

# WorkCover WA Annual Report 2007-08

Report to the Parliament of Western Australia



## Accessibility

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WorkCover WA's Annual Report 2007–08 is published in an electronic format in line with State Government requirements. This publication has been accessibility enabled using facilities available in Adobe Acrobat.

To reduce download times, the use of graphics and illustrations has been kept to a minimum. The report can either be downloaded from our website in sections, or as a whole document.

This publication is available in alternative formats on request.

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WorkCover Western Australia Authority Annual Report 2007–08

Published by the Western Australian Government

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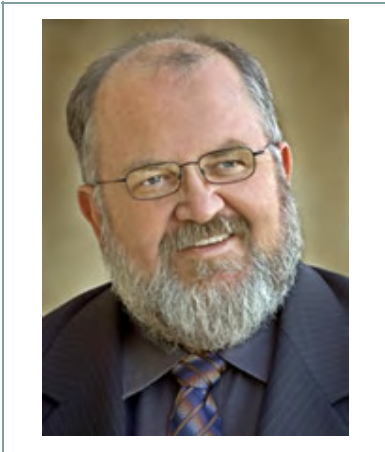
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WorkCover WA website

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## Statement of compliance

To the Hon. Jon R Ford JP MLC  
Minister for Employment Protection



Hon. Jon R Ford JP MLC

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 2008.

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

A handwritten signature in black ink, appearing to read 'Greg Joyce', written over a light blue horizontal line.

**Greg Joyce**

Chairman

WorkCover Western Australia Authority

28 August 2008

A handwritten signature in black ink, appearing to read 'Adrian Warner', written over a light blue horizontal line.

**Adrian Warner**

Chief Executive Officer

WorkCover Western Australia Authority

28 August 2008

In accordance with a resolution of the governing body of the WorkCover Western Australia Authority on 28 August 2008.

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Overview

# Guide to the report

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The WorkCover WA Annual Report for 2007–08 presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2008.

## Guide to sections

The **Overview** section outlines WorkCover WA's achievements during the year, an outlook for the coming year, the agency's profile and operational environment, our corporate governance arrangements and the delivery of our agency's outcomes and services within the Government Strategic Framework.

The **Agency performance** section contains information on our key achievements for the year and operational performance.

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** contain corporate information and additional statistical information.

## Chairman's and Chief Executive Officer's report

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We are pleased to report on WorkCover WA's performance for 2007–08.

The past year has seen WorkCover WA continue to consolidate its stakeholder relationships and make a dedicated effort to the national policy agenda. It has hosted a major conference in injury management, been an active participant in several conferences and participated on a number of national working parties.

WorkCover WA has further invested in developing its staff through the establishment of a cultural development framework. The components of the framework cover behaviours and expectations from staff, 'people support' including work/life balance, wellness and staff recognition, team building, leadership development and succession management. The proposed organisational culture will define WorkCover WA's values, beliefs and relationships. It will also determine how people respond to each other and the organisation. Key highlights for 2007–08 include:

### **Injury management conference**

WorkCover WA held a national Injury Management Conference in October 2007 with the aim of increasing conference participants' knowledge of emerging trends and issues, from research into workers' compensation and injury management, to providing stimulating debate about best practice and offering participants opportunities to share knowledge and experiences with other stakeholders and industry professionals.

Over 300 delegates representing nine industry groups and 22 professional roles attended the conference which was adjudged an outstanding success with testimonials supporting its excellence in the quality of presentations and the expertise of the conference speakers.

WorkCover WA continued to build on the good work of the conference by embarking on a range of workshops with stakeholders, playing an active role on the national Accreditation of Rehabilitation Providers working party and publishing the 2<sup>nd</sup> edition of *WorkCover Guides on Permanent Impairment Assessment*.

### **Workers' compensation premiums**

In June 2008, the Minister for Employment Protection, on the recommendation of WorkCover WA, discontinued the supplementation levy imposed on employers' workers' compensation premiums. This levy was initiated following the collapse of HHH Insurance Ltd in March 2001.

Additionally, recommended premium rates continued to decrease with the average WorkCover WA recommended rate falling 14.4 per cent from 1.849 per cent to 1.582 per cent for 2008–09. This latest reduction in recommended premium rates follows last year's decrease of 12.7 per cent and a decrease of 8.6 per cent in 2006–07.

### **Regional visits**

During the year, staff from WorkCover WA's compliance and customer service units visited Kalgoorlie, Collie, Geraldton and Mandurah to help local stakeholders better understand workers' compensation, injury management and return-to-work processes. People who attended included doctors, workers, employers and health services personnel.

## Overview

The visits provided a regional exposure to WorkCover WA. Many attendees were keen to learn more about workers' compensation procedures and legislative requirements. The visits gave our staff the opportunity, for example, to explain the various components of injury management, the role of the Dispute Resolution Directorate and the potential impact on employers if they failed to hold current workers' compensation insurance cover.

