



2007 Annual Report

Report to the Parliament of Western Australia



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This publication is available in alternative formats on request.

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WorkCover Western Australia Authority Annual Report 2006-2007

Published by the Western Australian Government

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WorkCover WA website

www.workcover.wa.gov.au



Letter of transmittal

To the Hon Michelle Roberts BA DipEd MLA
Minister for Employment Protection



Hon. Michelle Roberts BA DipEd MLA

In accordance with section 61 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the WorkCover Western Australia Authority for the financial year ending 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

Greg Joyce
Chairman
WorkCover Western Australia Authority
28 August 2007

Adrian Warner
Chief Executive Officer
WorkCover Western Australia Authority
28 August 2007

In accordance with a resolution of the governing body of the WorkCover Western Australia Authority on 28 August 2007.

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Overview

Purpose of the Report

This Annual Report, in satisfying the requirements of section 61 of the *Financial Management Act 2006*, provides Parliament and the public of Western Australia with an account of the WorkCover Western Australia Authority's performance in the 2006-07 financial year.

Guide to the Report

The WorkCover WA Annual Report for 2006-07 presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2007.

Guide to Sections

The Overview section outlines WorkCover WA's achievements during the year, a joint report by the Chairman and the Chief Executive Officer, an outlook for the coming year, the agency's profile and its operational environment, and its corporate governance arrangements.

The Agency Performance section contains information about the delivery of its outcomes and services within the Government Strategic Framework.

The Significant Issues and Trends section contains information on the current and emerging issues and trends impacting on WorkCover WA's operating environment.

The Disclosures and Legal Compliance section contains the Financial Statements, Key Performance Indicators, 'Other Financial Disclosures', 'Governance Disclosures', and information on WorkCover WA's performance against government policy requirements.

The Appendices section contains statistical information and corporate information.

Overview

Scheme Snapshot

➤ Total workers' compensation premiums paid	\$704.1m
➤ Average recommended premium rate for 2007-08	1.85% of Payroll
➤ Highest rate by industry	8.51% of payroll (Bricklaying Services)
➤ Lowest rate by industry	0.40% of payroll (Various)
➤ Total workers' compensation payments	\$480.2m
➤ Compensation paid to workers	\$306.3m
➤ Payments to medical and allied services	\$122.3m
➤ Other payments made	\$51.6m
➤ New workers' compensation disputes lodged	2,103
➤ Workers' compensation disputes resolved	2,168



Overview

Chairman's and Chief Executive Officer's Report

We are pleased to report on WorkCover WA's performance for 2006-07.

Western Australia's workers' compensation scheme is in a healthy state. The past year has seen the number of claim lodgements remain stable, while claim costs have grown in line with increases in weekly payment entitlements and continuing rises in medical and hospital costs. Recommended premium rates are at their lowest level ever in WA and for the first time the average recommended rate has fallen below two per cent. This result continues the trend of recent years of decreasing premium rates and a stable workers' compensation scheme.

WorkCover WA has continued its efforts in improving relationships with our stakeholders as we continue to enhance our services to deliver to the needs of injured workers and employers in Western Australia. Highlights for the year include:

- **Injury Management**

A major initiative that commenced in the second half of the year is our Injury Management program. This three-year program will increase the awareness and practice of injury management, improve the level of compliance with the legislation and support return-to-work outcomes. We look forward to our Injury Management Conference on 16-17 October 2007, which will showcase leading edge evidence-based solutions for injury management and return-to-work programs in the workplace.

- **Inter-agency Cooperation**

WorkCover WA has strengthened its working relationship with the Department of Consumer and Employment Protection (DOCEP) through our participation in WorkSafe's annual forums and with DOCEP's Labour Relations inspectors now authorised as WorkCover WA inspectors to check whether businesses have appropriate worker's compensation insurance and injury management systems. This cooperation with DOCEP reduces the regulatory impact on businesses and allows WorkCover WA's resources to focus on more complex investigations and compliance enquiries.

- **'Have Your Say' Survey**

During the year, WorkCover WA developed the *Have Your Say* survey, which provided information relative to the effectiveness of return-to-work programs and workers' experience with the workers' compensation system. With nearly 3,700 questionnaires received, the information will be invaluable in helping to identify strategies to help provide a better and more supportive scheme to those injured at work.

- **Scheme Update Seminars**

These seminars were first held in April 2007 and attended by over 120 stakeholders. The seminars were an opportunity to provide stakeholders with an update on the current health of the workers' compensation scheme and WorkCover WA's key projects and initiatives.

Overview

▪ **Technical Training**

WorkCover WA commenced its very popular Technical Training Advanced Applications workshops in May 2007. The workshops provide a learning opportunity for workers' compensation stakeholders including Approved Vocational Rehabilitation Providers, Insurers, Self-Insurers, Employers, Medical Practitioners and Allied Health Practitioners to further advance their knowledge and application of the workers' compensation legislation when managing workers' compensation claims.

▪ **Dispute Resolution Directorate DVD**

During December 2006 WorkCover WA launched a DVD and a brochure to assist injured workers, employers and others in understanding the dispute resolution process. Over 1,700 copies have been distributed to stakeholders and the DVD is also readily available on the WorkCover WA website.

▪ **Approved Medical Specialist training**

WorkCover WA facilitated the training of approved medical specialists with nine medical practitioners successfully completing the accreditation training held in conjunction with WorkCover NSW during the last year. With only accredited approved medical specialists able to evaluate the permanent impairment of injured workers, this continuing training facility will see a more efficient workers' compensation system for injured workers.

▪ **Evaluation of Reforms**

An important undertaking that commenced during the past year is our evaluation of the 2005 legislation reforms which were designed to create a framework for achieving a better balance between the statutory and common law systems and ensure the statutory system presents a viable option for injured workers.

▪ **New Website**

WorkCover WA's website and corporate identity were revitalised during the year to underline our commitment to improving and developing stakeholder relationships. The website has been made more accessible and now has more detailed information.

WorkCover WA has continued to work with and liaise with Commonwealth and State forums to promote the harmonisation of workers' compensation arrangements throughout Australia and New Zealand in the areas of policy and legislative matters, market regulation and scheme administration.

A milestone was achieved in December 2006 when all staff were consolidated into our Shenton Park office. As part of the process of aligning people with performance, WorkCover WA continued its commitment to its staff by making a major investment in training and development opportunities through the introduction of Performance Development Agreements and our Frontline Management and LEAP leadership programs.

We would like to offer a special thank you to all of the staff of WorkCover WA who have maintained a high standard of work and commitment during a challenging year.



Overview

We would like to take this opportunity to thank our fellow Board members for their contribution and support throughout the year and would like to wish Mr Daryl Cameron all the best in his retirement following many years of valuable service as a member of both the WorkCover WA Authority and the previous Workers' Compensation and Rehabilitation Commission.

We would also like to thank our Minister, Hon Michelle Roberts BA DipEd MLA who assumed the Ministerial portfolio in March 2007 and her predecessor Hon John Bowler JP MLA.

Greg Joyce

Chairman

28 August 2007

Adrian Warner

Chief Executive Officer

28 August 2007

Overview

Achievement of 2005-06 Commitments

In the *2005-06 Annual Report*, the following were identified as the focus for the 2006-07 year:

Evaluating the legislative reforms

During 2006-07, WorkCover WA prepared a report on the evaluation of the Workers' Compensation 2005 legislative reforms. Feedback was sought from stakeholders with regard to the efficacy of the reforms and 23 stakeholders provided submissions. Stakeholder responses have served to highlight areas of reform that require further refinement, particularly in relation to dispute resolution.

Implementing an evaluation framework for the dispute resolution process

Significant progress has been made in developing an evaluation framework, including:

- A review of existing data collection processes and implementation of improved technology
- A review of strategies for improved dissemination of information to interested parties
- The development, documentation and implementation of procedures for new performance indicators
- Assessment of reporting requirements and the development of tailored reports.

Developing partnerships with other organisations

Relationship building to support the introduction of a strategic stakeholder engagement framework has progressed well. A comprehensive framework is being developed for introduction in September 2007.

Maintaining a compliance focus along with information and educational initiatives

As part of a continued compliance focus, WorkCover WA undertook 24,081 inspections, in which 1,818 breaches were identified and rectified in respect to employers maintaining a current workers' compensation policy. There were also 2,734 requests from insurers to cancel an employer's workers' compensation policy of insurance processed. Three matters had prosecution action completed and three additional matters were referred for prosecution during the year.

In addition, Advisory Services responded to 25,195 inquiries relating to all aspects of workers' compensation and injury management.



Overview

Further developing capacity for investigation into scheme performance

During 2006-07, WorkCover WA invested in new technology and training to further develop its data analysis capabilities. A series of high level performance reports were developed and published on the WorkCover WA website. The enhanced use of data for research and policy development will continue to be a focus in coming years.

Ensuring that high quality and timely advice can be given to the Minister

By monitoring the developments at a national policy level, WorkCover WA is able to provide high quality advice to the Minister. We continue to participate fully in the national policy development process related to workers' compensation. While WorkCover WA participated directly in the key forum of the Heads of Workers' Compensation Authorities (HWCA), significant resources were also applied to relevant work of the Australian Safety and Compensation Council (ASCC), Council of Australian Governments (COAG) and the Council for the Australian Federation (CAF). During 2006-07, WorkCover WA was instrumental in the formation of the Risk States Group of privately underwritten workers' compensation schemes, which will pursue collaborative projects of common interest.

Continuing a leadership and management program

A key part of WorkCover WA's 2006-07 Business Plan was the implementation of a corporate governance program to support the Board, and the design and implementation of a leadership and management development program. These programs are continuing in 2007-08.

Outlook for 2007-08

Strategic Objectives

During 2006-07, WorkCover WA undertook a review of its strategic direction. The review, based on a broad-based environmental scan, determined that there were seven strategic objectives that warranted the focus of the organisation in 2007-08. These issues are:

- Engaging in the national policy debate
- Driving legislative change for improved scheme and WorkCover effectiveness
- Embedding a systematic approach to stakeholder engagement
- Increasing WorkCover WA's regulatory influence
- Using information for strategic benefit and improving insight into scheme health
- Resolving disputes in a timely, consistent and cost-effective manner
- Aligning efforts to organisational objectives and creating an environment where we retain, attract and develop our people.



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Strategic Initiatives for 2006-07

In order to meet these overarching objectives, 11 strategic initiatives have been identified. Each of these initiatives addresses one or more of the strategic objectives. They include:

- Conducting a legislative review and development program, which will involve reviewing the workers' compensation legislation
- Enabling stakeholder access to performance data through the installation and piloting of new software
- Commencing an injury management program, comprising a series of interconnected strategies over a three-year period
- Developing and implementing a new compliance model, which will lead to improved compliance and greater community awareness of workers' compensation entitlements, rights and responsibilities
- Reviewing and implementing new business practices in the Dispute Resolution Directorate, intended to improve administrative support processes
- Developing a central Dispute Resolution Directorate data management system, which will lead to improved data capabilities
- Reviewing and assessing viability of an e-lodgement system for dispute resolution, while maintaining the ability to file paper documents
- Integrating management systems within WorkCover WA, to align planning, reporting, reviewing and risk management processes
- Implementing leadership and management development programs to improve retention of staff
- Embedding of WorkCover WA's strategic direction, mission and core business into planning and business processes
- Implementing an information technology transformation project that will close the gaps between business and information technology (IT).



Overview

Agency Profile

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.

Who We Are

The WorkCover Western Australia Authority was established on 4 January 2005 and is constituted under section 94(1) of the *Workers' Compensation and Injury Management Act 1981*. It replaced the former Workers' Compensation and Rehabilitation Commission. WorkCover Western Australia Authority is also known as WorkCover Western Australia, WorkCover WA and WorkCover. In this annual report, the name WorkCover WA is used.

Responsible Minister

The Hon Michelle Roberts BA DipEd MLA, Minister for Employment Protection became the Minister responsible for WorkCover WA in March 2007, replacing the previous Minister, the Hon John Bowler JP MLA.

Our Role

WorkCover WA's role is that of a market regulator and provider of dispute resolution services through the Dispute Resolution Directorate.

WorkCover WA achieves this through the effective regulation and administration of the *Workers' Compensation and Injury Management Act 1981*, provision of quality policy advice to government and maintenance of excellent stakeholder relationships.

To ensure the State's workers' compensation and injury management scheme operates effectively for the people of Western Australia, WorkCover WA:

- provides education and training services
- provides advisory and assistance services
- provides policy advice to government and publishes scheme performance information
- undertakes licensing and accreditation of scheme participants
- undertakes certification and setting of standards, and monitors performance against standards

Overview

- monitors compliance with the Act by scheme participants and enforces breaches of the Act
- promotes the injury management and vocational rehabilitation of injured workers to help them successfully return to work
- undertakes research and provides statistics in the areas of rehabilitation, injury prevention and noise induced hearing loss
- monitors compliance with the *Workers' Compensation and Injury Management Act 1981* to ensure employers are insured for workers' compensation to their full liability
- regulates and monitors the performance of service providers (eg insurers, self-insurers, approved vocational rehabilitation providers, registered agents) to ensure they deliver an appropriate standard of service to workers and employers
- ensures all workers employed in a prescribed noisy workplace have hearing tests
- provides a dispute resolution service to resolve disputed workers' compensation matters
- registers agreements where parties agree to settle a claim for compensation or determination of the level of a worker's impairment prior to civil action.

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.

Our Location

WorkCover WA is located at 2 Bedbrook Place, Shenton Park. WorkCover WA can be contacted by telephone on (08) 9388 5555 or TTY (telephone typewriter) (08) 9388 5537, facsimile (08) 9388 5550 or email postmaster@workcover.wa.gov.au.



Overview

Legislation and Regulations Administered

WorkCover WA administers the following legislation and Rules:

- *Workers' Compensation and Injury Management Act 1981*
- Workers' Compensation and Injury Management Regulations 1982
- Workers' Compensation Code of Practice (Injury Management) 2005
- Workers' Compensation and Injury Management (Scales of Fees) Regulations 1998
- Workers' Compensation (Legal Practitioners and Registered Agents) (DRD) Costs Determination 2005
- *Employers' Indemnity Supplementation Fund Act 1980*
- Employers' Indemnity Supplementation Fund Regulations 2001
- *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001*
- Workers' Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Regulations 2002
- *Workers' Compensation (Common Law Proceedings) Act 2004*
- *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986*
- *Employers' Indemnity Policies (Premium Rates) Act 1990*
- Workers' Compensation (DRD) Rules 2005
- WorkCover WA Guides.

Other Key Legislation impacting on WorkCover WA's Activities

During 2006-07, WorkCover WA complied with the following relevant written laws:

- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Electronic Transactions Act 2003*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Employees' Superannuation Act 1987*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Minimum Conditions of Employment Act 1993*
- *A New Tax System (Fringe Benefits Reporting) Act 1999 (Cwth)*
- *A New Tax System (Goods and Services Tax) Act 1999 (Cwth)*
- *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*
- *Superannuation Act 2000*
- *State Supply Commission Act 1991*
- *State Records Act 2000*

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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*

Changes to Written Laws

During 2006-07, the following changes to written laws administered by WorkCover WA occurred:

- *Clause 17AE*, which prescribes an amount for funeral expenses, was inserted to the *Workers' Compensation and Injury Management Regulations 1982* on 4 August 2006.
- Consequential amendments to the *Workers' Compensation and Injury Management Act 1981*, introduced by the *Financial Legislation Amendment and Repeal Bill 2006*.



Overview

Performance Overview

Service Delivery Activities

WorkCover WA delivers a number of services to support achievement of its agency outcomes. In each case, units of output are used as a measure of service delivery. Past and current years' results for the services delivered by the agency are shown below.

Organisational performance

Service 1: Scheme regulation

% Employers to hold policies following inspection:

- New business	83%	96%	96%
- Lapsed cases	67%	n/a ¹	n/a ¹
- Targeted	92%	94%	97%
- New owners	98%	n/a ¹	n/a ¹

Inspections conducted:

24,081	19,516	24,544
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% Service providers that achieved accreditation standards:

- Insurers	100%	100%	100%
- Self-insurers	100%	100%	100%
- Vocational rehabilitation providers	100%	100%	100%
- Approved air conduction testers	90%	89%	83%

Service providers monitored:

450	n/a ²	n/a ²
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Service 2: Scheme services

% Disputes resolved at Conciliation:

80%	77%	82%
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% Disputes resolved within 12 weeks:

31%	59%	64%
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Disputes lodged:

2,103	1,647	2,312
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Disputes resolved:

2,168	1,766	2,423
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Agreements registered:

3,760	3,992	4,003
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Cost to resolve a dispute:

\$3,723	\$4,126	\$2,614
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Cost to register an agreement:

\$469	\$712	\$698
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Enquiries answered:

25,195	25,571	27,724
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Cost per customer contact:

\$73	\$83	\$71
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¹ Changes to categories for inspections has made figures from past years not comparable. The categories reported here will form the basis of future reporting and thus comparisons will be available from 2007-08.

² The basis of providers monitored has changed and previous figures are not comparable. The categories reported here will form the basis of future reporting and thus comparisons will be available from 2007-08.

Overview

Operational Structure

In 2006-07, a redefined organisational structure was implemented to support 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 its strategic direction; provides a greater clarity of purpose for the agency; and builds organisational effectiveness, particularly capacity around our core business. The organisational structure at 30 June 2007 is provided in figure 1.

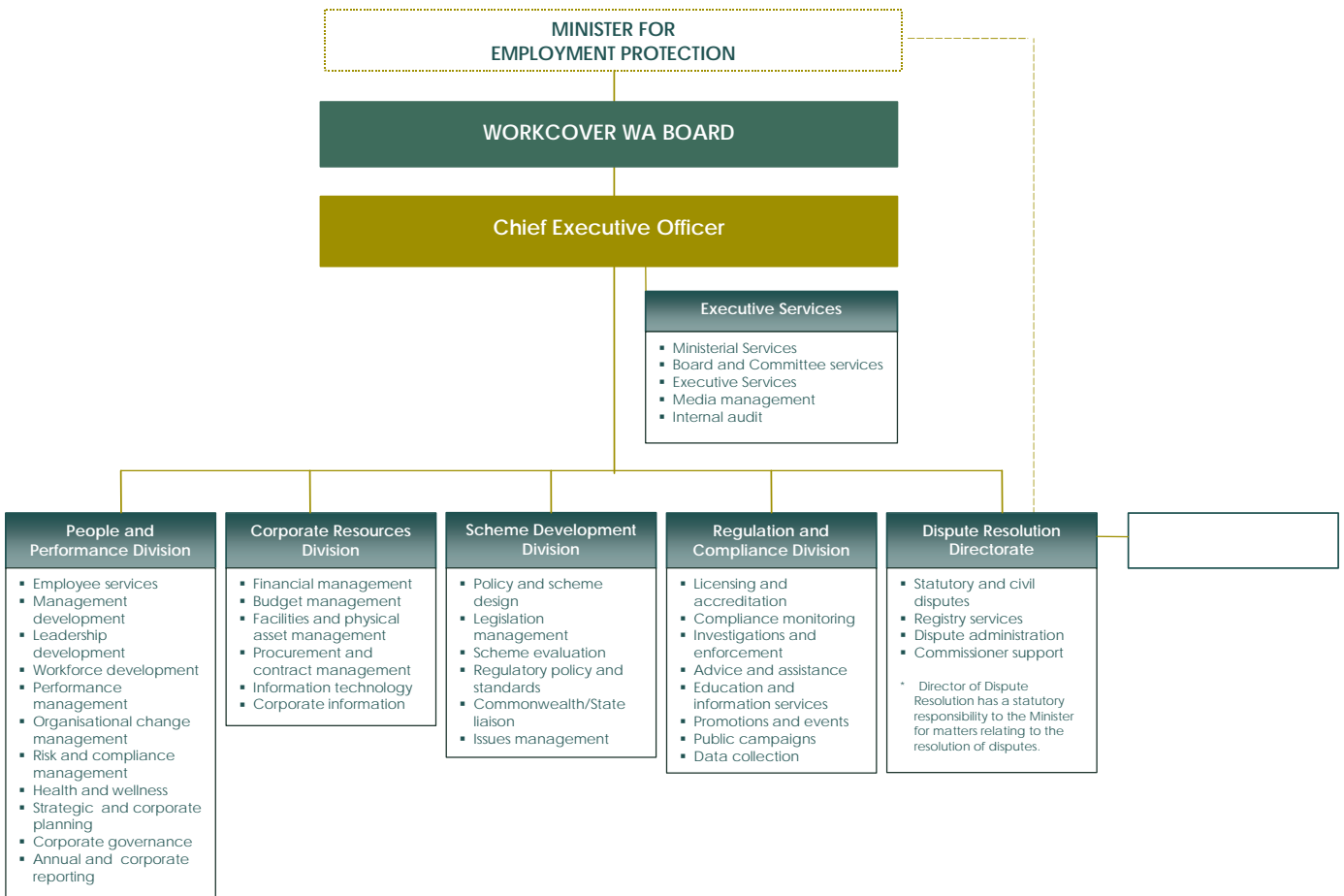


Figure 1: WorkCover WA Organisational Structure



Overview

Corporate Governance

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*, replacing the former Workers' Compensation and Rehabilitation Commission.

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 governance responsibilities include the setting of strategic direction; 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 staff of WorkCover WA are employed under the provisions of the *Public Sector Management Act 1994*.

