreements are registered when parties agree to settle a claim for compensation).
- Resolved two disputes involving parties from the Indian Ocean Territories.
- 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.

APPENDIX 6: 2005 LEGISLATIVE DEVELOPMENTS

Introduction

The Government adopted a two-stage introduction of the *Workers' Compensation Reform Act 2004* (Reform Act). The first stage of the reforms came into effect on 4 January 2005 with the balance of the reforms then taking effect on 14 November 2005. The second stage reforms included significant changes to the dispute resolution system and common law, the introduction of a framework for injury management and new provisions to address the unintended consequences associated with working director provisions in the Reform Act. The intent of the legislative reforms, which amended the *Workers' Compensation and Injury Management Act 1981* was to:

- restore fairness balance and certainty for the scheme
- adequately compensate injured workers and assist them return to work
- provide certainty for employers and achieve a stable premium rating system
- contain the cost of the reforms within the recommended premium rate target range of 2.4 – 2.7%.

Stage 2 of the Reforms – 14 November 2005

The provisions of the Reform Act implemented on 14 November 2005 were:

- further increases in statutory benefits
- implementation of a new dispute resolution system
- introduction of an improved injury management framework
- changes to access limits for common law action.

The legislative reforms were intended to create a framework for achieving a better balance between the statutory and common law systems and ensure the statutory system presented a viable option for injured workers. Emphasis was placed on ensuring injured workers are adequately compensated in the statutory system, rather than taking marginal claims into the common law system, resulting in delays and legal costs for all parties. Particular emphasis was placed on those workers at the lower end of the disability threshold who may have chosen to remain in the statutory system rather than pursue common law.

The intent of the legislative reforms was to create a fairer statutory system that provided real choice for workers as an alternative to common law. Greater parity of statutory benefits with other Australian workers' compensation jurisdictions was also achieved. To ensure more injured workers received weekly compensation benefits similar to their pre-injury earnings, the cap on weekly earnings was increased. The reforms were intended to create a better balance between the improved statutory and common law systems and to ensure injured workers with a permanent total incapacity are adequately compensated for the seriousness of their incapacity.

Statutory Benefits

From 14 November 2005, extensions of the Prescribed Amount and of medical and related benefits changed, as did death benefits for dependants of a deceased worker. The notification timeframe for use of medical and related benefits also changed. Schedule 2, the table used to calculate lump sum entitlements for permanent loss of function, was overhauled. Workers who meet an exception circumstances test and has a whole person impairment of not less than 15%, may apply for additional medical and related expenses, which are capped at \$250 000.

Dispute Resolution

Changes to the dispute resolution system were designed to address concerns relating to the timeliness and responsiveness of the previous arrangements and the inequities for injured workers associated with the exclusion of legal practitioners. The changes to dispute resolution places focus on the early and cost effective resolution of disputes through the restructuring of the dispute resolution process to ensure the timely submission of supporting documentation and the resolution of disputes by arbitrators. The legal practitioners were also reintroduced into the dispute resolution system.

Injury Management

Existing injury management processes were strengthened by formalising in legislation important aspects of injury management. Return to work is the fundamental objective of workers' compensation and the changes to legislation shifted the focus to a strong emphasis on workplace based injury management with return to work as an identified outcome. Mechanisms were introduced to facilitate early identification and intervention strategies for injured workers to assist in their return to work.

Impairment Assessment

The new impairment methodology of assessing injured workers' injuries provides for a more transparent, fair, objective and consistent method of assessment that ensures certainty for injured workers as to their level of permanent impairment and the options available to them in the workers' compensation scheme.

Medical practitioners that have been trained in the application of the *WorkCover WA Guides for the Evaluation of Permanent Impairment* and the *American Medical Association's Guides to the Evaluation of Permanent Impairment (5th Edition)* are eligible to be designated as Approved Medical Specialists. Approved Medical Specialists assess impairment which provides the basis for the threshold requirements to access common law, extension of medical payments under section 18A, Specialised Retraining Programs, Schedule 2 and extension of weekly payments.

Specialised Retraining Programs

Specialised Retraining Programs were introduced to assist the small number of injured workers with not less than 10% Whole Person Impairment and less than 15% Whole Person Impairment who have exhausted all avenues in an attempt to return to work and are not eligible to access the common law system. Those injured workers that meet the criteria have an opportunity to enter into a Specialised Retraining Program for formal vocational training or tertiary or technical study of less than three years duration. Specialised Retraining Programs provide injured workers that are unable to return to their pre-injury employment as a result of their work-related injury with the opportunity to re-direct their career path through the development of new skills and to obtain new employment.