With more regional visits planned for the coming year, WorkCover WA is committed to providing a better and more supportive workers' compensation experience for all West Australians.

### National harmonisation

WorkCover WA has continued to contribute to Commonwealth and state forums to promote the harmonisation of workers' compensation arrangements throughout Australia and New Zealand and hosted the 26–27 June 2008 Heads of Workers' Compensation Authorities meeting. As a result of this meeting, WorkCover WA will convene a national working group on the development and implementation of best practice in the management of injured workers with chronic pain. This group will look to all jurisdictions endorsing the use of bio-psychosocial models of practice in injury management and return-to-work activities.

### In appreciation

On behalf of the Board, we would like to thank all staff at WorkCover WA for their continual effort and commitment. We are very appreciative of the contribution WorkCover WA's staff make towards ensuring Western Australia has a more efficient workers' compensation system for injured workers.

Judge Peter Nisbet QC ceased as Commissioner of the Dispute Resolution Directorate in November 2007. We would like to thank and acknowledge Judge Nisbet for his valuable contribution to the Dispute Resolution Directorate since its inception. In March 2008, WorkCover WA welcomed the new Commissioner of the Dispute Resolution Directorate, Judge Philip McCann, and we look forward to his learned contribution.

We would like to thank Board members for their efforts and support during the year. The Board welcomed Steve Burns in September 2007 and in January 2008 Victoria Wilmot, Lisa Biglin, Janine Freeman and Greg Joyce were reappointed to the Board for a further three years.

We would also like to thank our Minister, Hon. Jon Ford JP MLC who assumed the Ministerial portfolio in February 2008 and his predecessor Hon. Michelle Roberts BA Dip Ed MLA.



**Greg Joyce**

Chairman

28 August 2008



**Adrian Warner**

Chief Executive Officer

28 August 2008



## Scheme snapshot

Compensation paid to workers	\$357.4 m	64.7%
Payments to medical and allied services	\$140.2 m	25.4%
Other payments made	\$54.7 m	9.9%
<b>Total workers' compensation payments</b>	<b>\$552.2 m</b>	

Total number of claims lodged	41,573
Total number of lost time claims	18,421
Average days lost per claim	74.6
Average cost of claim	\$22,172

Total workers' compensation premiums paid	\$767.8 m
Average recommended premium rate for 2008–09	1.58% of payroll
Industry division with highest average rate	6.54% of payroll (agriculture, forestry and fishing)
Industry division with lowest average rate	0.40% of payroll (finance and insurance)

New workers' compensation disputes lodged	1,574
Workers' compensation disputes resolved	1,623
Average time to resolve a dispute (Part XI)	26 weeks

Further detailed statistical information and notes to the above data can be found in the Appendices section of this Annual Report.

# Key achievements 2007–08

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Our year was characterised by organisational improvement and cultural change. These achievements are evidenced by our key strategic and operational highlights.

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## Regulatory activities

### Strategic achievements

#### Strategic focus area: embedding a systematic approach to stakeholder engagement

A systematic approach to stakeholder engagement was undertaken to ensure stakeholders have formalised and consistent access to contribute to the development of workers' compensation policy and improvement in service delivery. WorkCover WA identified key stakeholder groups and established regular forums to seek stakeholder specialised input to inform the development of new practices and processes within WorkCover WA.

#### Strategic focus area: increasing WorkCover WA's regulatory influence

Compliance with the requirements of the [\*Workers' Compensation and Injury Management Act 1981\*](#) (the Act) for employers to have current insurance coverage for their workforce and injury management systems in place is particularly important, to ensure the cost of workers' compensation is spread across all employers and injured workers are supported in their efforts to return to work.

Targeted compliance activities were conducted for new business registrations and businesses in the Goldfields region. WorkCover WA investigated unpaid or lapsed insurance cover and the establishment of injury management systems.

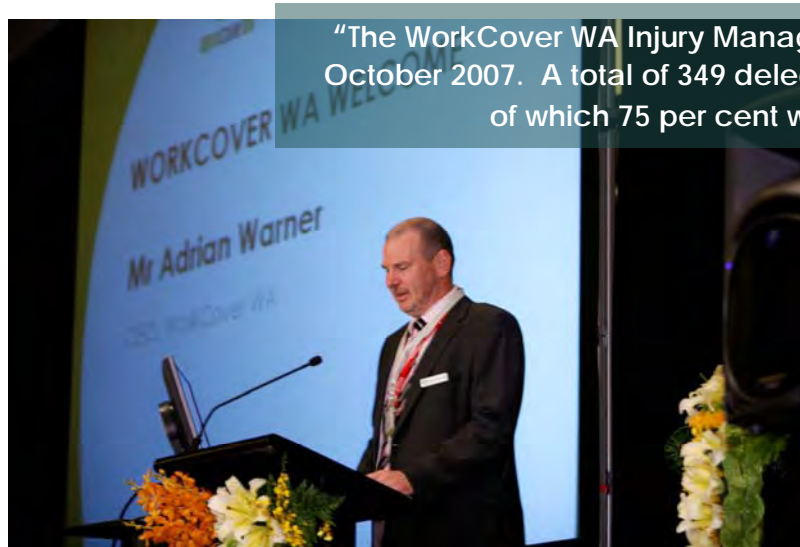
Compliance activities and reviews confirmed a high percentage of employers had workers' compensation insurance cover; however, there is still a low percentage of compliance with injury management legislative requirements in the micro and small business sectors.