Authority and Funding

Funding for WorkCover WA's activities is provided via an annual levy on workers' compensation premiums paid by employers and by a direct levy on employers who are approved to self-insure by WorkCover WA.

Overview

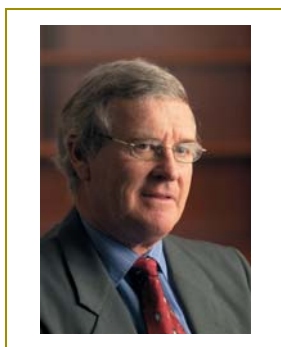
Board Membership

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 WorkCover WA's Board 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, but no such appointment has been made. 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 a law degree from the University of Western Australia and is qualified to practice as a Barrister and Solicitor in Western Australia.

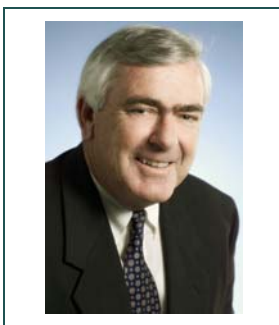
Members



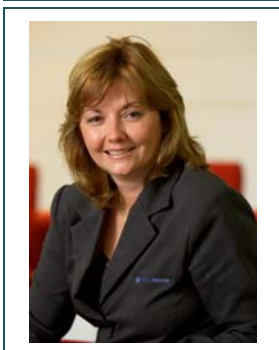
Mr Adrian Warner was appointed as Chief Executive Officer of WorkCover WA from 10 January 2005 and as the Chief Executive he is a member of WorkCover WA's Board. Mr Warner has a Bachelor of Economics degree from the University of Western Australia.



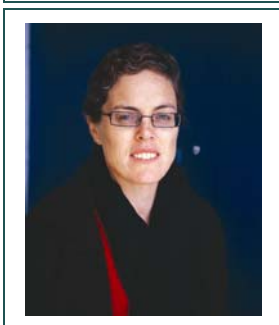
Overview



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.



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' interests and has been the National Health Services Manager with United Group Ltd since 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 13 years, including two years as the Assistant Secretary of UnionsWA. Currently, Ms Freeman works part-time for the Liquor Hospitality and Miscellaneous Union, is a trustee for HESTA Superannuation and in the public sector in women's policy.



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. Until July 2006, 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. He retired from WorkCover WA's Board on 30 June 2007.



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 Manager, Treasury and Investments 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.

Overview

Board Meetings and Member Attendance

The Board met 14 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)	14	14
Ms Lisa Biglin (member)	14	12
Ms Janine Freeman (member)	14	10
Mr Daryl Cameron (member)	14	13
Mrs Victoria Wilmot (member)	14	14
Mr Brian Bradley (member)	14	11
Mr Adrian Warner (member)	14	13

*Mr Daryl Cameron retired from the WorkCover WA Board effective 30 June 2007.

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 also applies 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.

The total amount for the insurance policy, effective from 16 May 2007 to 16 May 2008 was \$27,995 and in accordance with the Board's policy, members of the Board and the Corporate Executive made an individual contribution towards the total premium. The limit of liability on the policy is \$20 million, in line with the accepted industry standard.

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 for the 2006-07 financial year. This amount was reviewed during the year and from 11 July 2007 will be \$27,300 per annum and \$13,700 per annum respectively, backdated to 1 March 2007. In accordance with Government policy, Board members that are public service officers are not entitled to payment.



Overview

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 formal, documented terms 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.

The membership of the Audit Committee and corresponding meeting attendance during the year is provided in Table 2.

Table 2: WorkCover WA Audit Committee membership and attendance

Member	No. of meetings held	No. of meetings attended
Mrs Victoria Wilmot (Chair)	5	5
Mr Greg Joyce	5	5
Mr Brian Bradley	5	4

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.

Overview

The membership of the Corporate Governance Committee and corresponding meeting attendance during the year is provided in Table 3.

Table 3: WorkCover WA Corporate Governance Committee membership and attendance

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chair)	4	4
Mr Daryl Cameron	4	4
Mr Adrian Warner	4	4

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.

The membership of the Medical Committee and corresponding meeting attendance during the year is provided in Table 4.

Table 4: WorkCover WA Medical Committee membership and attendance

Member	No. of meetings held	No. of meetings attended
Ms Janine Freeman (Chair)	6	5
Mr Adrian Warner (member)	6	5
Ms Diane Munrowd (member)	3*	3
Dr Alan Home (member)	6	6
Mr Barrie Slinger (member)	6	6
Dr Trevor Lord (member)	6	5
Dr Heather Campbell (member)	6	6

* Ms Diane Munrowd retired from WorkCover WA and her membership of the Medical Committee on 16 February 2007.

Costs Committee

The Costs Committee is not a Committee of the WorkCover WA Board but acts as an independent Committee reporting directly to the Minister for Employment Protection. It was formally established pursuant to section 269 of the *Workers' Compensation and Injury Management Act 1981* on 14 November 2005. The Costs Committee fixes maximum costs recoverable by legal practitioners and registered agents representing parties appearing before the WorkCover WA Dispute Resolution Directorate (DRD).



Overview

The Costs Committee convened on 7 June 2007 to review the current costs scale and assess submissions received as part of the "Evaluation of the 2005 Workers' Compensation Legislative Reforms". As part of the review process, the Costs Committee placed an advertisement in *The West Australian* on 27 June 2007 inviting submissions from interested parties on all aspects of the current costs determination. Following a review of all submissions, the Costs Committee will seek to benchmark the hours required to progress applications before the Dispute Resolution Directorate and to review the hourly rates prescribed to determine maximum costs.

Operating Structure

Corporate Executive

The Chief Executive Officer leads WorkCover WA's Corporate Executive and the officers of WorkCover WA in delivering services. The Corporate Executive comprises 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 2007
Left to right (back row): Peter King, Adrian Warner, Graham Thompson
(Seated): Su Lloyd, Chris White. Absent: 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 the Government Employees Superannuation Board. Mr Warner has a Bachelor of Economics degree from the University of Western Australia.

General Manager, Regulation and Compliance

Mr Peter King joined WorkCover WA in November 2005 and is the Acting General Manager, Regulation and Compliance. For the five years prior to joining, Mr King provided business coaching and consultancy services in the private sector. Prior to working 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. Mr King has tertiary qualifications in economics and business administration.

Overview

General Manager, Scheme Development

Mr Chris White is the Acting 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 has a Bachelor and Masters degree in public policy and is experienced in the areas of policy development and implementation, strategic planning, data analysis and Ministerial liaison.

General Manager, People and Performance

Ms Eileen McCaffrey commenced with WorkCover WA as the Acting 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 Su Lloyd was appointed as Director of Dispute Resolution in March 2007. Ms Lloyd, an experienced legal practitioner, was principal of the legal and mediation firm Lloyd and Associates for four years prior to joining WorkCover WA. She has also served as a Ministerial adviser, and in senior public service roles, primarily in the portfolios of industrial relations and corporate restructuring. An accredited mediator with the Institute of Arbitrators and Mediators Australia, Ms Lloyd is also an Adjunct Professor at the School of Law, Murdoch University. She has extensive experience in dispute resolution, delivers high level dispute resolution training to professionals, and her research interests include intellectual property mediation and co-mediation. Ms Lloyd holds the degrees of Bachelor of Laws and Bachelor of Education from Murdoch University.

Chief Finance Officer, Corporate Resources

Mr Graham Thompson commenced with WorkCover WA as the Chief Finance Officer in April 2006. Prior to this, Mr Thompson was the Assistant Director, Finance and Administration with the Department of Indigenous Affairs. Mr Thompson is a member of the Institute of Chartered Accountants (CA) and has extensive experience in public sector financial and corporate management across a broad range of agencies including the Department of Treasury and Finance, Disability Services Commission and the Office of the Auditor General.

WorkCover says farewell

During the 2006-07 financial year, the Corporate Executive group said goodbye to Diane Munrowd, Director Strategic Review and Marleen Boon, Director Dispute Resolution Directorate. Ms Munrowd retired after holding senior management positions in WorkCover WA for over 10 years. Ms 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. Ms Boon resigned from WorkCover WA after being appointed to the position of Magistrate.



Significant Issues and Trends

Current and Emerging Issues

Current and emerging issues and trends impacting on WorkCover WA's operating environment.

The current and emerging issues likely to impact on WorkCover WA in the coming years are:

- the impact of the economic environment on the performance of the scheme
- legislative development and review
- an increased focus on return-to-work as a primary objective of the scheme; and
- national harmonisation of workers' compensation arrangements.

Scheme Performance

The recent strong performance of the Western Australian workers' compensation scheme is expected to continue in 2007-08 and beyond. The dramatic growth in employment and remuneration in Western Australia in recent years has not been matched by increases in the number or severity of workers' compensation claims. The health of the scheme is reflected in the continued reduction in average premium rates notwithstanding a significant increase in the entitlements of workers in 2005. The average recommended premium rate of 1.849 per cent for 2007-08 is the lowest rate struck since the establishment of the scheme in 1981.

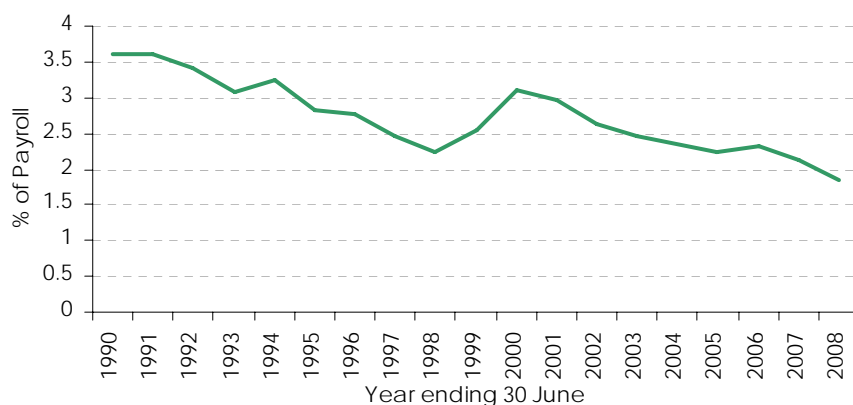


Figure 2: Average Recommended Premium Rate 1989-90 to 2007-08

While WorkCover WA expects the strong economic conditions to continue to have a positive impact for some years to come, there are cost pressures in the scheme. WorkCover WA intends to extend the scheme performance monitoring framework established in 2006-07 to support early identification of any adverse trends. The agency will also continue to work with scheme stakeholders to improve return-to-work outcomes for injured workers as the most effective strategy for minimising scheme costs.



Significant Issues and Trends

Legislative Environment

During 2006-07, WorkCover WA conducted an evaluation of the impact of the legislative reforms introduced in 2005. This evaluation involved consultation with the major stakeholders in the scheme. While the formal conclusion of the evaluation was that insufficient time had elapsed in order to enable conclusive judgments as to whether the intent of the reforms had been met, the process did identify aspects of the legislative environment that could be improved or further developed.

During 2007-08, WorkCover WA will be conducting a legislative development and review program aimed at developing proposals for legislative change for consideration by stakeholders and Government. This program will also consider ways to address the present complexity and inflexibility of the workers' compensation legislation.

Injury Management

A major priority for WorkCover WA is to strengthen the focus of the workers' compensation scheme on the objective of returning injured workers to work through the effective application of return-to-work principles and interventions. This is based on recognition of the social and economic benefits of returning injured workers to work in a productive capacity as early as possible after an injury has occurred.

WorkCover WA will implement a range of initiatives that will form an injury management program with the goal of contributing to the reduction of the social and economic impact of workplace injuries in Western Australia through promotion of effective injury management and return-to-work strategies.

This goal will be achieved by a range of initiatives aimed at:

- increasing awareness and knowledge of injury management and return-to-work among injured workers, employers and medical practitioners
- improving in injury management and return-to-work service provision by health and service providers
- improving 'return-to-work' outcomes – (quality, quantity and durability).

Harmonisation of Workers' Compensation Arrangements

In recent years, improving the harmonisation of workers' compensation arrangements across Australia has been a priority for all jurisdictions. In particular, changes by the Federal Government to enable some employers to obtain national self-insurance through Comcare have had a major impact on some schemes. During 2006-07, significant steps were taken by state workers' compensation authorities, including WorkCover WA, to further harmonise self-insurance arrangements.

Under the auspices of the Heads of Workers' Compensation Authorities and the Australian Safety and Compensation Council and other national bodies, WorkCover WA will continue to participate in national projects addressing specific areas of inconsistency across schemes. The need to balance both local and state interests will be a key aspect of workers' compensation policy development in 2007-08 and beyond.



Agency Performance

Performance Management Framework

Contribution to Government Strategic Goals

WorkCover WA's agency level outcomes and mission contribute to the Government's strategic goals of enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services and creating conditions that foster a strong economy delivering more jobs, opportunities and greater wealth for all Western Australians. 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 on the next page reflects the relationship between WorkCover WA's outcomes and services and our contribution to the Government's strategic planning framework.

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

In 2006, WorkCover WA sought to revise its outcome based on our strategic planning process and to review the key performance indicators in line with our strategic direction. The revision enables us to better align our desired outcome to our mission and vision and to provide a more strategic representation of the agency's performance. The changes to the agency level desired outcomes were endorsed by the Outcome Structure Review Group (OSRG) of the Department of Treasury and Finance on 25 September 2006.

WorkCover WA's agency level outcome is:

"A cost effective workers' compensation system that provides workers with financial compensation for, and effective management of, injuries arising out of, or in the course of their employment."

This outcome contributes to two of the Government's strategic goals, those of "Better Services" and "Jobs and Economic Development".

As shown in the diagram on the next page, the Desired Outcome would be that "the social and economic impact of work-related injury and disease on workers and the Western Australian community is minimised".

Agency Performance

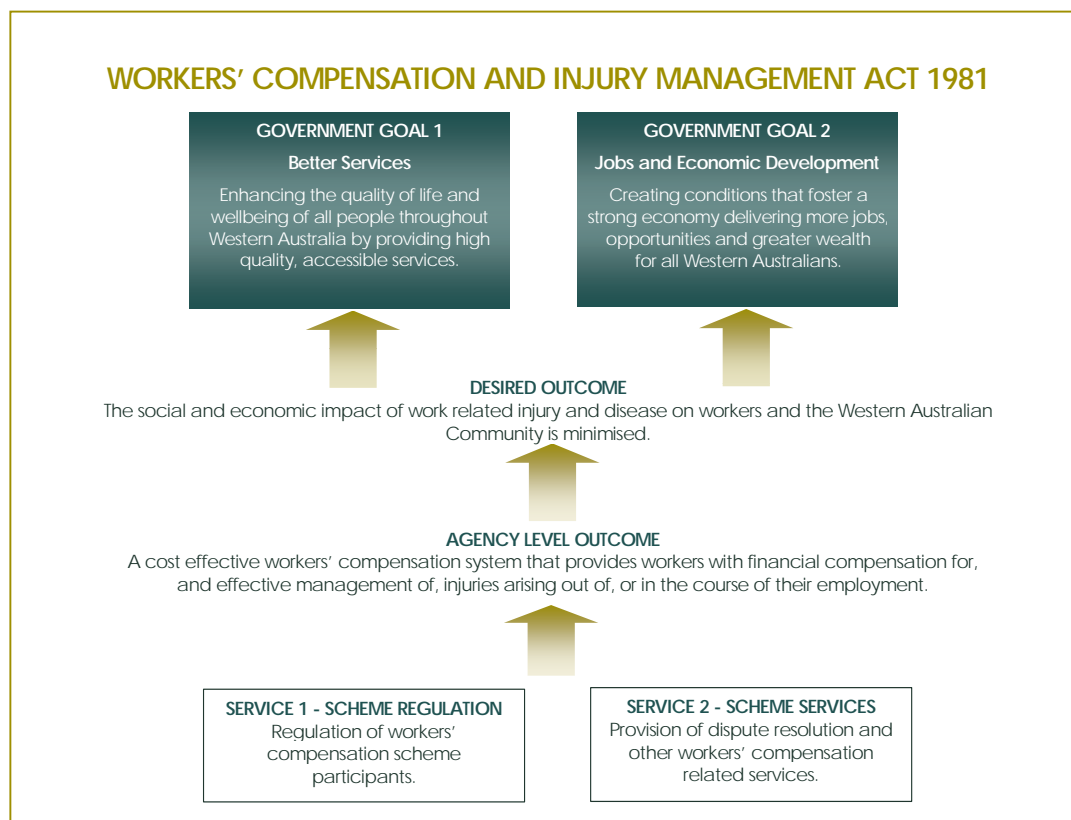


Figure 3: Summary of the agency's contribution to Government strategic goals, mission, outcomes and services for 2006-07

Services

The services delivered by the agency directly support the achievement of this outcome. The achievement of the outcome in turn influences the broader aims of WorkCover WA's Mission. To achieve the outcome, WorkCover WA delivers the following services:

Scheme Regulation

These services cover all the proactive activities undertaken by WorkCover WA and include securing compliance with the provisions of the legislation through inspections, investigations and prosecutions to ensure compliance; accreditation and monitoring of performance of key workers' compensation scheme service providers; and information and education to workers' compensation scheme participants and the general community on the scheme, workers' compensation and injury management.

Scheme Services

These services encompass all the systems and processes required to resolve civil and statutory disputes (Part XI), interim orders and minor claim applications (Part XII). They also include the processes required to register agreements.

WorkCover WA also provides other smaller services such as hearing tests.



Agency Performance

Key Performance Indicators

WorkCover WA evaluates and reports on its performance through key performance indicators. The Key Performance Indicators are comprised 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.

WorkCover WA's key performance indicators are required by the *Financial Management Act 2006*³, in particular Treasurer's Instruction 904. WorkCover WA's new key performance indicators were approved in by OSRG in September 2006 and are reported for the first time in this Annual Report. As they are new indicators, it is not practicable for the data to be provided for previous years, as they are unlikely to be directly comparable. However, in accordance with advice provided by the Office of the Auditor General it is intended that in future years, comparative data will be provided.

The audited key performance indicators are included under the Disclosure and Legal Compliance section of this report. The Key Effectiveness Indicators measure the extent to which WorkCover WA has achieved its outcomes during the year. For each indicator, the 2006-07 target is provided in the key performance indicator section of this report.

Services jointly delivered by Department of Consumer and Employment Protection

An arrangement has been agreed with the Department of Consumer and Employment Protection (DOCEP) for its Labour Relations inspectors to undertake workers' compensation and injury management compliance checks with businesses they routinely inspect.

The arrangement supports the Government's goal of creating conditions that foster a strong economy by establishing a regulatory and decision-making framework that promotes fair trade and industry.

The benefit for WorkCover WA is an increased compliance presence and a reduction in regulatory impact for industry.

³ The *Financial Management Act 2006* replaced the *Financial Administration and Audit Act 1985* in January 2007.



Agency Performance

Our Operations

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

2006-07 Highlights

Policy

- As part of a comprehensive performance monitoring program, the Scheme Development Division produced 21 reports on aspects of scheme performance. Fourteen reports were considered by the Board and disseminated to relevant stakeholders. Reports reviewed the performance of the scheme as a whole and of insurers, self-insurers along with medical and allied health providers.
- WorkCover WA participated directly in the key forum of the Heads of Workers' Compensation Authorities (HWCA), and significant resources were also applied to relevant work of the Australian Safety and Compensation Council (ASCC), the Council of Australian Governments (COAG), and the Council for the Australian Federation (CAF). During 2006-07, WorkCover WA was instrumental in the formation of the Risk States Group of privately underwritten workers' compensation schemes which will pursue collaborative projects of common interests.
- During 2006-07, WorkCover WA prepared a report on the evaluation of the Workers' Compensation 2005 legislative reforms. Feedback was sought from stakeholders with regard to the efficacy of the reforms and 23 stakeholders provided submissions.

Regulation and Compliance

- A new corporate identity for WorkCover WA was introduced in April 2007. The new image signals the change for WorkCover WA as a contemporary, progressive agency, in touch with the times and its stakeholders. The corporate image includes a new visual identity or logo, a new customer-focused, easy-to-use website, and a new suite of communication activities including an annual scheme update seminar, a corporate newsletter, and a public relations plan.
- WorkCover WA continued its Strategic Compliance Program throughout 2006-07 to assess compliance and inform employers in the State of their workers' compensation and injury management responsibilities.
- In 2006-07, WorkCover WA completed a targeted compliance program in the construction industry to assess the level of compliance. The 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 implemented in consultation with a working group comprising industry groups and unions involved in the construction industry.



Agency Performance

- The *Have Your Say* (HYS) survey was undertaken – a community-based survey designed specifically for Western Australian workers who were injured at work and had lodged a workers' compensation claim. The survey was developed in consultation with key stakeholder groups and distributed to over 41,000 workers who were injured at work during the 2005-06 financial year.

The HYS survey is the first of its kind and is believed to be the single most comprehensive data collection strategy ever undertaken by a workers' compensation jurisdiction. The results will be used by WorkCover WA to help guide and direct the injury management campaign, as well as provide valuable information to stakeholders in relation to opportunities for business improvements.

- During 2006-07, WorkCover WA's Infoline (now referred to as Advisory Services) has focused on assisting various parties navigate their way through the workers' compensation process and to understand their rights, responsibilities and obligations. Where issues have arisen with the potential to escalate into a dispute, Advisory Services has assisted parties to agree on a course of action to the satisfaction of the parties involved. Since this change in focus occurred, 253 issues that would normally lead to a dispute application being lodged have been concluded without the formal dispute resolution process being required.