Common Law

Changes to common law have improved the choice available to injured workers and provided certainty in relation to access. The complexity of the previous common law thresholds were reduced and the impairment assessment now used to access common law will address the subjectivity of the previous method of disability assessment. The pressure on injured workers to elect to seek common law have been reduced by increasing the amount of time available to elect from 6 to 12 weeks with possible further extensions, enabling injured workers time for their condition to stabilise and allow them to make an informed decision as to their desire to pursue common law damages.

Working Directors

Changes to working director provisions provide greater certainty for companies who actively choose to cover working directors for workers' compensation. These changes were effective from 14 November 2005, with the definition of 'working director' superseding the definition of 'worker' contained in section 5 of the *Workers' Compensation and Injury Management Act 1981*. The changes provide a mechanism for resolving disputes as to whether a working director is a 'worker' under the *Workers' Compensation and Injury Management Act 1981* before a policy of insurance is issued. The legislative changes also ensure all employers insure their workers for workers' compensation, regardless of whether they enter into an 'avoidance arrangement' to minimise their statutory obligations.

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 7: GOVERNANCE FRAMEWORK

WorkCover WA's governance framework supports the achievement of our strategic direction and operational priorities through sound direction setting, planning, decision-making and risk management.

Strategic Planning and Performance Framework

The strategic planning and performance management framework integrates strategic, business and divisional planning processes through a performance management framework. The framework combines the agency's strategic intent and business priorities with enabling strategies such as people management, collaboration with stakeholders, research and evaluation, risk management and information technology. Key elements of WorkCover WA's strategic planning framework are presented below in figure 12.



Figure 12: WorkCover WA's strategic planning and performance framework

Corporate Governance Framework

WorkCover WA's corporate governance framework is geared towards ensuring and improving the efficient use of resources, compliance with statutory and other external requirements and achieving sound administrative and financial management practice. In essence, corporate governance at WorkCover WA encompasses the manner in which the authority is led, managed and governed at all levels to achieve strategic directions and operational objectives. Sound corporate governance practice ensures accountability and performance by the agency. WorkCover WA has adopted corporate governance practices that comply with contemporary best practice guidelines focusing on both compliance and performance.

Plans

Planning is a critical element of good governance. The planning phase comprises of the Board's strategic development, corporate and business planning, the budget planning cycle and employee development. Staff participation and input into the 2005-06 business planning process was a key factor in implementing the Board's strategic direction. All divisions in the agency, implemented business plans in 2005-06. Divisional Heads, in consultation with employees, were responsible for developing, implementing and reporting on the achievement of strategies designed to progress corporate objectives and policies. Progress against proposed strategies is reported on and reviewed biannually. Good progress was made against all business plans in 2005-06.

Business and divisional plans outline deliverables at all levels to support the achievement of WorkCover WA's strategic direction and the deliver of our outcomes and services. The Corporate Executive is accountable for performance against commitments in divisional plans. Individual performance and development plans provide clarity for people in their work and include indicators to track progress against work requirements and identify learning and development needs and career goals.

Performance and Review

The strategic initiatives and business plan priorities were reviewed continuously, informed by social and economic trends and Government policies and strategies. Financial and non-financial performance was monitored monthly by the Board and Corporate Executive. Divisions regularly report to the Corporate Executive outlining the status and progress of projects and organisational priorities. A reinvigorated personal performance system was developed in 2005-06 to support the business planning process.

Risk Management Framework

WorkCover WA's risk management policy aims to systematically devise, implement and improve risk management practices and decision-making. WorkCover WA's governance is underpinned by the risk management plan. WorkCover WA's approach to risk management identifies risks associated with the agency's business objectives. Risks are considered at both the strategic and operational level. In particular, how they relate to strategic and business planning processes. During 2005-06, strategic risks were identified through the WorkCover WA Board's strategic development process, as well as forming part of the Audit Committee's internal audit program.

WorkCover WA's risk management practices are directed particularly towards compliance or governance, occupational health and safety, human resources, conservation of resources, financial management, information technology management and asset management. Both strategic and operational risks were examined regularly by the Board and Corporate Executive, to ensure that corrective action, if needed, is timely, efficient and cost-effective. During 2005-06, a revised risk management system was integrated into business planning processes.

Fraud and Corruption Prevention Framework

WorkCover WA has commenced development of a comprehensive fraud and corruption prevention framework. The framework is an important strategic document that links with our risk management framework and draws together all fraud and corruption prevention and detection initiatives that have been adopted by WorkCover WA, into one consolidated plan. It is anticipated this framework will be reviewed regularly to take account of any relevant changes in our environment. Further information on WorkCover WA's compliance with the Government's corruption prevention strategic is included under the Accountability Framework section of this report.