### Operational achievements

A Customer Assistance Unit was introduced to provide guidance and assistance to all stakeholders on the workers' compensation system. The main focus of the unit is early intervention in matters that could escalate into disputes. The Customer Assistance Unit has assisted many parties to reach agreement on a course of action, which has negated the need to proceed with an application in the Dispute Resolution Directorate.

Education and promotional activities were undertaken in the Goldfields Esperance region which focused upon education of employers and general practitioners. The visit aimed to raise awareness regarding insurance obligations and injury management requirements.

Qualitative research was conducted to underpin the planning, design and implementation of an Injury Management Campaign. The primary research objective was to inform the development of a communication strategy to enable WorkCover WA to lead stakeholders in working towards reducing the social and economic impact of workplace injuries in Western Australia through effective injury management and return to work strategies.



"The WorkCover WA Injury Management Conference was held in October 2007. A total of 349 delegates attended the conference, of which 75 per cent were employer representatives."

Adrian Warner, WorkCover WA Chief Executive Officer, officially opens the Injury Management Conference

A Memorandum of Understanding (MOU) between WorkCover WA and the Audiological Society of Australia (ASA) was signed April 2008. The MOU facilitates the sharing of membership related information for audiologists registered to operate in the Western Australian workers' compensation scheme. The MOU supports the work undertaken by WorkCover WA and the ASA to implement a more appropriate registration process which is aligned with the ASA's (Graduate) Clinical Internship program.

### Policy activities

#### Strategic achievements

##### Strategic focus area: engaging in the national policy debate

In 2007–08 WorkCover WA contributed to a number of cross-jurisdictional initiatives progressed through the Heads of Workers' Compensation Authorities (HWCA).

Particular initiatives include a process to provide for National Accreditation of Rehabilitation Providers, and work to progress the adoption of a common Permanent Impairment Assessment Methodology. Additionally, WorkCover WA will Chair a working party (through HWCA) developing a bio-psychosocial rehabilitation model for best practice in managing work related pain, injury and disability.

WorkCover WA hosted the June 2008 meeting of the HWCA, attended by representatives from across Australia and New Zealand.

## Overview

### Strategic focus area: driving legislative change for improved scheme and WorkCover WA effectiveness

WorkCover WA continued to monitor the impact of 2005 legislative changes to workers compensation in WA. An evaluation of the reforms, including stakeholder feedback, was released in 2007-08. Work continued on how best to address the current complexity and inflexibility of the workers compensation legislation.

### Strategic focus area: using information for strategic benefit and improving insight into scheme health

WorkCover WA produced a range of internal and external performance reports to monitor scheme health indicators. Reports of scheme, insurer and self-insurer performance were published quarterly on the WorkCover WA website and insurers were provided with additional data to encourage self-monitoring. Indicator content was reviewed and updated to ensure currency and relevance.

## Operational achievements

As part of a comprehensive scheme monitoring program, the Scheme Development division disseminated 18 reports to relevant stakeholders. Reports reviewed the status and performance of the scheme as a whole as well as insurers, self-insurers and medical and allied health providers.

Work has progressed to develop, in consultation with approved insurers, key performance indicators to review insurer performance compliance with standards critical to the effective and efficient operation of the workers' compensation scheme.

The WorkCover WA Costs Committee, supported by the Scheme Development division, reviewed the costs scale for legal practitioners and registered agents appearing before the WorkCover WA Dispute Resolution Directorate. The *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2007* took effect from 14 November 2007.

The Second Edition of the *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment* (the *WorkCover WA Guides*) came into effect on 26 November 2007. The *WorkCover WA Guides* provide a transparent, consistent and objective method of assessment of permanent impairment, providing certainty for injured workers and other parties.

The one per cent surcharge on employers, used to maintain a Supplementation Fund to cover the cost of outstanding claim liability should an approved insurer proceed collapse was discontinued from 25 June 2008. This removal was based on a review of actuarial estimates of outstanding liabilities and cash flows for 2008-09.

## Resolution of disputes

### Strategic achievements

#### Strategic focus area: resolving disputes in a timely, consistent and cost-effective manner

Administrative processes and reporting functions in the Dispute Resolution Directorate were improved so as to ensure the resolution of disputes in a timely, consistent and cost-effective manner consistent with the objectives of the Act and the WorkCover Mission Statement. Performance was met or was close to meeting the Key Performance Indicator benchmark set for the Dispute Resolution Directorate.