Dispute Resolution

- Two reviews of the operations of the Dispute Resolution Directorate were finalised, with a number of recommendations made. As a result of these reviews, significant business improvements have been implemented.
- A professional development program for arbitrators has been developed. A number of initiatives will be implemented that will result in improved consistency in process and decision-making.
- An External Rules Committee has been established to ensure that, where identified, changes to the DRD Rules can be considered by the Commissioner and Director of the Dispute Resolution Directorate.
- A Customer Service Charter and Dispute Resolution Service Standards were developed. Service delivery targets have been proposed in relation to communication/correspondence, judicial decisions, information services, regional services, language services, physical services and complaints management.
- Improvements to existing technology have been implemented. Progress has also been made to develop an integrated case management system for the DRD. Once implemented, the system will generate accurate management information to assist in the ongoing improvement of the dispute resolution process.
- Comprehensive file audits on long-term unresolved statutory and civil matters have been undertaken. Ongoing file audit 'checks' have been implemented to ensure that the DRD maintains a proactive approach to the case management of each dispute application.



Agency Performance

- A DVD of the dispute resolution process was finalised. The DVD provides workers and other parties with clear and concise information relating to the dispute resolution process, including an explanation of the stages of dispute resolution.
- Only two statutory matters that were transferred from the (previous) Conciliation and Review Directorate remain. This has enabled an increased focus to be dedicated to the resolution of Part XI and XII applications.

The Organisation

- A Health and Wellness Program was developed which included provision of fruit bowls, blood donations, flu vaccines, massage and a range of activities designed to promote health and wellness in the workplace.
- The Frontline Management Program was launched to assist supervisors/team leaders/project managers to improve their skills, knowledge and practical experience.
- The IT Transformation Program, a strategic technology realignment program, was launched. Among other initiatives, the Transformation Program will deliver the strategic IT Plan, project management governance, IT sourcing strategies and improved IT service delivery framework.
- In 2006-07, WorkCover WA undertook a major capital works project to relocate all of the agency's operations and employees to one location. Stage four of the project was completed in December 2006, which resulted in the consolidation of all operations of staff at the Shenton Park premises.



Agency Performance

Outcomes and Services

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

Scheme Regulation

Overview

The scheme regulation activity combines the compliance, licensing and standards activities. 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
Percentage of workers covered by a current workers' compensation policy.	95%	95.9%

The target of 95 per cent coverage of workers has been achieved through compliance activities undertaken to support this indicator. Compliance activities range in scope from new business registrations, lapsed insurance policies and targeted compliance programs.

Indicator	Target	Actual
Percentage of lost time injuries with an appropriate injury management response.	75%	100%

The high result obtained for this indicator is testament to the attention given by employers and insurers to serious injuries sustained in the workplace. The lost time period (4 weeks) used for testing this indicator will be progressively reduced to match the level of education and increased awareness of the response to injury management anticipated by the *Workers' Compensation and Injury Management Act 1981*.

Agency Performance

Key Initiatives and Activities

Compliance and Inspection

WorkCover WA's key compliance and inspection initiatives and activities in 2006-07 were:

- Undertook 24,081 inspections, of which 1,818 breaches were identified and rectified in respect of employers maintaining a current workers' compensation policy. There were also 2,734 requests from insurers to cancel an employer's workers' compensation policy of insurance processed by the agency. Three matters had prosecution action completed and three additional matters were referred for prosecution during the financial year.
- Investigated 108 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.
- Continued the development and enhancement of information technology systems to support the operation and delivery of compliance activities to deliver and report efficiently on the outcomes of the compliance program, including the employer online compliance reporting system.
- Completed a targeted compliance program in the construction industry. During 2006-07, two pilot programs were completed in the commercial and residential construction sectors to assess the level of compliance in the industry. The compliance program involved a balance of educational and compliance activities to ensure employers met their responsibilities with regard to insurance, injury management and return-to-work programs. The program was implemented in consultation with a working group comprising industry groups and unions involved in the construction industry. From 830 inspections, 74 employers were found not to hold a current workers' compensation policy.
- Undertook a two-week regional compliance visit to Bunbury in August 2006 resulting in 694 inspections. A further 623 inspections were completed by letter response. From the total of 1,317 inspections, 47 breaches were detected.
- Completed a strategic compliance program that commenced in June 2006 and utilised the resources across various areas of WorkCover WA. This resulted in 3,017 inspections in the metropolitan area through which 78 employers were found to be uninsured. In addition, 7,015 entities with business names registered with the Department of Consumer and Employment Protection were checked to determine if they employed workers and held a current workers' compensation insurance policy to their full liability.

Agency Performance

Licensing and Standards

WorkCover WA's key licensing and standards initiatives and activities in 2006-07 were:

- Reviewed the performance of 28 self-insurers and endorsed their continuation as exempt employers under the *Workers' Compensation and Injury Management Act 1981*. CGU Insurance Ltd had its licence revoked during 2006-07 and the National Australia Bank had its licence revoked in April 2007.
- Reviewed the performance of nine insurers and the Insurance Commission of Western Australia recommendation that all underwriting licences be maintained.
- Approved 14 applications by insurers to load the recommended premium rate by more than 75 per cent on the basis that claims experience of the employer warranted such a loading.
- Reviewed and assessed the performance of approved vocational rehabilitation providers against the agreed benchmarks. All providers maintained their accreditation. Two new agencies and two single providers were approved during the year. At the end of the financial year there were 36 vocational rehabilitation providers approved in Western Australia (21 agency providers, 10 single providers and five employer-based providers). One agency and one single provider applied to become an agency and this was approved. One single provider sought voluntary revocation of its approval.
- Accredited and evaluated the performance of new noise-induced hearing loss testers (audiometric officers and audiologists). At 30 June 2007, there were 375 testers approved to conduct hearing tests for the purposes of legislation. A total of 151 new testers were approved and 52 testers were cancelled as a result of not meeting performance criteria. At the end of the financial year, there were 197 booths and 209 audiometers approved within the workers' compensation scheme.
- Managed the noise-induced hearing loss pre-claim audiometric testing process. Identified 658 workers with potential noise-induced hearing loss claims and, as part of this process, arrangements were made for 335 subsequent full audiological and 143 otorhinolaryngological assessments. As a consequence, 90 successful claims for work-related gradual onset noise-induced hearing loss, consisting of 83 first election (10% claims), six subsequent election (5% claims) and one final election (any % increase) claims were processed and issued.
- 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. A total of 247 renewals and new applications were received and approved by 30 June 2006 for participation by registered agents for the 1 July 2007 to 30 June 2008 period. Of these, 151 were employees of approved insurers, 12 were employees of self-insurers, 72 were employees of legal firms, seven were representatives of unions, three were representatives of a prescribed organisation (Asbestos Disease Advisory Service) and two were independent agents.

Agency Performance

- Designated six new medical practitioners as approved medical specialists to the existing 144, following receipt of 14 new applications from medical practitioners seeking designations, as an approved medical specialist; there was one resignation.
- Maintained the register of names of persons, approved by WorkCover WA, who are willing to be selected for a specialised retraining assessment panel.
- Processed 88 *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 affect an employer's existing obligations under the *Workers' Compensation and Injury Management Act 1981*.
- Dealt with 360 matters relating to injury management, including 267 regarding participation in vocational rehabilitation, 63 regarding retraining issues and 30 matters involving the cost of rehabilitation programs. Fourteen complaints against approved vocational rehabilitation providers were also investigated. WorkCover WA's safety net system identified 3,425 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.

WorkCover WA's Safety Net System

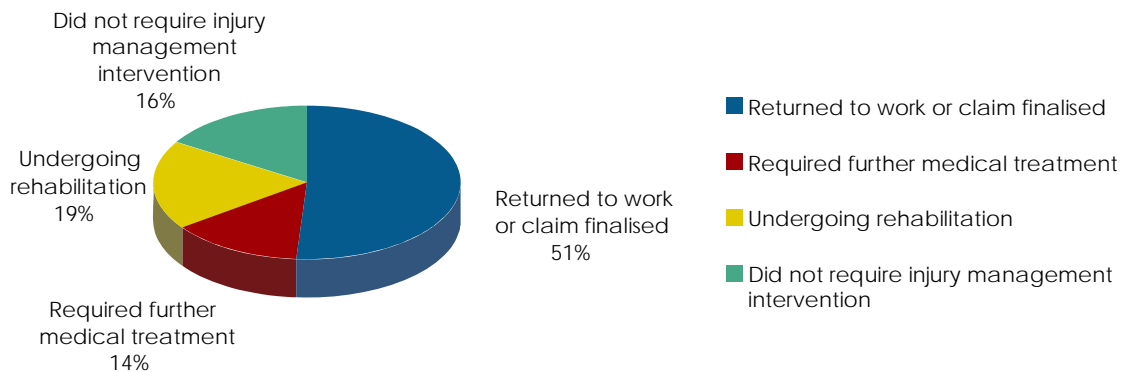


Figure 4: WorkCover WA's Safety Net System

- As shown by the above graph, of the 3,425 workers identified, WorkCover WA was advised 51 per cent had already returned to work or had their claim finalised by the insurer, 14 per cent required further medical treatment, and 19 per cent were undergoing rehabilitation. The remaining 16 per cent did not require injury management intervention for other reasons such as settlements pending, other employment, withdrawal from the workforce or full time study.

Agency Performance

- 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 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. In May 2007, a total of 28 Section 157A(1) injury management reviews of insurers' and self-insurers' compliance were conducted with a total of 771 claim files completed. The outcome of the review established that insurers and self-insurers are complying with and have implemented procedures that reflect the exemption conditions.

Information and Education

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 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 is provided by the Advisory Services team, which responds to enquiries on all aspects of workers' compensation and injury management via telephone, written correspondence, or in person through a counter enquiry.

WorkCover WA's key information and education initiatives and activities in 2006-07 were:

- Approved Medical Specialists – Accreditation training attended by eight specialists.
- Approved Medical Specialists – Hand and wrist training attended by 30 specialists.
- Advanced Technical Training – Calculating Weekly Wages. This session was very popular and was conducted twice in a six-week period and attended by 100 external stakeholders and 20 WorkCover WA staff.
- Introduction to WorkCover WA: An information session for external stakeholders was conducted three times in this period and attended by 97 external stakeholders from a wide range of disciplines.
- Injured workers seminars in the metropolitan area in partnership with Industrial Foundation for Accident Prevention (IFAP). A total of 24 sessions have been conducted this year with over 400 injured workers attending the sessions.
- Release of the DVD – *Understanding Dispute Resolution: Information for Workers*. The DVD was released to 111 stakeholders at the Perth launch in December 2006. A further 50 stakeholders in Kalgoorlie were sent the DVD after the Ministerial launch of the product was cancelled by the Minister's office at short notice.

Advisory Services responded to 25,195 inquiries relating to all aspects of workers' compensation and injury management. The four most common enquiries made related to claims enquiries, dispute resolution, injury management/return-to-work and weekly payments entitlements.

Agency Performance

An Advisory Service was established, focusing on early intervention strategies to prevent concerns between scheme participants escalating into applications for dispute resolution.

The service has proved to be successful and popular, with over 250 applications being circumvented. As the average cost to resolve a dispute in the Dispute Resolution Directorate is \$3,723, the assistance provided by the Advisory Service has contributed to cost savings of approximately \$931,000.

Dispute Resolution

Objectives and Performance

The 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 a Commissioner, Director, arbitrators and administrative support staff. Arbitrators have responsibility to facilitate dispute resolution through teleconferences, conciliation conferences and arbitration hearings. The Dispute Resolution Directorate also processes the documentation submitted by 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 application for the resolution of a dispute – minor claims and interim orders (Part XII) and disputes (Part XI).

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 per cent to 89 per cent. In relation to civil applications, compliance has a 2006-07 average of 88 per cent. In addition, since 14 November 2005, adjournments are by formal application only, with most adjournments now effectively being managed by interlocutory applications.

The *Workers' Compensation (DRD) Rules 2005* procedures and forms were developed and are readily available to interested parties (electronic and paper) on our Internet site at www.workcover.wa.gov.au or by telephoning Advisory Services on 1300 794 744.



Agency Performance

Our Performance

Indicator	Target	Actual
Percentage of dispute resolution decisions successfully appealed:		
(i) Frequency of successful appeals (appeals upheld) as a portion of final decisions	1.2%	0.97%
(ii) Appeals upheld as a percentage of total appeals lodged.	15%	32.6%

While the percentage of appeals upheld as a percentage of appeals lodged is in excess of the target, it is not surprising as new legislation has led to increasing 'testing' of the process.

Indicator	Target	Actual
User satisfaction with the dispute resolution system.	63%	70%

The outcome of the User Satisfaction survey, which involved surveying 465 participants in the dispute resolution process, suggests that while there are still opportunities for improvements, clients are fairly satisfied with the administration of the dispute resolution system by WorkCover WA.

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.

Key dispute resolution initiatives and activities in 2006-07 were:

- Processed 2,103 new disputes involving claims for workers' compensation, which were referred to the Directorate.
- Resolved 2,168 disputes of which 142 (7%) were transitional applications from the (previous) Conciliation and Review system; 757 (35%) were Part XI disputes; 675 (31%) were interim orders and minor claims; 551 (25%) related to civil matters where the date of injury arose on or after the 14 November 2005; and 43 (2%) were appeals to the Commissioner.

Agency Performance

- As illustrated by the graph below, of the 757 Part XI disputes, 426 (56%) were resolved at or prior to teleconference; 230 (30%) were resolved at conciliation; and 101 (14%) were resolved at arbitration. Of the 757 disputes, 31 per cent were resolved within 12 weeks of lodgement, and 76 per cent were resolved within 26 weeks.

Part XI Dispute Resolution

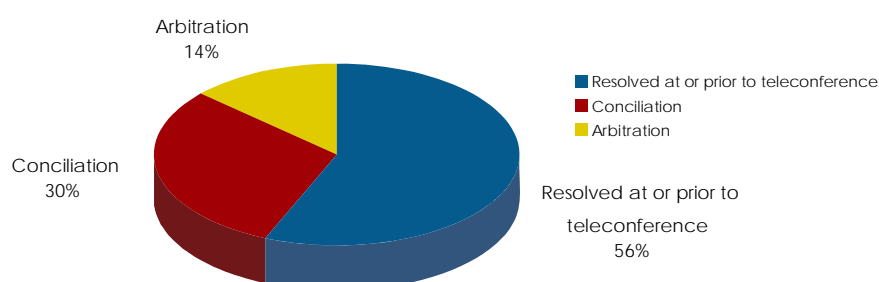


Figure 5: Resolution of Disputes

- Registered 3,760 Memoranda of Agreement for Schedule 2 (Prescribed compensation payable), Schedule 5 (Exceptions to cessation of weekly payments by reason of age) and Redemptions (Lump sum in redemption of weekly payments).
- Recorded 250 settlements pursuant to section 92(f) of the *Workers' Compensation and Injury Management Act, 1981*.
- Referred 14 workers to a medical assessment panel.

Agency Performance

Business Services

Business 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

Overview

The provision of policy advice, legislative support and research is a major activity of WorkCover WA. This includes research, policy development and advice to the Board and the 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 coordinated via this function. Other activities and initiatives include data analysis and the 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 2006-07 were:

- Provided policy and legislative support in relation to changes to written law
- Conducted an evaluation of the *Workers' Compensation Reform Act 2004* to assess whether the reforms had achieved their intent and to give stakeholders an opportunity to provide feedback on the changes
- 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
- Prepared a paper on self-insurance in WA to assist a review of WorkCover WA criteria for the review and approval of self-insurers and to consider appropriate initiatives for the regulation of self-insurance
- Prepared a paper on common law proceedings in WA to provide summary information about workers' compensation legislation relating to common law and an overview of trends in common law claims in WA

Agency Performance

- Prepared a workers' compensation Scheme Performance Report on trends across the scheme
- Updated the *WorkCover WA Guides for the Evaluation of Permanent Impairment*
- Developed new quarterly insurer, self-insurer, service provision and policy underwriting performance reports covering trends in key indicators of outcomes and activity within the Western Australian workers' compensation scheme
- Gazetted recommended premium rates for 2007-08, which resulted in an overall decrease of 12.7 per cent in the recommended premium rates for compulsory workers' compensation insurance from 2.117 per cent for 2006-07 to 1.849 per cent for 2007-08
- Contributed to the *Workers' Compensation Statistical Report for 2005-06*. 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
- Calculated and published the "Variations in Prescribed Amount and other Workers' Compensation Payments" Schedule for the financial year commencing 1 July 2007.

People and Corporate Management

Overview

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

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.



Agency Performance

Developing Organisational Capability

In 2006-07, WorkCover implemented several strategic workforce development initiatives. WorkCover WA was a pilot agency for the Department of Premier and Cabinet (DPC) Leadership Development Strategy including the leadership capabilities in 2006. The leadership capabilities were an integral part of WorkCover WA's new Performance and Development Agreement (PDA) process that enabled performance objectives, measures and development needs to be clearly identified. The PDA process returned a 71 per cent compliance rate at implementation and a staff survey of the new process found an overall satisfaction rating of 87 per cent for increased clarity for job role, priorities and projects.

A Leadership Development Program was also endorsed for implementation in 2007 and individual managers attended the Leadership Skills Workshops offered by DPC. Eleven staff successfully attained a place on WorkCover's ten-month Frontline Development Program and will achieve a Certificate IV in Business (Frontline Management) on completion of the course.

Results from the Climate Survey conducted in August 2006 highlighted strengths and opportunities for improvement and were presented to the Corporate Executive in December 2006. WorkCover WA, together with the Office of Public Sector Standards Commission (OPSSC), then developed a plan in response to the survey results that involved staff focus groups and OPSSC facilitated information sessions. The follow-up action plan for organisational development continues to be implemented.

Occupational Safety and Health

During the year, in support of the agency's focus on a safe and healthy workplace, a number of policies were developed and/or reviewed including:

- Injury management policy
- Occupational safety and health policy
- Sun protection policy
- Alcohol policy
- Food and catering policy
- First aid policy
- Carers room policy
- Gym policy
- Bullying prevention policy.

The Occupational Safety and Health Committee met regularly throughout the year in order to address issues in the workplace. Four staff members attended occupational safety and health representative training to bring the number of representatives at WorkCover WA to six in total. These representatives carried out occupational safety workplace inspections.

An upgrade of building facilities continued this year and a number of workstation assessments were carried out resulting in the distribution of equipment to make the environment safer, including computer monitor raisers, document holders, mouse pads and new chairs.

WorkCover WA employees have access to two separate, external bullying intervention providers if they feel they require any assistance with an issue of this nature.



Agency Performance

Workplace Wellness

2007 brought the implementation of a comprehensive health and wellness program to WorkCover WA. The aim of the program is to support employees to enhance their health, fitness and wellness. It is a comprehensive health promotion program that uses a combination of educational, environmental and policy-based strategies to achieve the objectives.

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 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 continued to meet on a regular basis.

The Change Management Group and Classification Review Committee were also developed in 2007.

The Joint Consultative Committee, established in December 2004, comprises 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 committee's 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.

The Change Management Group was established in May 2007 as a result of employee feedback requesting a forum in which to consult about change initiatives in the workplace. The committee has one representative from each of the following groups: divisional heads, branch managers, employees and union members. There are also three members of the People and Performance division, one to chair and the other two in an advisory role.

The Classification Review Committee terms of reference were approved in early 2007. This committee will facilitate consistent, transparent and timely consideration of classification matters. The Committee will consider and make recommendations to the Chief Executive Officer regarding the classification of new positions, the reclassification of existing positions, temporary special allowances, applications for reclassification under Classification Criteria Progression, and other matters affecting or related to the classification of Level 1 to Level 8 positions.

Agency Performance

Corporate Communication and Staff Engagement

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. A new fortnightly newsletter by the Chief Executive Officer was introduced to ensure that staff were kept up-to-date on organisational issues and change.

During 2006-07, the agency continued to conduct staff briefings to provide the Chief Executive Officer and Corporate Executive with the opportunity to outline the strategic issues facing WorkCover WA. In addition, the forums create an informal and two-way mechanism for feedback on agency performance.

Information Sharing

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.

Corporate management

In October 2006, the WorkCover WA Board endorsed a Corporate Governance Framework, which is intended to reflect current best practice and to be relevant and functional within WorkCover WA's environmental context.

The Framework provides a solid foundation and methodology to enable WorkCover WA to make further improvements and will be refined as agency's needs change over time.

It is important to note that risk management is a crucial and integral component of any corporate governance framework. In WorkCover WA's framework, risk management is built into all components.

Significant initiatives and activities in corporate management include:

- In December 2006, WorkCover WA's Board adopted a comprehensive Risk Management Framework which aims to systematically devise, implement and improve risk management practices and decision-making. As part of this Framework, a detailed Risk Register and documented Risk Treatment Plans for each division have been developed.
- A Management Reporting monitoring system has been implemented to ensure that mandatory reports and those necessary for good management are provided in a timely manner.
- The development of a Business Continuity Management Plan has continued to ensure that in the event of a disaster WorkCover WA can both manage the immediate effects of a major disruption to its operations and can return to full function in the shortest time possible.