APPENDIX 8: INDUSTRIAL DISEASE MEDICAL PANEL

The Industrial Disease 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.

Membership of the Industrial Disease Medical Panel

Panel Members during 2005-06 were:

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

Industrial Disease Determination Statistics

During 2005-06, the Medical Panel was convened on 29 occasions and 52 determinations were made. The majority of determinations were associated with asbestos exposure at work. The number of claims reduced in 2005-06 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

	2003-04	2004-05	2005-06
Number of Determinations – Disease present with a level of impairment >0%			
Pneumoconiosis	27	23	13
Mesothelioma	29	27	19
Lung Cancer	11	9	4
Pneumoconiosis and Lung Cancer	1	1	2
Pneumoconiosis and Mesothelioma	0	0	2
Sub-Total	68	60	40
Determinations – Disease not present or Disease present but a 0% level of impairment	11	7	12
Total	79	67	52
Number of Applications			
Reviewed	7	5	13
New	72	62	39
Total	79	67	52
Number of Determinations under Section 93D			
Pneumoconiosis	1	0	0
Pneumoconiosis and Lung Cancer	1	0	0
Lung Cancer	0	0	0
Mesothelioma	0	0	0
Total	2	0	0

APPENDIX 9: 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 or amended publications during the year.

General

<i>Brochures:</i> Working Directors and Avoidance Arrangements A Guide to Common Law A Guide to Dispute Resolution A Guide to Noise Induced Hearing Loss Approved Medical Specialists - A Guide for Doctors Approved Medical Specialists - A Guide for Workers Exceptional Circumstances Medical Payments Specialised Retraining Programs Workers' Compensation and Injury Management: Important Information for Employers Workers' Compensation and Injury Management: Important Information for Workers	New Publications
<i>Injury Management:</i> Workers' Compensation Code of Practice (Injury Management) 2005 Guidance Notes to Accompany the Code of Practice (Injury Management) Injury Management Templates	New Publications and Templates
<i>Publications in other Languages:</i> Chinese, Serbian, Italian, Vietnamese and Croatian Workers' Compensation and Injury Management: Important Information for Employers Workers' Compensation and Injury Management: Important Information for Workers A Guide to Resolving Disputes	New Language Publications
New Directions Brochure	Amended Publication
<i>Fact Sheets:</i> Cross Border Provisions How do I manage injuries in the workplace? How do I take out workers' compensation insurance? The claims process Who covers my interstate and overseas workers? Who do I need to cover? Working Directors and Avoidance Arrangements	New Fact Sheets
Forms – dispute resolution and approved medical specialists.	New Forms
Workers' compensation claim form (2B)	Amended Forms

Statistical and Actuarial Reports

Workers' Compensation Statistical Report 2004-05	New Publication
Actuarial Assessment of Recommended Premium Rates: Executive Summary and Full Report: 2006-07	New Publication
Consolidated WC11 (Statement of Wages and Claims): 2004-05	New Publication

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

Quality Assurance Standards	Amended Publications
Application Package for Approved Vocational Rehabilitation Providers	Amended Publications
Service Delivery Manual for Approved Vocational Rehabilitation Providers	Amended Publications
Q1 Specification Version 1-4-7	Amended Publications

Corporate Information

Annual Report 2004-05	New Publication
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APPENDIX 11: FEEDBACK FORM

WorkCover WA is interested in your feedback and comments on the 2005-06 Annual Report. Your feedback will assist us in improving the content of future reports, ensuring it is more informative to readers.

1. The report is of particular interest to you.

Strongly Agree Agree Disagree Strongly Disagree

2. The format of the report enabled easy access to matters of particular interest to you.

Strongly Agree Agree Disagree Strongly Disagree

3. The report effectively details the work and results of WorkCover WA.

Strongly Agree Agree Disagree Strongly Disagree

4. The report is easy to understand.

Strongly Agree Agree Disagree Strongly Disagree

5. Overall, how would you rate the 2005-06 Annual Report?

Excellent Good Average Poor

6. In what ways do you think the Annual Report could be improved?

6. Do you have any additional comments you wish to make?

Please identify the type of the customer group to which you belong:

Worker Medical Practitioner Government Researcher
 Employer Professional Association Service Provider Other

This form can be completed can be returned to:
 Manager Corporate Accountability, WorkCover Western Australia
 POST: 2 Bedbrook Place, SHENTON PARK WA 6008
 FAX: (08) 9388 5550 **OR** EMAIL: postmaster@workcover.wa.gov.au

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