### Operational achievements

This year saw the Dispute Resolution Directorate (DRD) continue to build on the new strategies being implemented to improve the effective and efficient resolution of disputes. Highlights included:

- The creation of a technical support team and the implementation of a new structure for the DRD, and the engagement of numerous new staff, reflecting an improved focus on excellent customer service.
- The recruitment of a number of staff with specialist expertise to support the development of system improvements, including effective quality assurance and improved performance reporting.
- The appointment of a new Commissioner, Judge Philip McCann, a Judge of the District Court to replace Judge Peter Nisbet QC. Judge McCann was appointed on 11 March 2008 for a five-year term.
- The reconvening by Judge McCann of the DRD Rules Committee to undertake the process of reviewing the DRD Rules during the next 12 months.
- The Chrysalis Project has been developed to improve business processes, workplace culture and information systems. Phase 1 of the project has commenced. This phase involves detailed business process mapping and a concurrent review of documentation, together with the implementation of quality assurance processes on all case files.
- The establishment and publication of the DRD e-newsletter (*DRD E-Link*). Now in its seventh edition, the e-newsletter contains articles of interest to practitioners and stakeholders, information on DRD processes and recent appeal decisions. It is available online and provides a regular and user-friendly means of engaging with key stakeholders. The *DRD E-Link* is available on our [website](#) and is emailed to 492 of our stakeholders.



**“492 of our stakeholders receive the *DRD E-Link* newsletter by email bi-monthly.”**

## Overview

### Corporate activities

#### Strategic achievements

##### **Strategic focus area: aligning efforts to organisational objectives and creating an environment where we retain, attract and develop our people**

In order to develop a recognisable and positive workplace culture and to ensure that organisational objectives are met in a sustainable fashion, a Cultural Development Framework addressing communication, leadership, staff recognition, motivation, teamwork and wellness was developed and implemented. Specific programs supporting the framework have been implemented and a survey to ascertain satisfaction with components of the framework was sent to all staff on 23 June 2008. The results of the survey will be used to guide future programs.

#### Operational achievements

The IT Transformation Program, a strategic technology realignment program, was launched. Among other initiatives, the program will deliver the strategic IT Plan, project management governance, IT sourcing strategies and improved IT service delivery framework.

WorkCover WA has identified technical infrastructure areas that could be improved by the implementation of contemporary technology solutions. An upgrade project will be funded through the capital works program and actioned in 2008–09. This will establish a solid base for the introduction of new applications being highlighted in the 2008–11 Business Plan.

Commencing in 2006, WorkCover WA undertook a major capital works project to relocate all of the agency's operations and employees to one location. The final Stage 6, which included the refurbishment of the basement, was completed in November 2007.

Each year, WorkCover WA has exceeded the annual target set in the Energy Smart government policy for the reduction in energy consumption. During 2007–08, WorkCover WA received the 2006–07 Energy Champion award. This award was received from the Sustainable Energy Development Office for initiatives undertaken to further reduce energy consumption and improve energy efficiency. WorkCover WA achieved a total reduction in energy consumption of 20.3 per cent and a total reduction in energy use per FTE (full time equivalent) of 25.4 per cent relative to the baseline.



## Outlook for the future

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### Strategic focus areas

During 2007–08, WorkCover WA undertook a review of its strategic direction. In developing the strategic position, WorkCover WA in conjunction with the Board recognised seven core strategic focus areas that guided the development of strategic objectives for the next three years, underpinned by a series of annual initiatives. A Business Plan 2008–11 was created by examining key strategy requirements for each of these focus areas that would enable WorkCover WA to better meet its legislative obligations and to enhance its overall value to government, employers, workers and services providers. The seven strategic focus areas are:

- Corporate management
- National policy agenda
- Dispute resolution
- Stakeholder engagement and relationships
- Scheme oversight
- Scheme performance
- Legislative complexity and development

### Strategic objectives for 2008–11

In order to meet these focus areas, 10 strategic objectives have been identified. Each of the objectives addresses one or more of the strategic focus areas:

- Become a Western Australian employer of choice.
- Actively engage in the direction of national policy to ensure the sustainability of the scheme.
- Actively lead WorkCover WA-related legislative improvement changes and enhancements.
- Utilise the key stakeholders relationship framework to ensure broad input into our service delivery.
- Increase level of regulatory monitoring and engagement to build reputation as an effective regulator.
- Implement a key performance indicator-based system for scheme performance.
- Implement a framework to enable disputes to be resolved in a timely, consistent and effective manner.
- To realign WorkCover WA's regulatory operations towards improved injury management.
- Establish a corporate management framework that facilitates organisational performance.
- Ensure cost-effectiveness through the premium rating process.

## Overview

### Agency profile

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The WorkCover WA Authority was established on 4 January 2005 and is constituted under section 94(1) of the Act. It replaced the former Workers' Compensation and Rehabilitation Commission.



#### WorkCover WA's 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 Act, provision of quality policy advice to government and maintenance of excellent stakeholder relationships.