Agency Performance

External Awards

WorkCover WA's *2005-06 Annual Report* was tabled in Parliament on 14 September 2006. WorkCover WA was pleased to receive for the second consecutive year 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.



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 \$5,700 which was donated to four charities: Mission Australia's Christmas in the Park, the Royal Flying Doctor Service, Free the Bears Fund and the Blind Association of WA. In addition, WorkCover WA employees also supported various community groups and charities in a personal capacity.

Financial and Resource Management

Overview

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.

Agency Performance

Key Initiatives and Activities

- Developed a range of resource management policies, including investments management, debts management, fleet management, delegation framework and budget management
- Updated the financial management manual to reflect recent changes to business process and to comply with the recently endorsed *Financial Management Act 2006*
- In February 2007, the Corporate Executive formally endorsed a Planning and Performance Model, designed to support the budget process, corporate planning and operational performance evaluation. This model consists of four levels:
 - Services
 - Core function groups
 - Functions
 - 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 6.26 per cent for all trust accounts.

Uninsured Claims Management (General Account)

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.

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 14 claims made on the General Fund pursuant to section 174, compared to 26 last year. There were seven new claims this year and 14 continuing claims from previous financial years. The cost of new claims was \$195,198 and ongoing claims amounted to \$222,454. On 30 June 2007, the total outstanding debt being recovered through the courts from uninsured employers was approximately \$1.681 million. Recovery action was finalised against two employers during the year.

Agency Performance

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 five per cent surcharge on employers' indemnity policies was introduced on 25 June 2001. Subsequently, the surcharge was reduced to three per cent in June 2002, then one per cent in June 2003. The surcharge rate remained at one per cent in June 2007.

In relation to the liquidation of HIH Insurance, outstanding claims in Western Australia are estimated at \$15.883 million as at 30 June 2007 (which includes an allowance for asbestos-related diseases for current known claims, but does not allow for not reported claims). This represents projected outstanding liabilities in inflated and discounted values, claim administration expenses and a prudential margin. During 2006-07, \$3.287 million was received from the liquidators of HIH Insurance. Claims payments during the year were \$4.694 million and since the liquidation process commenced in June 2001, claims payments have totalled \$66.487 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 2006-07 were nil; since its inception (February 1987) a total of \$2.751 million has been paid. Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2006-07 were nil. 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 below in Table 5.

Table 5: Insurers in liquidation: Claim payments and receipts during 2006-07

Insurer (In Liquidation)	Payments	Receipts
National Employers' Mutual General Insurance Co.	\$ 205,222	Nil
Standard Insurance Co.	\$ 14,751	Nil
HIH Insurance	\$ 4,694,675	\$ 3,287,737

Debts and Investments

As at 30 June 2007, there were 14 outstanding debtors resulting from fines and penalties awarded under section 170 of the *Workers' Compensation and Injury Management Act 1981*. During the year, debts of \$45,074 remained outstanding.

During 2006-07, the weighted average rate of return on General Fund investments was 6.3 per cent.



Agency Performance

Information Management

Organisational review of the agency's information systems was carried out by external consultants to provide an assessment of the usage of information systems within WorkCover WA and the alignment of information technology systems to organisational strategies and goals.

As a result of this review, a strategic technology realignment program – IT Transformation Program – was launched. The Transformation Program is focusing on IT Governance; Strategy and Planning; Delivery; and People. Improvements include establishing an IT Steering Committee. Among other initiatives, the Transformation Program will deliver the strategic IT Plan, project management governance, IT sourcing strategies and improved IT service delivery framework.

In addition to the Transformation Program, a new project for the Dispute Resolution Directorate is planned. This major strategic project will deliver a more relevant and robust case management system plus other supporting technology to ensure the Directorate continues to comply with the recent legislative changes.

WorkCover WA's key initiatives and activities in 2006-07 were that we:

- Implemented an IT Service Desk and related Incident Management and Configuration Management
- Developed and implemented Capacity Management procedures
- Established an ITSC to provide governance over investment in WorkCover information technology and information systems
- Implemented an improved framework for the development of business application and information systems
- Commenced a major project to develop a case management system for the Dispute Resolution Directorate.

Disclosure and Legal Compliance

Financial Statements

Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the WorkCover Western Australia Authority.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Authority's Responsibility for the Financial Statements and Key Performance Indicators

The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

Page 1 of 2

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



Disclosure and Legal Compliance

WorkCover Western Australia Authority
Financial Statements and Key Performance Indicators for the year ended 30 June 2007

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 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key 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 2007.

COLIN MURPHY
AUDITOR GENERAL
28 August 2007

Disclosure and Legal Compliance

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 Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

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



G JOYCE

Chairman

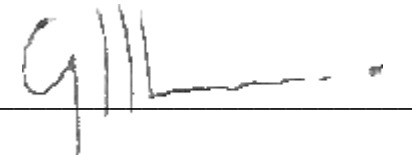
28 August 2007



A WARNER

Chief Executive Officer

28 August 2007



G THOMPSON

Chief Finance Officer

28 August 2007



Disclosure and Legal Compliance

Audited Financial Statements

WORKCOVER WESTERN AUSTRALIA AUTHORITY INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$000	2006 \$000
INCOME			
Revenue			
Insurer contributions		16,375	16,398
Provision of services	7	39	178
Commonwealth grants and contributions	8	-	-
Interest revenue	9	2,063	1,281
Other revenue	10	385	157
Employers' Indemnity Supplementation Fund	11	10,588	13,860
Total Revenue		29,450	31,874
Gains			
Gains on disposal of non-current assets	12	-	660
Total Gains		-	660
Total Income		29,450	32,534
EXPENSES			
Expenses			
Employee benefits expenses	13	12,277	10,730
Supplies and services	14	3,271	3,267
Depreciation expense	15	481	418
Accommodation expenses	16	371	1,011
Workers' compensation claims	17	3,140	315
Uninsured Claims		528	472
Loss on disposal of non-current assets	12	37	-
Other expenses	18	950	969
Total Expenses		21,055	17,182
Profit/(Loss) before grants and subsidies from State Government		8,395	15,352
Grants and subsidies from State Government	19	45	56
Profit/(Loss) for the period		8,440	15,408

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

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$000	2006 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	20	10,264	10,090
Restricted cash and cash equivalents	21	27,546	20,625
Receivables	22	499	409
Other current assets	23	1,014	743
Total Current Assets		39,323	31,867
Non-Current Assets			
Property, plant, equipment & vehicles	24	22,211	8,874
Total Non-Current Assets		22,211	8,874
Total Assets		61,534	40,741
LIABILITIES			
Current Liabilities			
Payables	26	1,544	1,672
Provisions	27	5,117	5,750
Total Current Liabilities		6,661	7,422
Non-Current Liabilities			
Provisions	27	18,094	18,044
Total Non-Current Liabilities		18,094	18,044
Total Liabilities		24,755	25,466
NET ASSETS		36,779	15,275
EQUITY			
Reserves	28	17,697	4,633
Retained earnings/(accumulated losses)		19,082	10,642
Total Equity		36,779	15,275

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



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$000	2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Supplementation Fund receipts		10,546	13,796
Insurer contributions		16,375	16,398
Provision of services		39	178
Commonwealth grants and contributions		-	-
Interest received		1,835	1,103
GST receipts on sales		62	446
GST receipts from taxation authority		636	381
Other receipts		123	319
Payments			
Workers' Compensation claim payments		(4,902)	(6,782)
Employee benefits		(11,276)	(10,088)
Supplies and services		(3,271)	(3,267)
GST payments on purchases		(512)	(837)
Other payments		(1,769)	(2,091)
Net cash provided by/(used in) operating activities	29	7,886	9,556
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets	12	73	6,798
Purchase of non-current physical assets		(864)	(3,674)
Net cash provided by/(used in) investing activities		(791)	3,124
Net increase/(decrease) in cash and cash equivalents		7,095	12,680
Cash and cash equivalents at the beginning of the period		30,715	18,035
Cash and cash equivalent assets at the end of period	29	37,810	30,715

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

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$000	2006 \$000
Balance of equity at start of period		15,275	(133)
RESERVES	28		
Asset Revaluation Reserve			
Balance at start of period		4,633	4,633
Gains/(Losses) from asset revaluation		13,064	-
Balance at end of period		17,697	4,633
RETAINED EARNINGS			
Balance at start of period		10,642	(5,343)
Change in accounting policy		-	577
Profit/(loss) for the period		8,440	15,408
Balance at end of period		19,082	10,642
Balance of equity at end of period		36,779	15,275
Total income and expense for the period ^(a)		21,504	15,408

(a) The aggregate net amount attributable to each category of equity is: profit \$8,440,000 plus gains from asset revaluation \$13,064,000 (2006: profit \$15,408,000).

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



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY **Notes to the Financial Statements** **For the year ended 30 June 2007**

1. Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

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'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2007.

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 Management 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 Accounting 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.

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'.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet 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 Account established under Section 106 of the Workers' Compensation and Injury Management Act 1981, and the Supplementation Fund established under Section 5 of the Employers' Indemnity Supplementation Fund Act 1980.

Trust Accounts under Section 110 of the Workers' Compensation and Injury Management Act 1981 are administered independently of the General and Supplementation Fund. See note 38 'Workers' Compensation & Injury Management Trust Account' for transactions relating to the Trust Account.

(d) Income

Revenue Recognition

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

Insurer contributions and supplementation fund levies

Revenue is recognised when the amount becomes due and payable.

Provision of services

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

Grants, donations, gifts and other non-reciprocal contributions

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

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

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 balance sheet 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.



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WORKCOVER WESTERN AUSTRALIA AUTHORITY **Notes to the Financial Statements** **For the year ended 30 June 2007**

(e) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure costing \$1,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and 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).

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, 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-based 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 Jones Lang LaSalle.

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

Refer to note 24 '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 that 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
Information technology - Hardware	3 years
Motor vehicles	6 to 7 years

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

(f) Impairment of Assets

Property, plant and equipment assets are tested for any indication of impairment at each balance sheet 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, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 25 'Impairment of assets' for the outcome of impairment reviews and testing.
See note 2(j) 'Receivables' and note 22 'Receivables' for impairment of receivables.

(g) Leases

The Authority has not entered into any finance lease arrangements.

The Authority has not entered into any operating lease arrangements.

(h) Financial Instruments

The Authority has two categories of financial instrument:

- Loans and receivables (includes cash and cash equivalents, receivables 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(k) for 'Investments and other financial assets'.

(i) 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, and bank overdrafts.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

(j) 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(h) 'Financial Instruments' and note 22 'Receivables'.

(k) Investments and Other Financial Assets

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 financial 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 balance sheet 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.

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

(l) 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(h) 'Financial Instruments' and note 26 'Payables'.

(m) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet date. See note 27 '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 balance sheet 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 balance sheet 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.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

The expected future payments are discounted to present value using market yields at the balance sheet 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 balance sheet 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 balance sheet 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 balance sheet 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.

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(n) '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 27 'Provisions'.



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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

(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.

(n) 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(m)(i) 'Provisions - Employee Benefits' under Superannuation.

(o) Accrued Salaries

Accrued salaries (refer note 26 '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.

(p) Comparative Figures

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

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

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

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

(r) 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 balance sheet date.

3. Segment Information

The Authority operates within one industry segment as per AASB 1005 however, for information purposes a summary is provided at note 40 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 27 '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 27 'Provisions'.

6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

- a. 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 currently undertake these types of transactions resulting in no financial impact in applying the Standard.
- b. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. 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 balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation resulting in no impact in applying the Interpretation.
- c. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires and embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Authority has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they have no impact or do not apply to not-for-profit entities:

AASB Standards And Interpretations

2005-1	'Amendments to Australian Accounting Standards' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 and AASB 139]'
2006-1	'Amendments to Australian Accounting Standards [AASB 121]'
2006-3	'Amendments to Australian Accounting Standards [AASB 1045]'
2006-4	'Amendments to Australian Accounting Standards [AASB 134]'
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
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'

Future Impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

- AASB 7 'Financial Instruments: Disclosure' (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 considered to result in increased disclosures, both quantitative and qualitative of the Authority's exposure to risks, enhanced disclosure regarding components of the Authority's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- 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, & AASB1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- AASB 101 'Presentation of Financial Statement'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Authority is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY

Notes to the Financial Statements

For the year ended 30 June 2007

- d. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangement' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, 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 2008.
- e. AASB Interpretation 12 'Service Concession Arrangement'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Authority if and when public-to-private service concession arrangements are entered into the future. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods.
- f. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements 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 2008.

The following Australian Accounting Standards and Interpretation are not applicable to the Authority as they will have no impact or do not apply to not-for-profit entities:

AASB Standards

and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'



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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

	2007 \$000	2006 \$000
7 Provision of services		
Revenue from tenant	-	81
Seminars	1	45
Other	38	52
	<u>39</u>	<u>178</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	67	72
Funding received from the Commonwealth	-	-
	<u>67</u>	<u>72</u>
Payments by Program		
Statistical Database	-	-
Scheme Information	-	1
Dispute Resolution	-	-
Compliance	-	-
Support	-	4
Total Payments	-	<u>5</u>
Balance carried forward	<u>67</u>	<u>67</u>
9 Interest revenue		
<u>General Account</u>	531	459
<u>Employers' Indemnity Supplementation Account (see note 30)</u>	1,532	822
	<u>2,063</u>	<u>1,281</u>
10 Other revenue		
<u>General Account</u>		
Recoveries from uninsured employers	80	140
Other	305	17
	<u>385</u>	<u>157</u>
11 Employers' Indemnity Supplementation Fund		
Surcharge (i)	7,300	7,070
Recovery (ii)	3,288	6,790
	<u>10,588</u>	<u>13,860</u>

(i) This represents funds collected to pay for HIH claims.

(ii) Final dividend received from the liquidation of National Employers' Mutual Company.

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

	2007 \$000	2006 \$000
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	42	7
Vehicles	68	63
	<u>110</u>	<u>6,138</u>
<u>Proceeds from Disposal of Non-Current Assets</u>		
Buildings and land	-	6,727
Equipment	-	4
Vehicles	73	67
	<u>73</u>	<u>6,798</u>
Net gain/(loss)	<u>(37)</u>	<u>660</u>

13 Employee benefits expenses

Wages and salaries ^(a)	10,137	9,616
Superannuation-defined benefit plans (see note 27)	873	771
Annual leave ^(b)	271	191
Long service leave ^(b)	408	178
Superannuation	588	(26)
	<u>12,277</u>	<u>10,730</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 18 'Other expenses'. The employment on-costs liability is included at note 27 'Provisions'.

14 Supplies and services

Communications	190	239
Consultants and Contractors	1,576	1,700
Consumables	1,005	1,003
Insurance	119	102
Training	212	71
Travel	72	61
Other	97	91
	<u>3,271</u>	<u>3,267</u>

15 Depreciation expense

Buildings	282	193
Plant, equipment and vehicles	199	225
	<u>481</u>	<u>418</u>

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

	2007 \$000	2006 \$000
16 Accommodation expenses		
Air conditioning	32	56
Renovations & outgoing	130	637
Electricity	120	109
Repairs and maintenance	84	47
Security	-	3
Other	5	159
	371	1,011
17 Workers' Compensation Claims		
<u>Employers' Indemnity Supplementation Fund (see note 30)</u>	3,140	315
	3,140	315
18 Other expenses		
<u>General Account</u>		
Joint initiative with WorkSafe	250	250
Employment on-costs ^(a) (see note 13 Employee benefits expense)	575	500
Seminars	55	100
Doubtful Debts	(15)	42
Sitting Fees	61	60
<u>Employers' Indemnity Supplementation Fund (see note 30)</u>		
Administration fee paid to Insurance Commission of WA	24	17
	950	969
(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 27 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
19 Grants and subsidies from State Government		
Revenue received during the year:		
Resources received free of charge from the State Solicitors Office	45	56
	45	56
20 Cash and cash equivalents		
Current		
Bank account	1,162	746
Cash on hand	2	2
Term deposit ^(a)	9,100	9,342
Short term money market	-	-
	10,264	10,090

(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 6.02%.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

	2007 \$000	2006 \$000
21 Restricted cash and cash equivalents		
<u>Employers' Indemnity Supplementation Fund (See note 30)</u>		
Cash balance at Treasury	27,479	20,558
<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	67
	<u>27,546</u>	<u>20,625</u>
22 Receivables		
Current		
<u>General Account</u>		
Receivables	406	150
Allowance for impairment of receivables	(40)	(55)
Fines and penalties	45	40
GST receivable	79	270
<u>Employers' Indemnity Supplementation Fund (see note 30)</u>		
GST receivable	9	4
	<u>499</u>	<u>409</u>
Non-current		
<u>General Account</u>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
	<u>-</u>	<u>-</u>
See also note 2(j) 'Receivables and note 35 'Financial Instruments'.		
23 Other current assets		
<u>General Account</u>		
Accrued income - Trust Fund	1	1
Interest	60	27
<u>Employers' Indemnity Supplementation Fund (see note 30)</u>		
Accrued interest	440	244
Sundry debtor	513	471
	<u>1,014</u>	<u>743</u>

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

	2007 \$000	2006 \$000
24 Property, plant, equipment and vehicles		
Freehold land		
At fair value ^(a)	13,985	1,650
	<u>13,985</u>	<u>1,650</u>
Buildings		
At fair value ^(a)	7,415	3,081
Accumulated depreciation	-	(577)
	<u>7,415</u>	<u>2,504</u>
Buildings under construction		
Construction costs	105	3,898
	<u>105</u>	<u>3,898</u>
Plant, equipment & vehicles		
At cost	1,931	2,317
Accumulated depreciation	(1,225)	(1,495)
	<u>706</u>	<u>822</u>
	<u>22,211</u>	<u>8,874</u>

(a) Freehold land and buildings were revalued as at 30 June 2007 by Jones Lang LaSalle. The valuations were performed during the year ended 30 June 2007 and recognised at 30 June 2007. 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	Total \$000
2007					
Carrying amount at start of year	1,650	2,504	3,898	822	8,874
Additions			671	192	863
Transfers		4,464	(4,464)		-
Disposals				(109)	(109)
Revaluation Increments / (Decrements)	12,335	729			13,064
Depreciation		(282)		(199)	(481)
Carrying amount at end of year	<u>13,985</u>	<u>7,415</u>	<u>105</u>	<u>706</u>	<u>22,211</u>
	Freehold land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment & vehicles \$000	Total \$000
2006					
Carrying amount at start of year	1,650	2,714	698	627	5,689
Additions	-	-	3,200	484	3,684
Transfers	-	(17)	-	7	(10)
Disposals	-	-	-	(71)	(71)
Depreciation	-	(193)	-	(225)	(418)
Carrying amount at end of year	<u>1,650</u>	<u>2,504</u>	<u>3,898</u>	<u>822</u>	<u>8,874</u>

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

25 Impairment of assets

There were no indications of impairment of Property, plant and equipment assets at 30 June 2007.

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

2007	2006
\$000	\$000

All surplus assets at 30 June 2007 have been written-off.

26 Payables

Current

General Account

Trade payables	805	732
Accrued salaries	596	360
Other payables	56	87

Employers' Indemnity Supplementation Fund (see note 30)

Claim payments	87	493
GST payable	-	-
Other creditors	-	-
	<u>1,544</u>	<u>1,672</u>

See also note 2(l) 'Payables' and note 35 'Financial Instruments'.