The role of WorkCover WA can be summarised in the following core functions and activities:

#### Policy Activities

- Evaluates scheme performance and provides government with policy advice regarding scheme design.

#### Regulatory Activities

- Sets standards and monitoring the performance of service providers.
- Provides information and educates workers, employers and other workers' compensation scheme participants.
- Investigates and enforces compliance by scheme participants with their legislative responsibilities.
- Fixing or recommending fees and costs associated for scheme services.

#### Resolution of Disputes

- Resolves workers' compensation disputes.

The functions and powers of WorkCover WA are detailed in sections 100 and 101 of the Act.



### Stakeholders

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

- workers and unions
- employers, business and employer associations
- insurers
- medical practitioners and allied health providers including vocational rehabilitation providers
- legal practitioners and registered agents
- government and the Minister for Employment Protection.

### Agency 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.

### Responsible Minister

The Hon. Jon Ford JP MLC, [Minister for Employment Protection](#) became the Minister responsible for WorkCover WA in February 2008, replacing the previous Minister, the Hon. Michelle Roberts BA DipEd MLA.

## Organisational structure

In 2007–08, the agency implemented a new organisational structure including the redesigning and classification of positions to support the strategic direction of the agency and new business initiatives. This involved the advertising and filling of a number of vacancies, including senior executive positions. 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. The organisational structure at 30 June 2008 is provided in Figure 1.

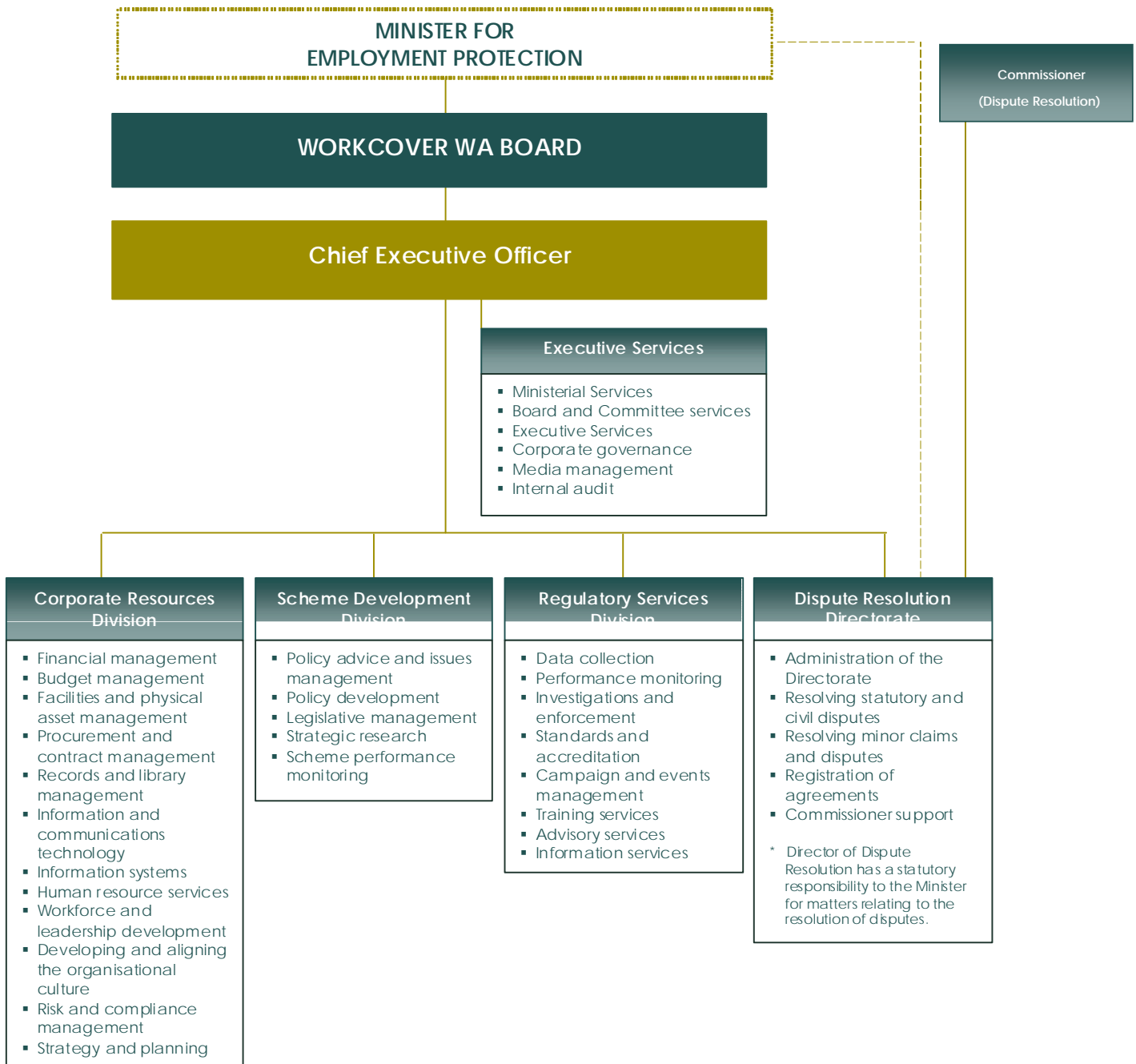


Figure 1: WorkCover WA Organisational Structure

## Board

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The WorkCover WA Authority was established on 4 January 2005 and is constituted under section 94(1) of the Act, replacing the former Workers' Compensation and Rehabilitation Commission.