27 Provisions

Current

General Account

Employee benefits provision		
Annual leave ^(a)	1,152	851
Long service leave ^(b)	<u>1,174</u>	<u>1,084</u>
	<u>2,326</u>	<u>1,935</u>
Superannuation ^(d)	<u>200</u>	<u>200</u>
	<u>2,526</u>	<u>2,135</u>

Other provisions

Employment on-costs ^(c)	<u>130</u>	<u>109</u>
	<u>130</u>	<u>109</u>

Employers' Indemnity Supplementation Fund (see note 30)

Liability for estimated future claim payments	<u>2,461</u>	<u>3,506</u>
	<u>5,117</u>	<u>5,750</u>

Non-current

General Account

Employee benefits provision		
Long service leave ^(b)	661	686
Superannuation ^(d)	<u>3,974</u>	<u>3,587</u>
	<u>4,635</u>	<u>4,273</u>

Other provisions

Employment on-costs ^(c)	<u>37</u>	<u>38</u>
	<u>4,672</u>	<u>4,311</u>

Employers' Indemnity Supplementation Fund (see note 30)

Liability for estimated future claim payments	<u>13,422</u>	<u>13,733</u>
	<u>18,094</u>	<u>18,044</u>

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

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

	2007 \$000	2006 \$000
Within 12 months of balance sheet date	672	451
More than 12 months after balance sheet date	480	330
	1,152	781

(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 balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2007 \$000	2006 \$000
Within 12 months of balance sheet date	788	798
More than 12 months after balance sheet date	1,047	867
	1,835	1,665

(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) Defined benefit superannuation plans

The amounts recognised in the income statement are as follows:

	Pre-transfer benefit			
	Pension Scheme		Gold State Superannuation Scheme	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current service cost	46	78	-	-
Interest cost (unwinding of the discount)	151	143	64	56
Net actuarial losses/(gains) recognised	353	74	(48)	(335)
Past service cost		-	-	-
Total, included in 'Employee benefits expense' (see note 13)	550	295	16	(279)

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	3,055	2,684	1,119	1,103
Liability in the balance sheet	3,055	2,684	1,119	1,103

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	2,684	2,567	1,103	1,406
Current service cost	46	78	-	-
Interest cost (unwinding of the discount)	151	143	64	56
Net actuarial losses/(gains) recognised	353	74	(48)	(336)
Benefits paid	(179)	(178)	-	(23)
Liability at end of year	3,055	2,684	1,119	1,103

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

	Pre-transfer benefit			
	Pension Scheme		Gold State Superannuation Scheme	
Reconciliation of the fair value of plan assets is as follows:	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Fair value of plan assets at start of year	-	-	-	-
Employer Contributions	173	165	-	117
Benefits Paid	(173)	(165)	-	(117)
Fair Value of plan asset at end of year	-	-	-	-

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

	Pre-transfer benefit			
	Pension Scheme		Gold State Superannuation Scheme	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Discount rate	6.25%	5.80%	6.25%	5.80%
Future salary increases	4.50%	4.50%	4.50%	4.50%
Future pension increases	3.00%	3.00%	3.00%	3.00%

Historic summary

	2007	2006
	\$000	\$000
Pension scheme:		
Present value of unfunded obligation	3,055	2,684
Fair value of plan assets	-	-
Surplus / (Deficit)	3,055	2,684
Pre-transfer benefit - Gold State Superannuation Scheme:		
Present value of unfunded obligation	1,119	1,103
Fair value of plan assets	-	-
Surplus / (Deficit)	1,119	1,103
Experience adjustments arising on plan liabilities:		
Pension Scheme	256	34
Pre-transfer benefit - Gold State Superannuation Scheme	(12)	46

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. Note that the figures below relate to the Schemes as a whole and are therefore not restricted to the Authority's employees:

	Pension Scheme	Gold State Superannuation Scheme (e)
	2006	2006
	\$000	\$000
Gross accrued benefits	2,446,577	4,566,281
Net market value of plan assets	(129,848)	(2,228,181)
Deficit	2,316,729	2,338,100



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WORKCOVER WESTERN AUSTRALIA AUTHORITY **Notes to the Financial Statements** **For the year ended 30 June 2007**

- (e) The amounts recorded for the Gold State Superannuation Scheme include 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 \$185,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2008.

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 2006/2007 for contributory members was 12% (2005/2006: 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%). This employer liability becomes payable on the payment of the benefit to the member.

Employer contributions of \$108,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2008.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

Movements in Other Provisions

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

	2007 \$000	2006 \$000
<u>Employers' Indemnity Supplementation Fund</u>		
Liability for estimated future claim payments		
Carrying amount at the start of year	17,239	23,421
Additional provisions recognised	3,162	348
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	(4,518)	(6,530)
Carrying amount at the end of year	15,883	17,239
<u>Employment on-costs provision</u>		
Carrying amount at the start of year	147	99
Additional provisions recognised	20	48
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	-	-
Carrying amount at the end of year	167	147

28 Equity

Reserves

Asset revaluation reserve (i):		
Opening balance	4,633	4,633
Net revaluation increments/(decrements):		
Land	12,335	-
Buildings	729	-
Closing balance	17,697	4,633

	2007 \$000	2006 \$000
Retained Earnings / (Accumulated losses)		
Balance at start of year	10,642	(5,343)
Change in accounting policy (ii)	-	577
Result for the period	8,440	15,408
Balance at end of year	19,082	10,642

(i) 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).

(ii) Management has decided to report the Asset Replacement Reserve as part of Retained Earnings.



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

29 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:

	2007 \$000	2006 \$000
Cash and cash equivalents and Restricted cash	37,810	30,715
Interest-bearing liability	-	-
	<u>37,810</u>	<u>30,715</u>

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

Profit/(loss)	8,440	15,408
Non-cash items:		
Depreciation & amortisation expense	481	418
Net (gain)/loss on sale of property, plant and equipment	37	(660)
(Increase)/decrease in assets:		
Current receivables	(319)	98
Other current assets	(228)	(178)
Non-current assets	-	-
Increase/(decrease) in liabilities:		
Current payables	(128)	384
Current provisions	773	278
Non-current provisions	(1,356)	(6,182)
Net GST receipts/(payments) ^(a)	186	(10)
Change in GST receivables/(payables) ^(b)	-	-
Net cash provided by/(used in) operating activities	<u>7,886</u>	<u>9,556</u>

(a) This is the net GST paid/received, i.e. cash transactions.

(b) This reverses out the GST in receivables and payables.

30 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.

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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

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.

EISF Act Liabilities

The outstanding liabilities for claims in run-off for clients of the HIH Insurance Group are assessed by an independent actuary using models applicable to the nature of the incident by which the liability under the fund has been incurred. Claims under the EISF Act are assessed under the categories of Asbestos-Related Claims (which includes incidents of mesothelioma, lung cancer and other diseases of the reparatory system) and Non Asbestos-Related Claims

Workers' Compensation - Asbestos-Related Claims

Asbestos-Related Claims are assessed using actuarial models based on those developed by Professor Geoffrey Berry* utilising ICGF data. The models predict the total number of claims likely to emerge over time and also determine likely average cost per claim.

Workers' Compensation - Non Asbestos-Related Claims

The majority of these claims are long tail in nature and the actuarial models rely heavily on the case estimated placed on each claim to determine the total outstanding liabilities.

Actuarial Assumptions

The following tables provide key actuarial assumptions made in determining the outstanding claims liabilities:

EISF Act: Asbestos-Related Claims	2007	2006
Inflation Rate	4.5% for 2008 and later	Comparatives not provided #
Discount Rate	6.5% for 2008, 6.6% for 2009-2010, 6.4% for 2011 and 6.2% for 2012 onwards	
Claims Managements Expenses	5% of claim payments	
Superimposed Inflation	2%	
Risk Margin	Risk margin at the 75% sufficiency level	



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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

EISF Act: Non Asbestos-Related Claims	2007	2006
Inflation Rate	4.5% for 2008 and later	Comparatives not provided #
Discount Rate	6.5% for 2008, 6.6% for 2009-2010, 6.4% for 2011 and 6.2% for 2012 onwards	
Claims Managements Expenses	5% of claim payments	
Superimposed Inflation	4.50%	
Risk Margin	Risk margin at the 75% sufficiency level	

* "Prediction of mesothelioma, lung cancer, and asbestosis in former Wittenoom asbestos workers", British Journal of Industrial Medicine; 48 793-802

Information prepared under AASB 1023 - General Insurance Contracts is applied from 1 July 2005, restatement of comparatives not required.

The actuarial estimates from June 2001 are as follows:

Year	\$'000
2001	122,312
2002	49,923
2003	31,717
2004	24,090
2005	23,421
2006	17,239
2007	15,883

The actuarial estimates from 2001 to 2005 provide for current known asbestos related claims.

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

In accordance with Accounting Standard AASB 1023 General Insurance Contracts the outstanding claims liability at 30 June 2007 was assessed at \$15,883,000 and a provision for this amount has been included in the financial statements (see note 27).

As claim costs totalling \$4,517,715 were paid from the provision account during the year, a charge of \$3,162,000 was required to adjust the liability account to reflect the actuarial valuation.

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

For the purpose of addressing the outstanding claims liability, a 1% surcharge is imposed on employers' insurance policies. For the 2006/07 financial year the surcharge rate remains unchanged at 1%. Revenue collected from the surcharge will be used to pay this liability.

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

2007
\$000

2006
\$000

31 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	555	1,016
---------------	-----	-------

The capital commitments include amounts for :
Shenton Park Building Upgrade

555	1,016
-----	-------

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	-	39
---------------	---	----

Representing
Cancellable operating leases

-	39
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The cancellable lease is a monthly property lease.



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

32 Contingent liabilities and contingent assets

Contingent Liabilities

In addition to the liabilities included in the financial statements, there is the following contingent liability:

Litigation in progress

A payment of \$50,000 in the event that WorkCover is required to pay the defendant's cost, in relation to an uninsured claim, if it is unsuccessful in the District Court.

Contingent Assets

There are no contingent assets.

33 Events occurring after balance sheet date

No events occurred after balance sheet date.

34 Explanatory Statement

This statement provides details of any significant variation between estimates and actual results for 2007 and between the actual results for 2006 and 2007.

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

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

	2007 Actual \$000	2007 Estimate \$000	Variation \$000
<u>Income</u>			
Provision of Services	39	20	19
Interest Revenue	2,063	1,479	584
Other Revenue	385	180	205
Employers' Indemnity Supplementation Fund	10,588	8,850	1,738
<u>Expenses</u>			
Employee Benefits Expense	12,277	11,247	(1,030)
Supplies and Services	3,271	3,374	103
Depreciation Expense	481	570	89
Accommodation Expenses	371	324	(47)
Workers' Compensation Claims	3,140	1,264	(1,876)
Loss on Disposal of Non-current Assets	37	-	(37)

Provision of Services

The increase largely reflects higher than anticipated revenue associated with Noise Induced Hearing Loss training and registration fees.

Interest Revenue

The increase largely reflects better than expected return on investments associated with funds held for Capital Works and higher interest rates.

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

Other Revenue

The increase largely reflects a recoup of superannuation liabilities paid in prior years.

Employers' Indemnity Supplementation Fund

The increase largely reflects higher than anticipated revenue associated with liquidation dividends for HIH, FAI and CIC Insurers.

Employee Benefits Expenses

The increase largely reflects a higher than anticipated change in superannuation liabilities, leave coverage, the impact of Industrial Relations decisions relating to prior years and the change in leave liabilities as per the actuarial assessments.

Supplies and Services

The variance reflects a lower than anticipated number of workers referred to a medical assessment panel during the year.

Depreciation Expense

The decrease largely reflects the Shenton Park upgrade not being completed as early as anticipated.

Accommodation Expenses

The increase largely reflects the costs associated with relocating staff from the Perry Lakes office to the Shenton Park office.

Workers' Compensation Claims

The increase in workers' compensation claims is predominately a result of an increase in the level of Mesothelioma claims and an allowance made in the actuarial basis for the currently adverse claim trends.

Loss on Disposal of Non-current Assets

The increase largely reflects the disposal of assets following the relocation of staff to the Shenton Park office.

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

	2007 \$000	2006 \$000	Variance \$000
<u>Income</u>			
Provision of Services	39	178	(139)
Interest Revenue	2,063	1,281	782
Employers' Indemnity Supplementation Fund	10,588	13,860	(3,272)
Other Revenue	385	157	228
Gains on Disposal of Non-Current Assets	-	660	(660)
<u>Expenses</u>			
Employee Benefits Expense	12,277	10,730	(1,547)
Depreciation Expense	481	418	(63)
Accommodation Expenses	371	1,011	640
Workers' Compensation Claims	3,140	315	(2,825)
Uninsured Claims	528	472	(56)
Loss on Disposal of Non-current Assets	37	-	(37)



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WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

Provision of Services

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

Interest Revenue

The increase largely reflects better than expected return on investments associated with funds held for Capital Works and higher interest rates.

Employers' Indemnity Supplementation Fund

The decrease largely reflects lower liquidation dividends received for HIH, FAI and CIC Insurers.

Other Revenue

The increase largely reflects a recoup of superannuation liabilities paid in prior years.

Gains on Disposal of Non-current Assets

The decrease is predominately a result of the profit on sale of the West Perth office in 2005/06.

Employee Benefits Expenses

The increase largely reflects EBA, leave coverage, the impact of Industrial Relations decisions relating to prior years, charges for the Magistrate, the increase in the unfunded superannuation liability associated with the Pension Scheme and the change in leave liabilities as per the actuarial assessments.

Depreciation Expense

The increase largely reflects the impact of depreciation associated with the Shenton Park upgrade.

Accommodation Expenses

The decrease in accommodation expenditure largely reflects non capital costs associated with the upgrade of Shenton Park.

Workers' Compensation Claims

The increase in workers' compensation claims is predominately a result of an increase in the level of Mesothelioma claims and an allowance made in the actuarial basis for the currently adverse claim trends.

Uninsured Claims

The increase largely reflects an uninsured Dossett claim made during the year.

Loss on Disposal of Non-current Assets

The increase largely reflects the disposal of assets following the relocation of staff to the Shenton Park office.

35 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.



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WORKCOVER WESTERN AUSTRALIA AUTHORITY

Notes to the Financial Statements

For the year ended 30 June 2007

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 forecast 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.



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

(b) Financial Instrument disclosures

a) Interest Rate Risk Exposure

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

2007	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	6.02	-	10,264	-	10,264
Restricted Cash	5.99	27,546	-	-	27,546
Receivables	-	-	-	499	499
Other financial assets	-	-	-	1,014	1,014
		27,546	10,264	1,513	39,323
Financial Liabilities					
Payables				1,544	1,544
Provisions				23,211	23,211
				24,755	24,755

2006	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total
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
		20,625	10,088	1,154	31,867
Financial Liabilities					
Payables				1,672	1,672
Provisions				23,794	23,794
				25,466	25,466

b) Fair Value

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

36 Remuneration of members of the Accountable Authority and Senior Officers

Remuneration of Members of the Accountable Authority

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

	2007 \$000	2006 \$000
\$0 - \$10,000	5	5
\$10,001 - \$20,000	1	-
\$ 20,001 - \$ 30,000	-	1
\$ 80,001 - \$ 90,000	-	-
\$ 130,001 - \$ 140,000	-	-
\$ 190,001 - \$ 200,000	1	1

The total remuneration of members of the Accountable Authority is: 241 234

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

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

Remuneration of Senior Officers

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

	2007 \$000	2006 \$000
\$0 - \$10,000	-	1
\$ 20,001 - \$ 30,000	-	2
\$ 40,001 - \$ 50,000	1	3
\$60,001 - \$70,000	1	-
\$ 80,001 - \$ 90,000	-	2
\$100,001 - \$110,000	1	-
\$ 110,001 - \$ 120,000	3	1
\$ 120,001 - \$ 130,000	2	1
\$ 270,001 - \$280,000	1 ⁽ⁱ⁾	-

The total remuneration of senior officers is: 1,089 589

(i) Reflects the retirement of a senior officer during the financial year.

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.



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2007

37 Remuneration of Auditor

	2007	2006
	\$000	\$000

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

61	51
<u>61</u>	<u>51</u>

The expense is included in note 18 'Other expenses'.

Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY Notes to the Financial Statements For the year ended 30 June 2007

38 Workers' Compensation & Injury Management Trust Account

The purpose of the Trust Fund is to hold funds paid into the custody of the Authority pursuant to Section 110 of the Workers' Compensation and Injury Management Act 1981. These funds are not consolidated, as they are funds that are administered on behalf of dependants of deceased workers.

	2007 \$000	2006 \$000
Income		
Amounts paid to the custody of the Authority	208	590
Interest on Investments	54	64
	<u>262</u>	<u>654</u>
Expenditure		
Payments by the Authority	347	723
Administration Fee	10	12
	<u>357</u>	<u>735</u>
Surplus/(Deficit)	(95)	(81)
Balance July 1	1,040	1,121
Balance June 30	<u>945</u>	<u>1,040</u>
Balance of funds held represents:		
Cash and cash equivalents	942	1,037
Add Accrued interest	3	4
Less Accrued expenses	-	(1)
	<u>945</u>	<u>1,040</u>

39 Supplementary financial information

Write-Offs

Debts written off by the Authority during the financial year

-Uninsured claims	180	42
-General account	11	-
	<u>191</u>	<u>42</u>

Losses Through Theft, Defaults And Other Causes

Losses of public money and public and other property through theft or default	-	-
Amount recovered	-	-
	<u>-</u>	<u>-</u>



Disclosure and Legal Compliance

WORKCOVER WESTERN AUSTRALIA AUTHORITY
Notes to the Financial Statements
For the year ended 30 June 2007

40 Schedule of Income and Expenses by Service

	GENERAL ACCOUNT								EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total	Total	Total	Total
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Revenues from ordinary activities	8,656	5,342	7,811	9,923	863	2,588	17,330	17,853	12,120	14,681	29,450	32,534
Expenses from ordinary activities	8,946	5,454	8,072	10,128	839	1,164	17,857	16,746	3,198	436	21,055	17,182
Grants and subsidies from Government	-	-	-	-	45	56	45	56	-	-	45	56
Net Profit/(loss)	(290)	(112)	(261)	(205)	69	1,480	(482)	1,163	8,922	14,245	8,440	15,408

(i) In the 2005/2006 financial year 'Market Regulation' was separated into two categories, 'Information Education and Advice' and 'Scheme Regulation'.

Disclosure and Legal Compliance

Key Performance Indicators

Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the WorkCover Western Australia Authority.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Authority's Responsibility for the Financial Statements and Key Performance Indicators
The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.



Disclosure and Legal Compliance

**WorkCover Western Australia Authority
Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

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 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key 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 2007.

COLIN MURPHY
AUDITOR GENERAL
28 August 2007

Disclosure and Legal Compliance

Certification of the Performance Indicators

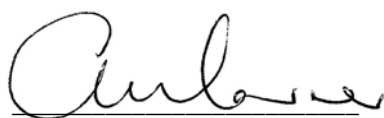
We hereby certify that the accompanying Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the WorkCover Western Australia Authority's performance, and fairly represent the performance of the WorkCover Western Australia Authority for the financial year ended 30 June 2007.



G Joyce

Chairman

28 August 2007



A Warner

Chief Executive Officer

28 August 2007



Disclosure and Legal Compliance

Audited Key Performance Indicators

Performance Indicator Report

For the year ended 30 June 2007

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

WorkCover WA has developed new key performance indicators that reflect a greater emphasis on outcomes in line with Outcome-Based Management and are consistent with the organisation's strategic direction. Drawing from its legislative mandate, WorkCover WA's mission encompasses both the well being of workers and the cost-effectiveness of the scheme for employers and the community. WorkCover WA's Outcome encompasses both of these aspects. Fundamental to the Outcome is the regulation of the worker's compensation scheme for compliance with legislative requirements and practices and the provision of dispute resolution and associated services that are managed efficiently for the community.

Outcome

To achieve the broad aims embodied in the Mission statement, WorkCover WA identifies one primary outcome, which is:

To provide a cost effective workers' compensation system that provides workers with financial compensation for, and effective management of, injuries arising out of, or in the course of their employment.

To measure the extent to which this outcome has been achieved, four key effectiveness indicators have been used. These are:

- Percentage of workers covered by a current workers' compensation policy
- Percentage of lost time injuries with an appropriate injury management response
- Percentage of dispute resolution decisions successfully appealed
- User satisfaction with the dispute resolution system.

Disclosure and Legal Compliance

Services

The services delivered by the agency directly support the achievement of this outcome. The achievement of the outcome in turn influences the broader aims of our Mission. To achieve the outcome, WorkCover WA delivers the following services:

1. Scheme Regulation - Regulation of workers' compensation scheme participants.

These services cover all the proactive activities undertaken by WorkCover WA and include securing compliance with the provisions of the legislation through inspections, investigations and prosecutions to ensure compliance; accreditation and monitoring of performance of key workers' compensation scheme service providers; and information and education to workers' compensation scheme participants and the general community on the scheme, workers' compensation and injury management.

2. Scheme Services - Provision of dispute resolution and other workers' compensation related services.

These services encompass all the systems and processes required to resolve civil and statutory disputes (Part XI), interim orders and minor claim applications (Part XII). They also include the processes required to register agreements.

WorkCover WA also provides other smaller services such as hearing tests.

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, uninsured claims payments, the management of trust funds, funding of joint initiatives with the WorkSafe division of the Department of Consumer and Employment Protection, and the fulfilment of WorkCover WA's obligations under the Service Delivery Agreement with the Commonwealth for delivery of services to Cocos and Christmas Islands. 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.

It should be noted that as this is the first year of reporting these key performance indicators, historical and trend data is not available and is therefore not reported.



Disclosure and Legal Compliance

Key Effectiveness Indicators

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

Outcome: To provide a cost effective workers' compensation system that provides workers with financial compensation for, and effective management of, injuries arising out of, or in the course of their employment.

Key Effectiveness Indicator 1.1 – Percentage of workers covered by a current workers' compensation policy.

Indicator	Target	Actual
Percentage of workers covered by a current workers' compensation policy.	95%	95.9%

This indicator measures the extent to which employers maintain a current workers' compensation insurance policy and thereby provides information on the exposure of the scheme to uninsured claims being met by the General Account. It also provides an indication to the extent that subsidisation of uninsured employers by insured employers is occurring. The identification of employers in high risk categories enables compliance activities to be targeted.

Comment

The target of 95% coverage of workers has been achieved through compliance activities undertaken to support this indicator. Compliance activities range in scope from new business registrations, lapsed insurance policies and targeted compliance programs.

Key Effectiveness Indicator 1.2 – Percentage of lost time injuries with an appropriate injury management response.

Indicator	Target	Actual
Percentage of lost time injuries with an appropriate injury management response.	75%	100%

This is measured by the percentage of injuries where it becomes apparent that a worker's period of incapacity exceeds four consecutive weeks and an insurer or self-insurer is able to demonstrate that an appropriate injury management response has occurred.

Comment

The high result obtained for this indicator is testament to the attention given by employers and insurers to serious injuries sustained in the workplace. The lost time period (4 weeks) used for testing this indicator will be progressively reduced to match the level of education and increased awareness of the response to injury management anticipated by the *Workers' Compensation and Injury Management Act 1981*.

Disclosure and Legal Compliance

Key Effectiveness Indicator 1.3 – Percentage of dispute resolution decisions successfully appealed.