The WorkCover WA Authority is authorised to use and operate under the trading name WorkCover WA. WorkCover WA's governing body (the Board) is responsible for governance of the agency, providing independent advice to the State 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 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 State Government, stakeholders and the community that it is fulfilling its responsibilities and meeting expectations with due diligence and accountability.

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

### Board membership

The WorkCover WA Board is comprised of a Chairman and six members who exercise the functions, powers and duties conferred under the Act. Section 95 of the Act 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.

## Overview

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.

## Profile of Board members

### Chairman



**Mr Greg Joyce** has been a member and Chairman of WorkCover WA's Board since 1 May 2005 and was reappointed for a further three years from 4 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 practise as a barrister and solicitor in Western Australia.

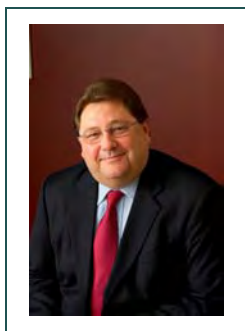
### Members



**Mr Brian Bradley, PSM** is the Director General of the Department of Consumer and Employment Protection. Mr Bradley served previously as Chairman of the former Workers' Compensation and Rehabilitation Commission from May 2000 to 3 January 2005. Mr Bradley is currently the Western Australian member on the Australian Safety and Compensation Council and also serves on the Commission for Occupational Safety and Health.



**Ms Lisa Biglin** was appointed to WorkCover WA's Board on 1 December 2005 and reappointed for a further three years from 4 January 2008 to 3 January 2011. 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.



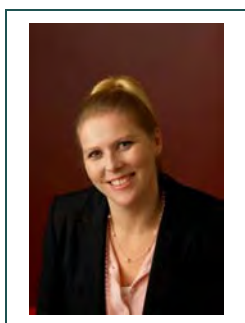
**Mr Steve Burns** was appointed as a member of WorkCover WA's Board on 29 August 2007 for a term ending 31 July 2010 as a person experienced in insurance matters. Mr Burns is currently the National Product Manager at QBE Insurance (Australia) Ltd and has a wealth of experience in both Australia and New Zealand. His previous positions included roles advising the Workplace Standards Authority Board in Tasmania and the Insurance Council of New Zealand.



**Ms Janine Freeman** was appointed to WorkCover WA's Board on 4 January 2005 and reappointed for a further three years from 4 January 2008 to 3 January 2011. 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 is involved in women's policy in the public sector.



**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.



**Mrs Victoria Wilmot** was appointed to WorkCover WA's Board on 4 January 2005 and reappointed for a further three years from 4 January 2008 to 3 January 2011. 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 (CA) in Australia, is a Fellow of the Financial Services Institute of Australasia and is on the Board of the University Credit Society Ltd.

## Overview

### Board meetings and member attendance

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

**Table 1: Board membership and attendance**

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	13	13
Ms Lisa Biglin	13	13
Ms Janine Freeman	13	13
Mr Steve Burns	10	10
Mrs Victoria Wilmot	13	11
Mr Brian Bradley	13	9
Mr Adrian Warner	13	11

### 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 and 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 Chairman 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: Audit Committee membership and attendance**

Member	No. of meetings held	No. of meetings attended
Mrs Victoria Wilmot (Chairperson)	6	5
Mr Greg Joyce	6	6
Mr Brian Bradley	6	6

### 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.

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

**Table 3: Corporate Governance Committee membership and attendance**

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	2	2
Mr Steve Burns	2	2
Ms Janine Freeman*	1	0
Mr Adrian Warner	2	1

\* Ms Freeman joined the Corporate Governance Committee on 20 March 2008

## Overview

### Medical Committee

The Medical Committee is an advisory committee established under section 100A of the Act and 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: Medical committee membership and attendance**

Member	No. of meetings held	No. of meetings attended
Ms Janine Freeman (Chairperson until 20 March 2008)	2	2
Mr Adrian Warner (Chairman from 20 March 2008)	2	2
Dr Alan Home	2	2
Mr Barrie Slinger	2	2
Dr Trevor Lord	2	1
Dr Heather Campbell	2	2
Ms Lisa Biglin*	0	0

\*Ms Biglin joined the Medical Committee on 20 March 2008

### Costs Committee

The Costs Committee is an independent committee, reporting directly to the Minister for Employment Protection, established under section 269 of the Act. The Costs Committee is empowered under section 271 of the Act to make, amend or revoke a determination fixing maximum costs for legal services and registered agent services provided at the WorkCover WA Dispute Resolution Directorate.