Indicator	Target	Actual
Percentage of dispute resolution decisions successfully appealed:		
(i) Frequency of successful appeals (appeals upheld) as a portion of final decisions	1.2%	0.97%
(ii) Appeals upheld as a percentage of total appeals lodged.	15%	32.6%

The indicator defines decisions as all decisions emanating from the dispute resolution process, including Civil Proceedings and Statutory (Part XI and pending proceedings). These decisions may be appealed to the Commissioner based on certain legislative criteria. Part XII applications are not to be included as they cannot be appealed to the Commissioner. Similarly interlocutory and directions hearings are not included because, while they can be open to appeal, they are not usually final decisions relating to the original dispute.

Comment

While the percentage of appeals upheld as a percentage of appeals lodged is in excess of the target, it is not surprising as new legislation has led to increasing 'testing' of the process.

Key Effectiveness Indicator 1.4 – User satisfaction with the dispute resolution system

Indicator	Target	Actual
User satisfaction with the dispute resolution system.	63%	70%

Users of the dispute resolution system were surveyed to collect information on their perceptions on being informed and their general involvement in the system.

Comment

The user satisfaction target was exceeded. The outcome of the User Satisfaction survey, which involved surveying 465 participants in the dispute resolution process, suggests that while there are still opportunities for improvements, clients are fairly satisfied with the administration of the dispute resolution system by WorkCover WA.



Disclosure and Legal Compliance

Key Efficiency Indicators

Key Efficiency Indicators measure the average cost of delivering services.

Service 1 Regulation of workers' compensation scheme participants.

Key Efficiency Indicator 1.1 – Average weighted cost per regulation activity.

Indicator	Target	Actual
Average weighted cost per regulation activity.	\$250	\$242

A regulation activity includes all activities that ensure workers' compensation participants comply with legislative requirements and standards. A regulation activity includes initial accreditation processes, subsequent reviews and monitoring, compliance inspections, investigations and prosecutions as well as information and education activities for scheme participants.

Comment

Compliance activities initiated in 2005-2006 continued for the early part of 2006-2007 using additional resources from other areas within WorkCover WA. The activity resulted in more, higher weighted activities that contributed to a lower actual cost per activity.

Service 2 Provision of dispute resolution and other workers' compensation related services.

Key Efficiency Indicator 1.2 – Average cost to resolve each dispute.

Indicator	Target	Actual
Average cost to resolve each dispute	\$3,556	\$3,723

The average costs of each dispute have been calculated by dividing the direct operating costs of the Dispute Resolution Directorate and a proportional allocation of corporate overheads by the number of disputes.

Comment

The variance between costs and target were impacted by one off additional costs related to unplanned and unavoidable leave coverage and the impact of back payments relating to the previous year.

Disclosure and Legal Compliance

Key Efficiency Indicator 1.3 – Percentage of disputes resolved within 12 and 26 weeks respectively from date an application is received.

Indicator	Target	Actual
Percentage of disputes resolved within 12 and 26 weeks respectively from date an application is received:		
(i) Percentage of disputes resolved within 12 weeks from date an application is received	48%	31%
(ii) Percentage of disputes resolved within 26 weeks from date an application is received.	93%	76%

This indicator measures the percentage of statutory Part XI disputes resolved within 12 and 26 weeks respectively, from the date an application is accepted by the Director.

Comment

While the percentage of disputes resolved within the 12 and 26 week timeframes are below the targets set, it should be noted that these figures include adjournments requested by parties which can cause substantial delays in the resolution process and may be outside of the control of WorkCover WA.



Disclosure and Legal Compliance

Explanatory Notes

The *Workers' Compensation and Injury Management Act 1981* requires all employers to have a current workers' compensation policy. The legislation provides that where an employer is not insured WorkCover WA will pay the compensation to the injured worker and will then seek to recover the monies paid, plus penalties from the non-insured employer.

WorkCover WA is funded via an annual levy on premiums that is paid by employers to insurers who are approved to underwrite workers' compensation insurance in Western Australia and by employers who are approved to self-insure by WorkCover WA.

The levy is made up of two parts – a fixed contribution and the balance, which is assessed on the proportion of the market that the particular insurer has covered.

If there is a level of non-insurance or under-insurance occurring within the market then the insured employers are, in effect, subsidising the non-compliant employers.

Agency Level Outcome

A balance needs to be struck between the compensation paid for a work related injury and the amount of salary/wages an employee would be entitled to, had he or she not been injured.

A schedule of payments is provided for in the legislation to allow for a 13 week step down in entitlements, to reduce the amount of weekly payments paid to the injured worker without unfairly disadvantaging the worker.

WorkCover WA monitors medical and other costs associated with returning the injured worker to work. By ensuring the return to work of injured workers in the most appropriate timeframes the overall costs of the workers' compensation scheme can be minimised.

The monitoring of payment costs, prevention of injuries in the first place and having effective injury management treatment plans all contribute to keeping scheme costs down. The lower the costs, the lower the premiums paid by employers.

The premiums paid by employers to insurers to cover the costs of workers' compensation payments need to be set at a point to not inhibit insurance being taken out. The payments made to workers and the parties involved in returning the injured worker to work need to be monitored and controlled yet, still sufficient to not disadvantage the injured worker.

Services

Scheme Regulation

Regulation involves licensing insurers and service providers, monitoring their service delivery, recommending rates for services, inspections and investigations of businesses to ensure compliance, for example, whether they have insurance.

Regulation also involves education and promotion of injury prevention, injury management and awareness raising of entitlements.

Disclosure and Legal Compliance

Scheme Services

The types of services provided by WorkCover WA include dispute resolution, certifying calibration of hearing testing equipment and developing specialised retraining programs.

In calculating the costs of services, certain costs have been excluded as they make no contribution to the provision of services. These include workers' compensation claims from the supplementation account (\$3.198m), trust administration (\$22,000), uninsured workers' compensation claims (\$567,000), and the WorkSafe contribution (\$250,000). The total amount of exclusions in calculating the costs of services for the purposes of the key performance indicators is \$4.037m.

Key Effectiveness Indicators

Percentage of workers covered by a current workers' compensation policy.

If all employers have current policies, all workers will be covered for work related injury and the cost of insurance will be spread across all employers. WorkCover WA's role is to ensure employers fulfil their obligation to insure their workers for work related injury.

To estimate the level of workers' compensation coverage, data from the Australian Bureau of Statistics (ABS), the Commonwealth workers compensation scheme and the WA Police was used. The different data sources was necessary because Commonwealth workers in Western Australia and sworn police officers are covered by arrangements other than those established by the *Workers' Compensation and Injury Management Act 1981*.

Using a combination of actuarial and ABS data, an estimated number of employees covered was calculated from annual average wages in each industry category. ABS data was used to calculate the total number of eligible workers in Western Australia. The total of 95.9% was the number of covered workers as a percentage of total eligible workers.

Compliance activities range in scope from new business registrations, lapsed insurance policies and targeted compliance programs. Compliance projects can be used to test the reliability of general data. For example, a compliance project revealed that there was a high proportion of employers without a current workers' compensation policy in the construction industry. However, the numbers of workers employed by these employers were minimal with less than 1% not being covered. This supports the conclusions that a high proportion of workers are covered.

Percentage of lost time injuries with an appropriate injury management response.

Most work related injuries do not result in time being lost to the employer. Where the injured worker does take time off to recover there can be associated costs to the employer in lost productivity. The earlier the worker is ready to return to work and does return to work, the lower the lost productivity will be for the employer.

All employers are required to have injury management plans in place. WorkCover WA checks for compliance in this area.

Section 157A(1) *Workers' Compensation and Injury Management Act 1981* (the Act) was introduced to facilitate early intervention of injury management and identification of workers who may require assistance in returning to work when they have been incapacitated for four consecutive weeks or a total of 12 weeks in a period of 12 months.



Disclosure and Legal Compliance

The Board agreed to provide an exemption dependant on insurers and self-insurers meeting certain conditions. The exemption conditions were developed for section 157A(1) as outlined below.

Approved insurers and self-insurers are required no later than seven days after acquiring the knowledge referred to in paragraph (a) or (b) of section 157A(1) of the Act to review all claims in order to determine whether or not a return to work program is required and that the content and implementation of a return to work program is in accordance with the regulations.

In cases where the insurer or self-insurer received a late notification of the claim and the period in section 157A(1) (a) or (b) has already passed, the insurer or self-insurer must review the claim immediately in order to determine whether or not a return to work program is required and implementation of a return to work program is in accordance with the regulations. Supporting documentation needs to be kept attached to the claim file.

Insurers are required to document confirmation that the following has occurred; the date the claim was reviewed, outcome of the review and reasons for action not being/being required; if the employer is willing/able to establish the Return to Work Program (RTWP); if the employer requests the insurer to establish the RTWP and relevant details of the RTWP; if the employer does not wish to establish a RTWP or require the insurer to act on their behalf and if this information was forwarded to WorkCover WA; if vocational rehabilitation was required with appropriate details.

Self-insurers are required to document confirmation that the following has occurred; the date the claim was reviewed, the outcome of the review and reasons for action not being/being required; if action was required and RTWP established contact with the relevant parties; RTWP documentation and review date; and if vocational rehabilitation was required.

The above process for reviewing insurers and self-insurers is extremely onerous for both WorkCover WA and the insurers and self-insurers. The insurers and self-insurers are required to locate and make available claim files at their Perth offices and when the insurer's system is computerised make available computer time and staff to assist in the review process.

As the results of the audit were extremely high the lost time period (4 weeks) will be progressively reduced for audit purposes.

Percentage of dispute resolution decisions successfully appealed.

The dispute resolution role provided by WorkCover WA is meant to provide a fair and cost effective system for the resolution of disputes. The fairness of the decisions can be tested by the number of appeals to decisions made that are upheld.

A successful appeal is one where the Commissioner overturns an Arbitrator's final decision as it relates to the original dispute. An appeal may include a number of grounds. When making a decision in relation to an appeal, the Commissioner will consider each ground to the appeal. One or more of the grounds may be upheld by the Commissioner. This however, may not actually change or override the original decision made by the Arbitrator, which is the subject of the appeal.

Disclosure and Legal Compliance

Accordingly, it is only instances where the original decision is overturned that an appeal is considered as upheld.

This is the first year that this indicator has been reported against and further development of the measurement system is required. Currently, both the target and the actual performance indicator are based on the total number of substantive disputes resolved. While the data is accurate and comparable, a more appropriate measure would be only those appealable decisions made by arbitrators during Statutory Pending Proceedings, Statutory (Part XI) proceedings, and in Civil Disputes. Both the target and the performance indicator will be based on this measure from 2007-08.

User satisfaction with dispute resolution system.

The dispute resolution system is designed to provide timely, fair and effective methods to resolve disputes. It also is required to meet user expectations in relation to accessibility, approachability and professionalism.

The most effective way to measure the success of the system is to engage in a survey of users. This survey was carried out towards the end of the financial year to ensure the widest possible capture of user perceptions and involved a sample of workers, employers, self-insurers, insurers, and legal representatives.

After reviewing the total number of finalised disputes for the 2006-07 year, a sample of 465 participants in the dispute resolution process participated in a telephone survey. This sample was from a population of 1208 closed files. The breakdown of types of stakeholders is identified in table 6 below.

Table 6: Dispute Resolution Telephone Survey Sample

Respondent Description	No in Sample	No from contact list for the phone interview	Percentage
Worker	178	487	37%
Employer	71	302	24%
Self-Insurer	7	18	39%
Insurer	125	244	51%
Legal Representatives	84	157	54%
TOTAL	465	1208	38%

The sample was based on workers, employers, insurers and self insurers, and legal representatives, and involved removing duplicates. Workers, insurers and legal representatives are often involved in more than one dispute in any given year and this has been taken into account in determining the sample for the survey.

Registered agents were excluded from the final survey results because there were insufficient numbers to be a valid sample (2).

The standard error rate applied to the survey was 3% and the level of confidence assumed is 95%.



Disclosure and Legal Compliance

Key Efficiency Indicators

Average weighted cost per regulation activity.

The greatest proportion of work performed by WorkCover WA is directed at developing the workers' compensation scheme and reviewing scheme performance. Regulation is implied broadly to incorporate policy, licensing, accreditation, inspection, investigation, monitoring, educating and prosecuting.

As the activities associated with the regulation of scheme participants are wide and varied a weighting is required to be applied to the actual activity. For example having standard letters querying whether an employer is insured for workers' compensation compared to an on-site visit to the employer have different time and effort associated with them. A weighting has been applied and a cost attributed to the activity.

Average cost to resolve disputes.

The costs associated with dispute resolution have been determined by allocating a proportion of direct and indirect costs.

Percentage of disputes resolved within 12 and 26 weeks respectively from the date an application is received.

One of the outcomes required of the dispute resolution process is for the disputes to be resolved in a timely manner. The time taken to resolve disputes is complicated by the fact that adjournments are often granted to enable parties to obtain further information or for other purposes. WorkCover WA may have no control over how long these adjournments are and this can affect the timeliness targets. It should also be noted that such delays are not always undesirable as they can result in a fairer outcome.

Disclosure and Legal Compliance

Ministerial Directives

There were no Ministerial Directions issued during 2006-07.

Other Financial Disclosures

Capital Works

Capital Projects Completed

Following the sale of the West Perth premises in 2005, a program to upgrade the Shenton Park office has been undertaken. The total expenditure of the project during 2006-07 was \$670,788.

The activities undertaken during the year were:

- Completed the stage four of capital works in December 2006, which resulted in the creation of an additional 29 workstations located in the western and southern wings of the Shenton Park premises. The newly created workstations were used to relocate the remaining Perry Lakes staff to the Shenton Park premises.
- Finalised the fit-out of the mezzanine area in December 2006 to provide conference facilities that accommodated events involving up to 100 participants.

Capital Projects Incomplete

The final stage of works involves the upgrade of the basement area to provide storage and carers' facilities, additional workstations, improved acoustics to hearing and court rooms, and toilet refurbishment. These works are expected to be completed by October 2007 at an estimated cost of \$600,000.

Employment and Industrial Relations

Employees at WorkCover WA are engaged under the Public Service Award and the Government's General Agreement. During 2006-07, the new Public Service General Agreement was registered in the Western Australian Industrial Relations Commission.

Staff Profile

WorkCover WA consists of 139 employees. Table 7 provides details of WorkCover WA's employees categorised by gender and level with comparative totals for 2006. The number of employees has decreased over the year. Nearly two-thirds of employees (63%) are female.



Disclosure and Legal Compliance

Table 7: Number of employees by gender as at 30 June 2007

Employees by Gender – at 30 June 2007 <i>(Comparative figures for 2006 are in parenthesis)</i>					
Level	Male		Female		Total
Level 1	4	(5)	13	(26)	17 (31)
Level 2	4	(7)	16	(21)	20 (28)
Level 3	5	(5)	13	(8)	17 (13)
Level 4	8	(5)	7	(13)	15 (18)
Level 5	7	(9)	18	(11)	26 (20)
Level 6	4	(6)	8	(5)	12 (11)
Level 7	6	(4)	6	(5)	12 (9)
Level 8	3	(5)	0	(1)	3 (6)
Level 9	9	(10)	6	(6)	15 (16)
Above Level 9	1	(2)	1	(1)	2 (3)
TOTAL	51	(58)	88	(97)	139 (155)

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

Employee Learning, Development and Training

WorkCover significantly expanded the range of strategically aligned development opportunities for staff in 2006-07, in line with the new PDA process. The procurement of training was also streamlined to ensure a 30 per cent budget saving through the use of contracts. Over 100 opportunities for development were offered to staff, some of which included:

- **Computer Software Skills:** including MS Office software, writing for the online environment and effective use of Outlook and Email.
- **Professional Development** including project management, problem solving, customer service, negotiation, interview skills and job application skills, time management and team dynamics.
- **Occupational Health and Safety:** Fire warden training, First Aid and Occupational Health and Safety Representative training.
- **Technical Skills:** Use of key performance indicators and agency reporting; legal terminology; and electronic records management.

A series of 'Lunch & Learn' sessions were also implemented for various health and wellness topics, national trends for Workers' Compensation, the effective use of mentoring and the Employee Assistance Program. The lunch and learn sessions are designed to develop staff by providing information to employees in an informal atmosphere where individual questions can be answered.

Disclosure and Legal Compliance

Policy Development

In addition to OSH policies, a variety of workplace policies were developed or revised including:

- grievance management policy
- establishment policy
- employment on a fixed term contract policy
- fraud and corruption prevention policy
- risk management policy.

Also during the year, the recruitment and selection policy and the higher duty allowance and temporary special allowance policy were reviewed.

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 2006-07, WorkCover WA's injury management policy was revised following the lead up to the Injury Management campaign. 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 coordinator. Table 8 provides details on workers' compensation and injury management for WorkCover WA employees.

Table 8: Workers' compensation and injury management for WorkCover WA employees

	2002-03	2003-04	2004-05	2005-06	2006-07
Number of lost-time injuries	2	1	0	1	2
Frequency rate (per million hours worked)	7.61	4.02	0.00	3.74	7.70
Incidence rate (per 100 workers)	1.46	0.71	0.00	0.64	1.45
Estimate cost of claims incurred per \$100 wage roll	0.448	0.003	0.087	0.059	0.11
Premium rate (%)	0.58%	0.46%	0.42%	0.39%	0.34%
Injury Management/Rehabilitation success rate:					
- Finalised	Nil	Nil	Nil	Nil	1
- Ongoing	2	2	2	2	1



Disclosure and Legal Compliance

Governance Disclosures

Disclosure of Interest in an Existing or Proposed Contract

In accordance with Treasurers' Instruction 903(14)(iii), Senior Officers declared any interest in existing or proposed contracts with WorkCover WA. Board Member, Mr Brian Bradley is the Director General of the Department of Consumer and Employment Protection. In 2006-07, WorkCover WA made a contribution of \$250,000 to the ThinkSafe small business initiative undertaken by WorkSafe, a division of the Department of Consumer and Employment Protection.

Other Legal Requirements

Advertising and Sponsorship: Statement of Expenditure – *Electoral Act 1907 section 175ZE*

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 9 is a statement of expenditure in accordance with Section 175 ZE of the *Electoral Act 1907* for the 2006-07 financial year. The figure for 2006-07 is lower than 2005-06 as a result of a dedicated advertising program on the 2005 legislative reforms.

Table 9: Statement of Expenditure: *Electoral Act 1907* for 2006-07

Class of Expenditure	Amount	Agency/Organisation
Advertising agencies	Nil	N/A
Direct mail agencies	\$15,795.06	Lasermail Pty Ltd
Market research organisations	Nil	N/A
Media advertising agencies	\$39,892.51	Marketforce Ltd t/as MFP Marketforce Productions and Media Decisions WA
Polling organisations	Nil	N/A
TOTAL	\$55,687.57	

Disclosure and Legal Compliance

Disability Access and Inclusion Plan

WorkCover WA's Disability Access and Inclusion Plan (DAIP) outlines how people with disabilities will be provided equal access to WorkCover WA's facilities and services. The DAIP replaced WorkCover WA's Disability Services Plan and was developed following input from many members of the community. It includes an implementation plan of action for 2007-08 to progress the required outcomes.

Specifically, the DAIP outlines how WorkCover WA will ensure that WorkCover WA contributes to an accessible and inclusive community for people with disabilities, their families and carers. These are:

- 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.

The following items were progressed in 2006-07:

- Existing functions, facilities and services are adapted to meet the needs of people with disabilities.
 - Procedures were updated to include the requirement that external service providers must consider the needs of people with disabilities in delivering contracts and services
 - The advisory branch is now conducting home visits to accommodate people with disabilities who may not be able to attend the WorkCover WA office to receive advice on their claim.
- Access to buildings and facilities has been improved. The Shenton Park premises were originally constructed during 1990. Recently, the interior of the building has undergone a major refurbishment to upgrade its staff capacity and improve facilities. During various stages of the refit, WorkCover has strived to maintain a high standard of works and meet or exceed the building requirements set by the Building Code of Australia (BCA).
- An audit of equipment was conducted for people with disabilities. As a result of this audit, the following improvements were made to the building and its facilities:



Disclosure and Legal Compliance

- Corridors and doors have been constructed wide enough for a mechanical wheelchair to pass through
- Reception counters are at heights suitable for people with disabilities
- Showers have been provided that are suitable for persons with disabilities
- Lever handles and low pressure door closers have been installed to enable infirm people to open them easily
- Light switches are located at wheel chair height
- The building is equipped with more than the required number of disabled toilets and parking spaces
- The newly installed low pile carpet allows for the smooth traffic of wheel chairs. On the refurbished staircase leading to the mezzanine conference suite, contrast luminants were installed to provide a colour contrast that enables persons with poor vision to clearly distinguish the stair edge.
- Information about functions, facilities and services is provided in formats that meet the communication needs of people with disabilities which includes:
 - The DAIP which is available on the WorkCover WA Intranet and Internet site and is also available in alternate formats such as large print, audio or Braille on request
 - A statement in the corporate policy on disability services requiring venues booked for staff and public events to be accessible
 - The website has been redesigned to enable increased accessibility via the use of relative universal font (ie adjustable font size and style) and includes accessibility link on home page
 - A WorkCover WA communications style guide has been issued – nominating a corporate san serif font, and recommending 11-12 point font for all publications.
- Staff awareness of the needs of people with disabilities and skills in delivering services has been improved:
 - The WorkCover WA divisional business planning process was updated to incorporate aspects relating to the DAIP.
 - Staff training in communication and style applications included font and design considerations for access.
- Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.
 - The public was invited to provide feedback on WorkCover WA's services and facilities and availability of access
 - The Complaint and Feedback Policy was reviewed to ensure it included access for people with disabilities. The complaint and feedback procedure will be made available in alternate formats upon request
 - The *Customer First* Feedback System was created, which provides the opportunity for people with disabilities to make complaints in alternative formats upon request.