The Costs Committee met in 2007 to review the costs scale for legal practitioners and registered agents introduced in 2005. The committee undertook extensive consultation with internal and external stakeholders of WorkCover WA. The revised costs scale reflects the committee's intent to maintain the event-based costs scale and alignment of the hourly rates with the Magistrates' Court costs scale. The [Workers' Compensation \(Legal Practitioners and Registered Agents\) Costs Determination 2007](#) came into effect on 14 November 2007.



## Governance

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### 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 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 2008 to 16 May 2009 was \$26,653.00 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 Act, 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 \$27,300 per annum for the Chairman and \$13,700 per annum for members for the 2007–08 financial year. In accordance with government policy, Board members that are public service officers are not entitled to payment.

## Overview

### Corporate Executive

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 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 oversees a range of operational issues, including human resource management issues, risk management, corporate governance 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.



Left to right – (rear) Adrian Warner, Graham Thompson, Peter King, Su Lloyd, (front) Carolyn Webster, Jeff McDonough

#### 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, Regulatory Services

Mr Peter King joined WorkCover WA in November 2005 and is the Acting General Manager, Regulatory Services. 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.

#### General Manager, Corporate Resources

Mr Jeff McDonough joined WorkCover WA in October 2007 and is the General Manager, Corporate Resources. Prior to joining WorkCover WA, Mr McDonough worked for a number of years in the TAFE sector. Mr McDonough has extensive experience in human resources management, organisational development and quality assurance and holds a Diploma in Management Studies.

### **General Manager, Scheme Development**

Ms Carolyn Webster joined the corporate executive group in February 2008 as the Acting General Manager, Scheme Development following the resignation of Mr Chris White. Prior to joining WorkCover WA, Ms Webster directed an international non-government agency in Kenya, held senior government positions at the Disability Services Commission, the Department of the Premier and Cabinet and the Public Service Commission. She has an extensive background in health and other human services. Ms Webster is the immediate past President of the World Federation of Occupational Therapists, a Director of Occupational Therapy Australia and has honorary faculty status at the Dow University of Health Sciences, Karachi, Pakistan. She has an undergraduate degree in health sciences and graduate qualifications in epidemiology and management.

### **Director, Dispute Resolution**

Ms Su Lloyd was appointed as Director of the Dispute Resolution Directorate in March 2007. Ms Lloyd 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 is an inaugural Fellow of the Western Australian Institute of Dispute Management and a member of the Editorial Board of the *International Journal of Social Security and Workers' Compensation*.

Ms Lloyd has extensive experience in dispute resolution, 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**

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 WA says farewell**

During the 2007–08 financial year, WorkCover WA said goodbye to Chris White. Mr White was the Acting General Manager, Scheme Development until February 2008. The executive team also said farewell to Eileen McCaffrey. Ms McCaffrey was the Acting General Manager, People and Performance until July 2007.

## 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 West Australians. Specifically, the agency’s operations support the government’s strategic outcome of an efficient labour market that utilises a fair but flexible system of employment. Figure 2 reflects the relationship between WorkCover WA’s outcomes and services and contribution to the government’s strategic planning framework.