Disclosure and Legal Compliance

Equal Employment Opportunity

The Equity and Diversity Plan for the Public Sector Workforce 2006-09 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.

WorkCover WA is above the Public Sector targets in a number of their priority areas. In 2006-07, the percentage of women in management positions at WorkCover WA increased from 40 per cent to 53.3 per cent (Table 7). 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 above the Public Sector target for employing people with disabilities. In support of improving the representation of people with disabilities in the workforce, WorkCover WA accesses disability recruitment agencies during recruitment processes. Given that a significant proportion of our external customers will be suffering from either a short or long-term disability as a result of a work-related injury, it is appropriate that we are highly represented in this area.

WorkCover WA is also above the Public Sector target for employing people from culturally diverse backgrounds.

In addition we are only slightly below the target for Indigenous Australians and envisage reaching the target easily over the next 12 to 18 months.

WorkCover WA is aiming to increase the representation of youth in the workforce through the provision of opportunities for advancement in the organisation.

As a result of the review of our current workforce and our business, including our customer base, the WorkCover WA Equity and Diversity Plan highlights increased representation of youth (17-24 years) as a priority area for our Equity and Diversity plan. WorkCover WA's representation of youth is currently 2.1 per cent below the public sector target.

Currently, the youth sector is an area of concern not only for WorkCover WA but also for the public sector and wider labour market. The average age of the workforce is increasing and a situation will occur over the next 10 to 15 years where there will be more people leaving the workforce than entering. The "generation Y" employee group have changing values in respect to what they want from their employment. WorkCover WA will need to target this area specifically in order to ensure that our workforce is sustained and that we are competitive not only with other public sector agencies but with the private sector.

One of the ways that we hope to achieve this is through providing opportunities for advancement in the organisation.



Disclosure and Legal Compliance

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 People and Performance section of WorkCover WA's Intranet site, which is accessible to all employees. The employee services branch 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	Nil
Number of breaches found including details of multiple breaches per application	Nil
Number still under review	Nil

Adrian Warner

Chief Executive Officer, WorkCover WA

Date: 28 August 2007

Disclosure and Legal Compliance

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 plan by providing evidence in the Annual Report on four key areas. WorkCover WA's performance for the 2006-07 year is presented in Table 10 below.

Table 10: WorkCover WA's Recordkeeping Plan achievements for 2006-07

Key Area	Achievements during 2006-07
<p>The efficiency and effectiveness of the organisation's record keeping systems is evaluated not less than once every five years.</p>	<ul style="list-style-type: none"> ▪ WorkCover WA's Retention and Disposal Schedule was submitted to the State Records Office for endorsement. ▪ A self-assessment of WorkCover WA's record keeping processes was undertaken against AS ISO 15489.2 <i>Records Management – Guidelines</i>. ▪ An evaluation of WorkCover WA's performance against the agency's current Recordkeeping Plan was undertaken. ▪ Surveys of WorkCover WA staff in terms of satisfaction with the service provided by the Records area and how staff access information at the agency were completed.
<p>The organisation conducts a record keeping training program.</p>	<p>New records staff were inducted into the area via a set training program starting on day one. The following external training was undertaken by Records staff :</p> <ul style="list-style-type: none"> ▪ Developing and maintaining business classification for records ▪ Training small groups ▪ Frontline management. <p>For other WorkCover WA staff, the Records branch provided the following:</p> <ul style="list-style-type: none"> ▪ Training to new and existing staff on records management procedures at WorkCover WA ▪ An Intranet-based records management training course for WorkCover WA staff was implemented ▪ An in-house newsletter on records management at the agency has been developed and is issued on a bi-monthly basis ▪ A records management page on the Intranet has been developed and implemented ▪ Brochures on records management at WorkCover WA and using the records management system interface on the Intranet were updated.
<p>The efficiency and effectiveness of the organisation's record keeping training program is reviewed from time to time.</p>	<p>Training initiatives are reviewed continuously to ensure the information provided to WorkCover WA staff is meeting their requirements and complies with relevant legislation and standards.</p>
<p>The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.</p>	<p>All new staff were invited 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.</p>



Disclosure and Legal Compliance

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 2007-08.

Table 11: Annual Estimates 2007-08

Expenditure	\$000
Operating Costs	
Employee expenses	12,986
Supplies and services	2,978
Accommodation expenses	314
Uninsured claims	519
Other	250
Asset purchases	470
TOTAL EXPENDITURE	17,517
Revenue	\$000
Contributions	17,067
Other	450
TOTAL REVENUE	17,517

Disclosure and Legal Compliance

Government Policy Requirements

Corruption Prevention

It is a requirement of the Western Australian Government that all agencies incorporate in their risk management activities specific consideration of the risk of corruption and misconduct. Additionally, agencies are required to report on the measures they are taking to reduce the risk of corruption and misconduct by including in their annual report an outline of the actions taken to prevent corruption and misconduct.

In addition to meeting government requirements, corruption prevention is in WorkCover WA's long-term interest because it promotes loyalty and trust between staff, clients and stakeholders. Failing to prevent corruption at WorkCover WA exposes the agency to the following potential risks:

- material or financial loss
- loss of intellectual property
- adverse reputation impact
- diversion of management energy; and
- negative organisational morale.

WorkCover WA has adopted a Code of Conduct that sets out the standards of conduct expected of WorkCover WA staff members. In addition to the Code, a Corruption Prevention Policy has been endorsed that will assist in promoting a fair and honest working environment for all of WorkCover WA.

The policy applies to all WorkCover WA employees, including those employed on a contract or temporary basis.

The policy defines corruption and fraud, and explicitly identifies acceptable parameters of conduct for all WorkCover staff. It also describes the procedures to be followed when fraud and corruption are suspected.

The Fraud and Corruption Prevention Policy is available to all staff on the agency's Intranet site.

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.



Disclosure and Legal Compliance

In accordance with the Western Australian Government's State Sustainability Strategy and Code of Practice, WorkCover WA developed a three-year Sustainability Action Plan for 2005-07. WorkCover WA reported on its commitments to the State Strategy last year and provides further evidence of its commitments this year.

WorkCover WA's initiatives and activities in complying with the Sustainability Code of Practice for 2006-07 included:

- Ensuring that agency activities are compliant with the *Better Planning: Better Services* framework
- Reporting against the *Better Planning: Better Services* framework and *Western Australian Public Sector Annual Report Framework 2005-06* in the *2005-06 Annual Report*
- Incorporating sustainability actions into the agency's strategic and business plans
- Ensuring that planning and decision-making processes complied with the *Sustainability Assessment Framework*
- Having meaningful and effective engagement with key stakeholders and the public while having regard to key principles outlined in the *Consulting Citizens Guides*
- Ongoing compliance with Occupational Safety and Health legislation. The OSH Committee continued to regularly monitor occupational health and safety measures in the workplace to improve environmental, economic and social outcomes
- Encouraging our employees to contribute to community development by supporting charity events, voluntary blood donations and offered paid time off work for emergency service volunteers
- Incorporating the principles of sustainability as part of our capital works project to refit the Shenton Park premises
- Systematically upgrading the lighting, heating and cooling system in an effort to reduce energy consumption. The methodology used reduces thermal loads which therefore reduces cooling requirements
- Connecting lighting in carparks to day sensors
- Installing motion sensors as part of the building refurbishment. All lights are programmed to turn off automatically at specific times
- Continuing wastepaper recycling programs for paper and cardboard. Printer toner cartridges are also being recycled
- Setting equipment such as multi function devices and printers to shut down, power save or sleep modes. Computers and LCD screens have been upgraded to more energy efficient technology products.

WorkCover WA's Sustainability Action Plan can be viewed on the agency's Internet site at www.workcover.wa.gov.au

Appendices

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 worker's incomes, meet relevant medical and other costs that may arise when workers are injured at work, and assist a return to work.

Workers' compensation insurance is compulsory for all employers in Western Australia. Private insurers who are approved by WorkCover WA underwrite workers' compensation insurance in a competitive market. 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 27 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 claims experience, insurers may discount the recommended premium rates by any amount, or surcharge (load the premium) to a maximum of 75 per cent 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 (ie "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 two times average weekly earnings) for a period of 13 weeks after which a step-down in income payments is applied.



Appendices

Lump sum payments are also available to injured workers in certain circumstances. Injured workers who suffer a permanent impairment are able to apply for a fixed lump sum payment (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 eligible to pursue common law damages from their employer, subject to meeting specified injury or impairment thresholds. Injured workers with significant injuries (16 per cent disability for injuries that occurred prior to 14 November 2005 or 15 per cent 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 per cent disability for injuries that occurred prior to 14 November 2005 or 25 per cent whole person impairment after 14 November 2005) can seek unlimited damages through the District Court.

Injury Management

Returning injured workers to work is a primary goal of the scheme. Injury management is a process of managing 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 to 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 to pre-injury hours. 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 and meet specified criteria.

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 scales of fees for medical and allied health services, and facilitates medical assessment of whole person impairment by approved medical specialists.



Appendices

Dispute Resolution

The WorkCover WA Dispute Resolution Directorate is responsible for the resolution of workers' compensation related disputes.

The dispute resolution system comprises:

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

The dispute resolution system is aimed at resolving disputes as early as possible through a structured process involving an initial informal teleconference, followed by a conciliation conference and formal 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

WorkCover WA undertakes administration of the workers' compensation scheme. 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 Board and the Government on further development of the scheme and monitors the overall performance and sustainability of the scheme.

Appendices

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 relevant trends.

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 2006-07

Table 12: Claim payment by category of expense (unadjusted) 2003-04 to 2006-07

	2003/04		2004/05		2005/06		2006/07		4-year % change
	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	
Weekly Payments	124.329	32.3%	134.622	31.7%	145.879	32.6%	160.863	33.6%	29.4%
Redemptions	55.992	14.5%	59.805	14.1%	62.551	14.0%	64.064	13.4%	14.4%
Specific Injuries (2nd Schedule)	16.907	4.4%	17.047	4.0%	17.943	4.0%	17.380	3.6%	2.8%
Fatal (including funeral expenses)	1.769	0.5%	1.063	0.3%	1.613	0.4%	1.320	0.3%	-25.4%
Medical Expenses	86.046	22.3%	94.005	22.2%	98.428	22.0%	102.340	21.3%	18.9%
<i>Medical Practitioners & Specialists</i>	41.582	10.8%	46.488	11.0%	48.854	10.9%	51.654	10.8%	24.2%
<i>Hospital Expenses</i>	18.184	4.7%	21.028	5.0%	23.126	5.2%	25.106	5.2%	38.1%
<i>All Other Treatments</i>	26.280	6.8%	26.489	6.2%	26.448	5.9%	25.580	5.3%	-2.7%
Vocational Rehabilitation	16.818	4.4%	16.677	3.9%	17.189	3.8%	17.018	3.6%	1.2%
Miscellaneous	17.331	4.5%	18.137	4.3%	18.737	4.2%	24.137	5.0%	39.3%
Legal Expenses	24.912	6.5%	27.634	6.5%	26.685	6.0%	26.646	5.6%	7.0%
Common Law and Other Acts	40.930	10.6%	55.396	13.1%	57.953	13.0%	65.580	13.7%	60.2%
Total	385.033		424.386		446.977		479.347		24.5%

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Table 12 Notes:

Comprised of payments made under Clauses 17(1), (3), (4), (5) and (6) of Schedule 1 of the *Workers' Compensation and Injury Management Act 1981* other than medical and hospital expenses.

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.

Comprised of insurers' and self-insurers' cost of legal advice and representation, witness fees and the costs of these services incurred by the worker where the insurer or self-insurer is ordered to meet these costs.

These are costs reported as at 30 June each year and may be subject to change due to payment variations subsequently reported by approved, former approved insurers and self-insurers.

Claim payments represent the actual payments and do not reflect liabilities incurred but not yet paid.

Appendices

Historical Claim Payments

Historical claim payments data has been adjusted for wage inflation using escalation factors calculated by PricewaterhouseCoopers Actuarial Pty Ltd taken from Australian Bureau of Statistics Average Weekly Earnings (ABS Cat. 6302.0). This adjustment ensures that past payments are represented in 2006-07 dollars. Total adjusted claim scheme payments in 2006-07 totalled \$497.765 million.

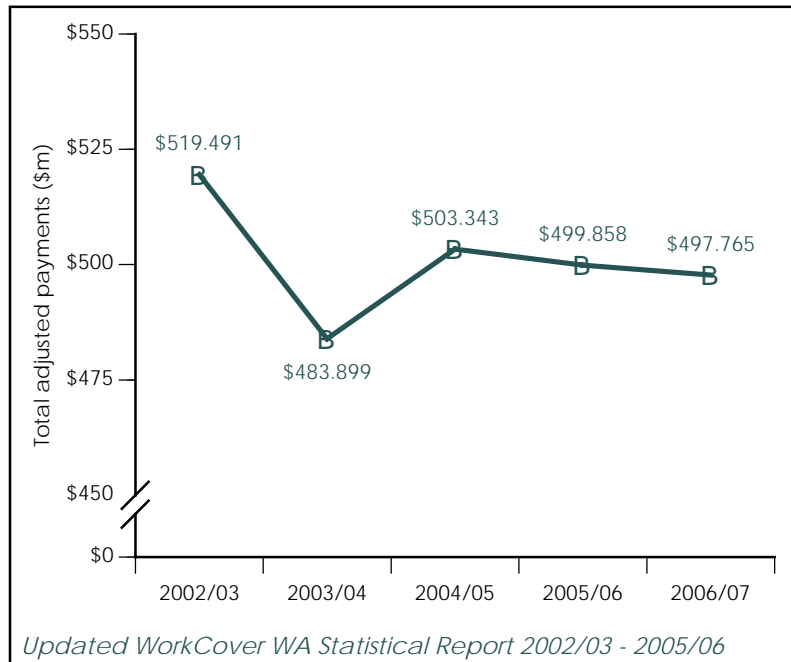


Figure 6: Adjusted claim payments by year 2002-03 to 2006-07

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 2006 and should therefore be considered as a snapshot 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 2006-07 year was not available at the time of publishing this report.

Appendices

Number of Claims Lodged

Table 13: Number of claims by gender

	2002/03	2003/04	2004/05	2005/06
All Persons				
<i>Lost-time Claims</i>	17,944	18,119	18,926	18,360
Total Claims Lodged	41,013	41,410	42,225	40,853
Males				
<i>Lost-time Claims</i>	12,818	13,056	13,493	12,883
Total Claims Lodged	30,683	31,132	31,537	30,183
Females				
<i>Lost-time Claims</i>	5,126	5,063	5,433	5,477
Total Claims Lodged	10,330	10,278	10,688	10,670

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Frequency Rate of Lost-Time Claims

Table 14: Frequency rate by gender

	2002/03	2003/04	2004/05	2005/06
All Persons				
Frequency Rate	13.1	13.2	13.4	11.9
Males				
Frequency Rate	15.1	15.2	15.5	13.5
Females				
Frequency Rate	10.0	9.8	10.1	9.4

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Lost-Time Claims by Industry

Table 15: Number of lost-time claims by industry

	2002/03		2003/04		2004/05		2005/06		4-year % Change
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	
Agriculture, forestry and fishing	1,047	5.8%	1,107	6.1%	1,064	5.6%	957	5.2%	-8.6%
Mining	770	4.3%	713	3.9%	836	4.4%	833	4.5%	8.2%
Manufacturing	3,731	20.8%	3,612	19.9%	3,882	20.5%	3,591	19.6%	-3.8%
Electricity, gas and water supply	80	0.4%	75	0.4%	76	0.4%	73	0.4%	-8.8%
Construction	1,767	9.8%	2,001	11.0%	2,110	11.1%	2,127	11.6%	20.4%
Wholesale trade	759	4.2%	759	4.2%	783	4.1%	825	4.5%	8.7%
Retail trade	2,108	11.7%	2,059	11.4%	2,108	11.1%	1,988	10.8%	-5.7%
Accommodation, cafes and restaurants	735	4.1%	730	4.0%	728	3.8%	631	3.4%	-14.1%
Transport and storage	1,002	5.6%	1,094	6.0%	1,096	5.8%	1,053	5.7%	5.1%
Communication services	62	0.3%	55	0.3%	49	0.3%	60	0.3%	-3.2%
Finance and insurance	114	0.6%	95	0.5%	85	0.4%	83	0.5%	-27.2%
Property and business services	1,160	6.5%	1,226	6.8%	1,345	7.1%	1,424	7.8%	22.8%
Government administration	449	2.5%	362	2.0%	405	2.1%	230	1.3%	-48.8%
Education	922	5.1%	1,054	5.8%	1,046	5.5%	1,171	6.4%	27.0%
Health and community services	2,155	12.0%	2,136	11.8%	2,332	12.3%	2,331	12.7%	8.2%
Cultural and recreational services	302	1.7%	381	2.1%	378	2.0%	461	2.5%	52.6%
Personal and other services	781	4.4%	660	3.6%	603	3.2%	522	2.8%	-33.2%
Total	17,944		18,119		18,926		18,360		2.3%

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Appendix 3: Dispute Resolution Statistics

Table 16: Statistics and workload indicators for statutory dispute resolution proceedings

STATUTORY DISPUTE RESOLUTION PROCEEDINGS	2004-05	2005-06	2006-07
Resolution			
No disputes resolved:	2,423	1,766	1,574
at conciliation/prior to arbitration	1,987 = 82%	1,357 = 77%	1,398 = 89%
at review/arbitration	436 = 18%	409 = 23%	176 = 11%
Timeframe			
% disputes resolved at conciliation/prior to arbitration:			
<4 weeks	48%	39%	27%
between 4 weeks and 8 weeks	18%	22%	24%
between 8 weeks and 12 weeks	9%	12%	11%
>12 weeks	25%	26%	38%
% disputes resolved from date of referral to review/arbitration:			
<4 weeks	11%	2%	0%
between 4 weeks and 8 weeks	17%	8%	1%
between 8 weeks and 12 weeks	12%	11%	4%
>12 weeks	60%	78%	95%
% disputes resolved from date lodged:			
<4 weeks	39%	30%	24%
between 4 weeks and 8 weeks	16%	18%	22%
between 8 weeks and 12 weeks	9%	11%	10%
>12 weeks	36%	41%	44%
Workload			
Referrals for conciliation/Part XI/Part XII filed	2,312	1,647	1,756
Number finalised – at conciliation/prior to arbitration	1,987	1,357	1,398
Number finalised – at review/arbitration	436	409	176
General			
Number of teleconferences (*Note 1)	Not applicable	457*	814
Number of conciliation hearings (*Note 1)	Not applicable	210*	803
Number of arbitration hearings (*Note 1)	Not applicable	206*	304
Number of appeals lodged to Commissioner (*Note 1)	Not applicable	7*	22
Number of appeals upheld by Commissioner (*Note 1)	Not applicable	NIL*	8
Matters referred to a Medical Assessment Panel	32	15	4
Number of conciliation conferences (#Note 2)	3,242	1,134#	Not applicable
Number of preliminary reviews (#Note 2)	492	167#	Not applicable
Number of reviews (#Note 2)	471	221#	Not applicable
Matters referred to Compensation Magistrate	3	3	Not applicable
Number of appeals to Compensation Magistrate	51	21	Not applicable
Other matters heard by Compensation Magistrate	25	10	Not applicable

*Note 1: The figures shown relate to the operations of the Dispute Resolution Directorate from 14 November 2005 to 30 June 2006.

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



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Table 17: Statistics and workload indicators for agreements and civil proceedings

AGREEMENTS & CIVIL PROCEEDINGS	2004-05	2005-06	2006-07
Agreements Registered – Section 76:			
Schedule 2	2,397	2,238	2,067
Schedule 5	25	2	8
Redemption	1,568	1,614	1,685
<i>TOTAL</i>	<i>3,990</i>	<i>3,854</i>	<i>3,760</i>
Settlements Recorded – Section 92(f)			
	139	187	250
1993 Scheme (Injury date Pre 14 November 2005)			
Referral of Question of Degree of Disability to Employers	723	592	208
Disputes Referred to Review/Arbitration	687	552	199
Disputes finalised after Referral to Review/Arbitration	730	586	176
Agreements Recorded:			
Without Referral	43	67	64
After Referral	148	172	104
Elections Registered	108	157	115
Determinations Made	418	361	222
Number of appeals lodged to Commissioner (*Note1)	Not applicable	8*	21
Number of appeals upheld by Commissioner (*Note 1)	Not applicable	3*	6
Referrals to Compensation Magistrate (#Note 2)	NIL	NIL#	Not applicable
Appeals to Compensation Magistrate (#Note 2)	78	50#	Not applicable
Other matters heard by Compensation Magistrate (#Note 2)	11	4#	Not applicable
Referred to Medical Assessment Panel	8	14	10
2004 Scheme (Injury date Post 14 November 2005)			
Total extension of termination day (Form 35) filed	Not applicable	NIL ^	305
Total extension of termination day granted	Not applicable	NIL ^	229
Permanent Whole Person Impairment (PWPI)			
Assessments filed	Not applicable	NIL ^	48
Assessments recorded	Not applicable	NIL ^	36
Agreements filed	Not applicable	NIL ^	7
Agreements recorded	Not applicable	NIL ^	5
Form 34 Election (right to seek damages) registered	Not applicable	NIL ^	41

*Note 1: The figures shown relate to the operations of the Dispute Resolution Directorate from 14 November 2005 to 30 June 2006.

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

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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.

On 14 November 2005, 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*. The new Dispute Resolution Directorate continues to deal with disputes arising between parties in the workers' compensation scheme. The Dispute Resolution Directorate comprises 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 16.

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 16 and 17.

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 employer. 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 that the worker's degree of disability is not less than one of the two relevant levels. Either the degree of disability is not less than 30 per cent or not less than 16 per cent. 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.



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In those cases where a worker had a degree of disability, which was not less than 16 per cent, 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 proceedings workload statistics are provided in Table 17.

(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-of-person impairment. The threshold for accessing common law is a whole-of-person impairment of not less than 15 per cent. The Director records agreements regarding a worker's whole-of-person impairment. Where the worker and employer cannot agree on the worker's degree of whole-of-person impairment, the worker may seek an assessment of his/her whole-of-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-of-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 that 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 by a further election. Where a worker with a degree of whole-of-person impairment of not less than 15 per cent but less than 25 per cent 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 proceedings workload statistics are provided in Table 17.

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 16 and 17.

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Appendix 4: 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.

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.

In demonstrating more active stakeholder participation, WorkCover WA hosted four specific stakeholder engagement activities. These included feedback forums with stakeholder groups including one in a regional area, and a 'Meet the Minister' event.

The purpose of the feedback forums was to gather information on how WorkCover WA could improve its services and support of stakeholders. Feedback forums were held with:

- Exempt employers – self-insurers, attended by 31 participants reflecting 17 exempt-employer groups;
- Insurers – attended by 30 insurer representatives representing 10 insurers; and
- Regional stakeholders in Albany with 10 stakeholders from different disciplines.

A 'Meet the Minister' event was held in September 2006 and provided stakeholders with an opportunity to meet the Minister in a relaxed setting. The event was attended by 111 stakeholders from a diverse range of disciplines.

WorkCover WA has also supported stakeholders in encouraging the use of the WorkCover WA conference and board room facilities. Stakeholder groups that use the facilities on a monthly basis include:



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- Royal Australian College of General Practice
- MLCOA – the medico-legal training organisation that supports Approved Medical Specialists
- Australian Rehabilitation Providers Association – WA Branch
- Exempt Employers – Self-Insurers Association
- Recruitment and Consulting Services Association.

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 has been implemented. The survey obtains feedback from parties involved in the dispute resolution process. The results assist WorkCover WA to gain a greater appreciation of the perception of parties in the system, as well as assisting to make service delivery and process improvements.

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 2006-07, 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 2006-07 were:

- Registered one Memorandum of Agreement (Memoranda of Agreement are registered when parties agree to settle a claim for compensation).
- Resolved one dispute involving parties from the Indian Ocean Territories.
- Promoted the Advisory Services Branch 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.
- WorkCover WA has ensured that the languages of Malay and Cocos Malay are now standard requirements for all translations. There are prominent links on the website homepage to seven languages other than English.

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Appendix 5: 2005 Legislative Developments

Introduction

During the introduction of the *Workers' Compensation Reform Act 2004* (Reform Act) the Government committed to evaluate these major reforms after one full financial year of operation. The purpose of the evaluation was to assess whether the reforms had achieved their intent at both a system and stakeholder level. This was designed to help allay stakeholder concern with regard to any potential impact resulting from the reforms and to provide stakeholders with an opportunity to provide feedback on the changes.

This approach reflects the WorkCover WA Board's commitment to engage with stakeholders and ensure their views are thoroughly considered and balanced in the future development and implementation of policies, procedures and legislation that comprises the workers' compensation scheme in WA. While the evaluation was considered by some stakeholders to be somewhat premature, it is considered by WorkCover WA as integral to the ongoing development of the scheme.

Evaluation Methodology

To help ensure informed submissions were made on the specifics of the reforms, a pro-forma consisting of a series of questions was distributed to stakeholders, the majority of whom responded positively to this approach. Twenty-three submissions were received from a variety of stakeholders with the majority representing employer perspectives.

Both a qualitative and quantitative approach was taken in analysing feedback from stakeholders. From a qualitative perspective WorkCover WA reviewed the feedback and identified issues raised for further investigation on procedural, legislative and policy matters. In order to quantify stakeholder feedback, responses were reviewed and the sentiment of stakeholder feedback assessed against a hierarchical scale.

Overview

Evaluation of the legislative reforms was conducted on the understanding that trends in the workers' compensation environment can fluctuate dramatically over short periods, particularly after legislative reforms. The ongoing evolution of the 2005 reforms therefore limited the effectiveness of WorkCover WA's evaluation process. WorkCover WA also acknowledges that not enough time has elapsed for trends to become apparent or for many of the reforms to become fully active.

For example, there is yet to be a common law test case under the 2004 regime at the District Court, which means no precedents shaping the application and interpretation of impairment assessment have been established. There have been no claims for AIDS, injured workers have not yet accessed Specialised Retraining Programs and not enough time has passed for post-14 November 2005 claims to have accumulated enough payments to trigger the need to apply for the improved statutory entitlement extensions. Therefore, WorkCover WA relied to a large extent on stakeholder perceptions of the reforms during the evaluation process.



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Figure 7 provides an overview of stakeholder feedback as to whether the legislative changes achieved the Government's intent for all areas of reform. On the whole, stakeholders were of the opinion that the reforms had not succeeded in achieving the Government's intent. This outcome was strongly influenced by perceptions of the operations of the new dispute resolution system.

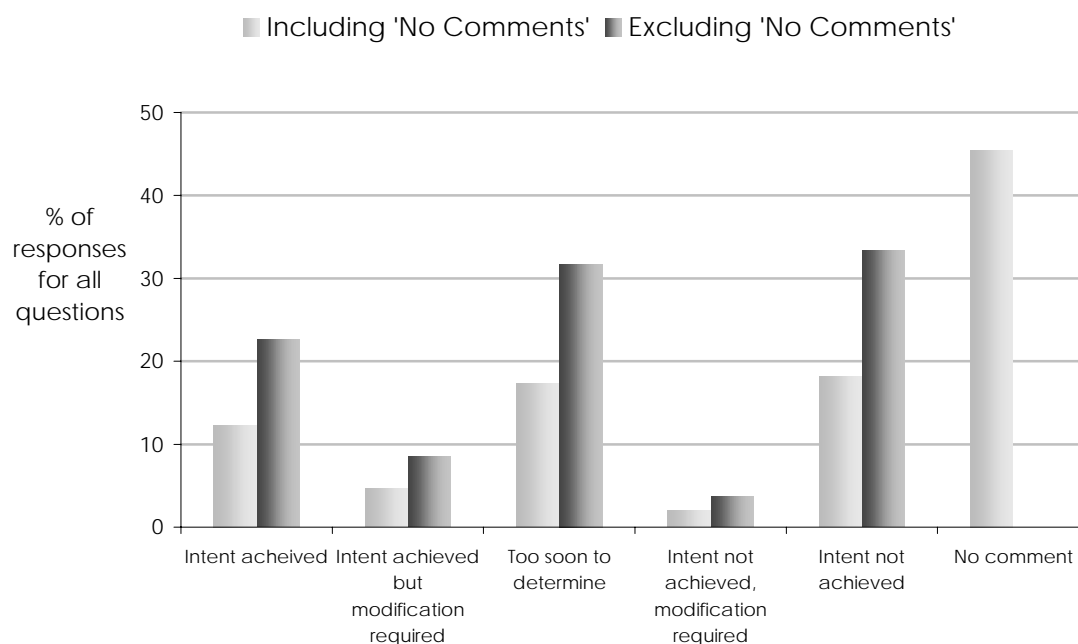


Figure 7: Overview of stakeholder feedback – all reform areas

Statutory Benefits

Stakeholders generally considered it was too early to judge whether the reforms to statutory benefits have fully achieved the Government's intent in relation to establishing greater parity with other Australian workers' compensation jurisdictions and a better balance between the statutory and common law elements of the workers' compensation scheme. Nevertheless, there was broad support for the view that the statutory system is now a more attractive option for some seriously injured workers in comparison to pursuing a common law claim. However, several stakeholders noted this was not necessarily a direct result of improved statutory benefits but may be linked to uncertainty associated with the new common law processes.

WorkCover WA acknowledges that in the context of the limited experience with the new statutory benefits and common law structures, it is difficult to assess whether an appropriate balance has been struck by the legislative reforms.

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Dispute Resolution

Dispute resolution is the only area of reform that stakeholders consistently commented had not achieved its intended purpose. Concerns focused on the current process being process-driven, too complex and not timely in resolving disputes. While a key goal of the reforms was to improve the timeliness and responsiveness of dispute resolution, the general consensus of stakeholders was that the changes to the dispute resolution system have not achieved this.

Stakeholder concerns relating to timeliness and responsiveness focused on the filing and registration processes and procedures for lodging applications with the DRD. The Rules and Regulations were perceived as making the process overly complex and legalistic. Delays perceived by stakeholders may be attributable to the inability of parties to lodge appropriate applications that conform to legal requirements from the outset or delays in obtaining relevant information, such as medical reports in support of a claim.

WorkCover WA is continually reviewing and refining filing and registration processes and procedures for lodging applications with the DRD and provides over-the-counter support and counselling to parties requiring advice and guidance.

Injury Management

Stakeholders generally reported a heightened awareness of injury management and believed the reforms had achieved the Government's intent of ensuring greater workplace involvement in managing injuries through injury management principles having reached a wider audience of employers. Stakeholders participating directly in the vocational rehabilitation industry noted injury management systems and processes were now more apparent among employers. However, some stakeholders believed the reforms allow employers to abrogate their responsibilities in certain areas of injury management to their insurer, which contradicts the intent of greater involvement.

While all insurers and self-insurers have procedures and processes in place that are being followed to assist with early injury management intervention, reviews conducted by WorkCover WA indicate a large number of employers have overcomplicated their injury management obligations under the Act and rather than attempting to seek an in-house remedy, have opted to devolve responsibility to others.

WorkCover WA has commenced a three-year injury management campaign designed to increase awareness of injury management among stakeholders with the objective of improving return-to-work outcomes.

Impairment Assessment

While the majority of stakeholders who commented on this area believe it is too early to comment, there is nevertheless a level of dissatisfaction with the impairment assessment methodology and the move away from the concept of disability assessment. WorkCover WA believes the impairment assessment methodology, when applied in accordance with the *WorkCover Western Australian Guides for the Evaluation of Permanent Impairment* (the *WorkCover WA Guides*), provides a process that is transparent, fair and objective in providing a consistent measure of the level of workers' injuries, when compared to the previous disability assessment.



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By ensuring medical practitioners who undertake these assessments are appropriately trained in the use of the *WorkCover WA Guides*, the legislative framework will provide greater reliability. Where two approved medical specialists assess the same worker with the same injury using the same process for assessment and the worker is participating cooperatively, the level of impairment assessed should be consistent. The previous disability system did not provide a 'standard' or 'tool' for assessing the level of disability but relied on the medical judgment of the person undertaking the assessment and was therefore subjective in nature.

While the transition to the new methodology for permanent impairment assessment will pose some challenges, WorkCover WA believes the new impairment assessment methodology provides an improved and consistent approach for the assessment of permanent injuries. This approach will be enhanced over time as WorkCover WA continues to work with stakeholders to facilitate the use of the methodology through improved information programs and promotion to medical practitioners.

Common Law

Many stakeholders elected to reserve judgment on issues such as the threshold levels for access to common law, consistency in impairment assessments and removal of secondary conditions from common law assessments until the true impact of these changes could be assessed. However, stakeholders felt overall that the increase in the 'termination day' from six to 12 months and the available extensions of the 'termination day' were positive reforms, which would assist in ensuring many injured workers conditions had stabilised prior to electing to seek common law damages.

A number of stakeholders also believe injured workers would have improved certainty to access common law because of the impairment assessment methodology.

WorkCover WA data indicated that the extension period for workers to elect to pursue common law is being utilised, providing up to one year of extra time for injured workers to consider electing to pursue common law damages. The early data is evidence that the intent of the extension is being met.

Insurance

Reforms under this heading include making the WorkCover WA Board responsible for the premium rate determination process and allowing insurers to load premiums by 75 per cent, rather than 100 per cent without approval.

Feedback received indicated it was too soon to make a definitive analysis of the affordability of premium rates given the current economic climate in WA the high employment rate and the reduction in claims in recent years.

Further Information

Further information on the legislative reforms is available on WorkCover WA's Internet site at www.workcover.wa.gov.au or by contacting WorkCover WA Advisory Services on 1300 794 744.

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Appendix 6: 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

In September 2006, WorkCover WA commenced the development of an activity-based framework. The intent of the framework is to support the budgeting process, corporate planning and operational performance evaluation. This led to the endorsement of the Planning and Performance model in early 2007.

The model consists of four levels:

1. Services - This level of the model ensures that we are able to fulfil the Department of Treasury and Finance requirements to report performance and costs against our principal services. The services are:
2. Core functional groups - This level of the model incorporates our functions into themes. This allows for functional groupings to provide summary information. The core functional groups are:
 - A: Policy activities
 - B: Regulatory activities
 - C: Resolution of disputes
 - D: Corporate activities.
3. Functions - This level of the model describes the core functions. This level is the most useful for decision-making, resource allocation, performance evaluation and corporate planning. The functions are:

▪ Scheme Design	▪ Governance
▪ Scheme Evaluation	▪ People and Culture
▪ Education and Awareness	▪ Corporate Information
▪ Regulatory Operations	▪ Finance and Resources.
▪ Resolution of Disputes	
4. Activities - This level of the model describes in detail the activities that are undertaken within each function.

The Planning and Performance model has been developed to support the budget process, corporate planning and operational performance evaluation.



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Corporate Governance Framework

Governance frameworks are management structures within which the principles of corporate governance operate. As organisations vary in size, complexity, structure and legislative background, many different frameworks and models can be devised, ie there is no one corporate governance framework that fits all. Accordingly, organisations develop frameworks to address the elements of corporate governance to suit their particular situation.

In October 2006, the WorkCover WA Board endorsed a Corporate Governance Framework that is intended to reflect best practice and to be relevant and functional within WorkCover WA's environmental context.

The framework is designed to provide guidance on a variety of corporate governance aspects relating to the operation of the Board and the Authority. The key components of the framework are:

- Corporate Governance
- Guidelines for the Board
- Performance Reporting
- Board Administration.

Business Plan 2007-08

WorkCover WA has developed and adopted a Business Plan for 2007-08, with the Board endorsing the plan in April 2007.

The Business Plan has been designed to cover all of our activities for the financial year 2007-08. This includes initiatives that will make inroads into addressing the strategic issues identified by the Board. It also outlines the broad business-as-usual focus areas that are fundamental to ensuring WorkCover WA delivers and improves upon core services. The plan will be used to guide our activities, resources and focus.

Specifically, the Business Plan identified seven strategic objectives, namely:

- Engage in the national policy debate
- Drive legislative change for improved WorkCover effectiveness and scheme functioning
- Embed a systematic approach to stakeholder engagement
- Increase regulatory influence
- Use information for strategic benefit and improve insight into scheme health
- Resolve disputes in a timely, consistent and cost-effective manner
- Align efforts to organisational objectives and create an environment where we retain, attract and develop our people.

To address these objectives, strategic initiatives have been developed which will be the focus of WorkCover WA's activities and reporting over the coming year.

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Risk Management Framework

The primary reason for managing risk is to enable WorkCover WA to successfully achieve its goals. With the expectation for transparent decision-making, a structured, systematic risk management process is required that demonstrates due diligence and provides an audit trail for decision-making. A comprehensive understanding of the risk exposures facing the agency also facilitates effective planning and resource allocation, and encourages a proactive management culture, with flow-on benefits for every aspect of the agency's operation.

In accordance with the Premier's Circular 2006/03: *Risk Management and Business Continuity Management*, agencies must practice risk management, regularly undertake a structured risk assessment process to identify the risks facing their organisation, be able to demonstrate the management of risks, and where appropriate, have continuity plans to ensure they can respond to and recover from any business disruption.

In 2006, the Board agreed for risk management to be listed on the Audit Committee Agenda as a standing item. WorkCover WA has over the past year undertaken a comprehensive program to review both the risk management framework and update the agency level risks contained in the risk register. The focus has been on integrating risk management into the agency's activities including the development of appropriate frameworks, policies and reporting systems.

WorkCover WA has developed an integrated systematic approach to managing risks not only to meet its legislative requirements under the *Financial Management Act 2006*, but also because it is integral to good business practice and quality management.

Fraud and Corruption Prevention Framework

Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector (November 2003) has as one of its strategic outcomes 'Reduced incidence of corruption in all its forms'.

In keeping with observations made by the *Royal Commission in to Whether There has been Corrupt or Criminal Conduct by any Western Australian Police Officer* (Kennedy Royal Commission), all agencies are required to incorporate in their risk management activities specific consideration of the risk of corruption and misconduct.

WorkCover WA has developed a framework for ensuring its operations and reputation are not adversely affected by fraud and corruption. This framework includes a Code of Conduct that sets out the standards of conduct expected of WorkCover WA staff members. In addition to the Code, a Corruption Prevention Policy has been endorsed that will assist in promoting a fair and honest working environment for all of WorkCover WA.

The policy applies to all WorkCover WA employees, including those employed on a contract or temporary basis.

The policy defines corruption and fraud, and explicitly identifies acceptable parameters of conduct for all WorkCover WA staff. It also describes the procedures to be followed when fraud and corruption are suspected.



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Appendix 7: 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 comprises 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 2006-07 were:

Chairman: (rotating)	Dr K C Wan	Dr E Gabbay	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	Dr D Chambers	Dr A W Musk

Industrial Disease Determination Statistics

During 2006-07, the Medical Panel was convened on 33 occasions and 48 determinations were made. The majority of determinations were associated with asbestos exposure at work. The number of claims reduced in 2006-07 and confirmed pneumoconiosis, mesothelioma, pneumoconiosis and lung cancer determinations have remained constant in comparison to the previous year.

Table 18: Industrial disease statistics by category

	2004-05	2005-06	2006-07
Number of Determinations – Disease present with a level of impairment >0%			
Pneumoconiosis	23	13	16
Mesothelioma	27	19	24
Lung cancer	9	4	5
Pneumoconiosis and lung cancer	1	2	0
Pneumoconiosis and mesothelioma	0	2	0
Sub-Total	60	40	45
Determinations – Disease not present or disease present but a 0% level of impairment	7	12	3
Total	67	52	48
Number of Applications			
Reviewed	5	13	5
New	62	39	43
Total	67	52	48
Number of Determinations under Section 93D			
Pneumoconiosis	0	0	0
Pneumoconiosis and lung cancer	0	0	0
Lung cancer	0	0	0
Mesothelioma	0	0	0
Total	0	0	0

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Appendix 8: Publications

WorkCover WA's publications are available on our Internet site at www.workcover.wa.gov.au or by contacting WorkCover WA's Advisory Services Branch on 1300 794 744. With the introduction of our new website, over 100 pages were improved and over 200 new pages were added. The information on our website is easier to read and understand and has been written in plain English. Provided in the table below are either new or amended publications during the year.

General Publications	Type of Publication
Brochures:	
<i>Customer First Brochure and Reply Paid Form</i>	New Publication
<i>WorkCover WA Guidance Notes: Procedures for Permanent Impairment Assessment Process</i>	New Publication
<i>WorkCover WA Guides for the Evaluation of Permanent Impairment: Second edition</i>	Amended Publication
Publications in other languages:	
<i>Customer First Brochure in 7 languages including: Vietnamese, Italian, Serbian, Croatian, Malay, Cocos Malay and Simplified Chinese</i>	New Publication
Fact Sheets:	
Assessment of Permanent Injuries Before and After 14 November 2005	New Publication
Advisory Services Unit	New Publication
Scheme Information Branch	New Publication
Highlight Report – Goldfields	New Publication
Highlight Report – Great Southern	New Publication
Calendar of Events	New Publication
Website	New Publication
Contractors and Workers' Compensation: Are You A Worker Under the Act?	New Publication
Contractors and Workers' Compensation: Technical Note	New Publication
DVD:	
<i>Understanding Dispute Resolution: Information for Workers</i>	New Publication
Forms:	
Dispute resolution and approved medical specialists	New Forms
Statistical and Actuarial Reports	
<i>Actuarial assessment of Recommended Premium Rates: Executive Summary and Full Report: 2007-08</i>	New Publication
Corporate Information	
<i>Annual Report 2005-06</i>	New Publication



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Appendix 10: Feedback Form

WorkCover WA is interested in your feedback and comments on the 2006-07 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 2006-07 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 Planning and Accountability, WorkCover Western Australia

POST: 2 Bedbrook Place, Shenton Park WA 6008 | FAX: (08) 9388 5550 | EMAIL: postmaster@workcover.wa.gov.au

Your feedback is valuable to us.

Thank you for taking the opportunity to complete this form.