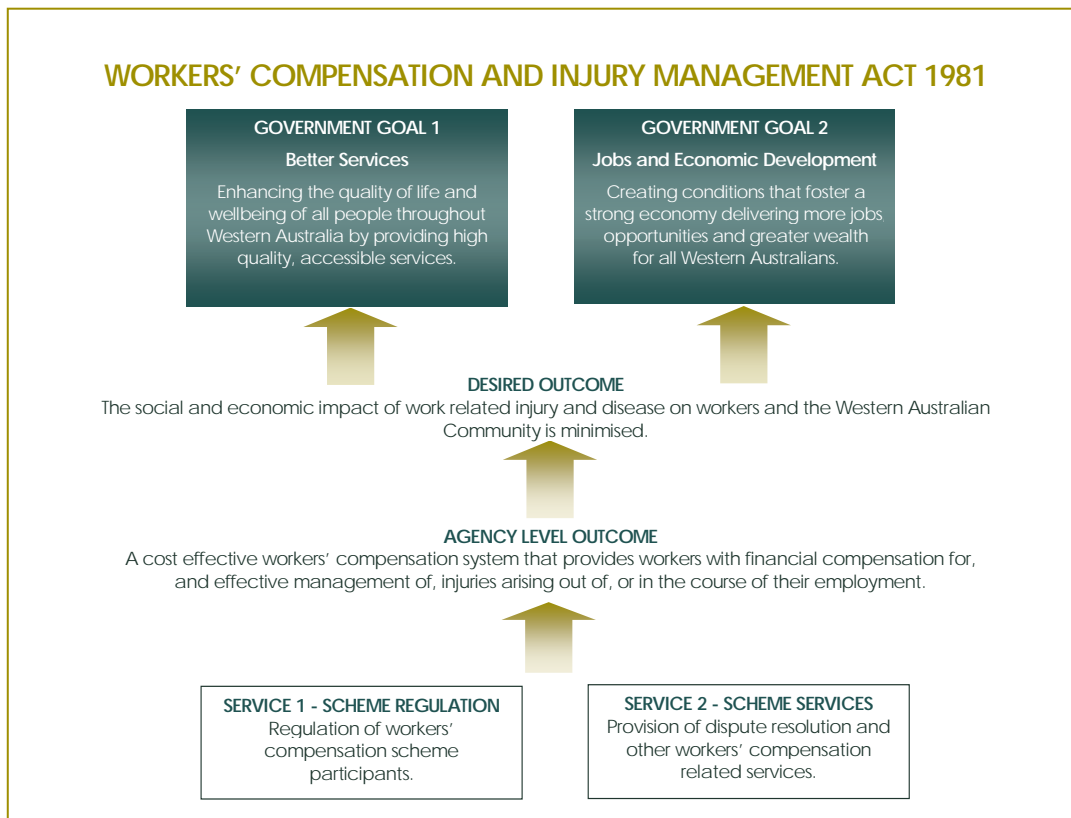


Figure 2: Summary of the agency’s contribution to Government strategic goals, mission, outcomes and services for 2007–08

### Changes to outcome-based management framework

WorkCover WA’s outcome-based management framework reflected in Figure 2 did not change during the 2007–08 reporting period.

## Agency level outcome

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 Figure 2, 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 level 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:

### Service 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, policy cancellations 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.

### Service 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 oversees the provision of other services such as audiometric tests, certifying the calibration of hearing testing equipment and the development of specialised retraining programs.

## Measure of agency level services and outcomes

WorkCover WA evaluates and measures agency level services and outcomes through key performance indicators (KPIs). Effectiveness indicators show the extent to which the agency has achieved its agency level outcomes and efficiency indicators represent the cost of services delivered.

The audited KPIs are included under the Disclosures and Legal Compliance section of this report.

## Overview

### Key effectiveness indicators

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

### Key efficiency indicators

Key efficiency indicators measure the level of resource inputs required to deliver them including costs. 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. To measure the cost and efficiency of delivering services, the following three efficiency indicators have been used:

- Average weighted cost per regulation activity.
- Average cost to resolve each dispute.
- Percentage of disputes resolved within 12 and 26 weeks respectively from date an application is received.

### Shared responsibilities with other agencies

An agreement is in place 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.

This initiative 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.

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.

## 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. Further details of these statistics are available throughout the report.

### Organisational performance

#### Service 1: Scheme regulation

Percentage of employers that hold policies following inspection:

	2007-08	2006-07	2005-06
▪ New business	86%	83%	96%
▪ Lapsed cases	80%	67%	n/a <sup>1</sup>
▪ Targeted	97%	92%	94%
▪ New owners	99%	98%	n/a <sup>1</sup>

Inspections conducted:

2007-08	2006-07	2005-06
19,414	24,081	19,516

Percentage of service providers that achieved accreditation standards:

▪ Insurers (10)	100%	100%	100%
▪ Self-insurers (27)	100%	100%	100%
▪ Vocational rehabilitation providers (37)	100%	100%	100%
▪ Approved air conduction testers (441)	87%	90%	89%

Service providers monitored:

2007-08	2006-07	2005-06
515	450	n/a <sup>1</sup>

#### Service 2: Scheme services

Percentage of disputes resolved at Conciliation:	81%	80%	77%
Percentage of disputes resolved within 12 weeks:	23%	31%	59%
Disputes lodged:	1,574	2,103	1,647
Disputes resolved:	1,623	2,168	1,766
Agreements registered:	3,506	3,760	3,992
Cost to resolve a dispute:	\$4,486	\$3,723	\$4,126
Cost to register an agreement:	\$286	\$469	\$712
Enquiries answered:	24,403	25,195	25,571
Cost per customer contact:	\$93	\$73	\$83

<sup>1</sup>Due to a change in methodology, figures are not comparable for this period



...performance



## Business performance

WorkCover WA supports the delivery of its government level outcomes and services through the implementation of strategically planned activities.

In 2006, WorkCover WA 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 wellbeing 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.

### Service 1: Scheme regulation

The scheme regulation activity combines the compliance, licensing and standards activities. The compliance activity involves inspection and investigation to ensure that 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.

### Measures of performance

Key effectiveness indicator 1.1	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Percentage of workers covered by a current workers' compensation policy.	95%	95.9%	95%	95%

Key effectiveness Indicator 1.2	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Percentage of lost time injuries with an appropriate injury management response.	75%	100%	90%	98%

Key efficiency indicator 2.1	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Average weighted cost per regulation activity.	\$250	\$242	\$260	\$237

## Agency performance

### Key initiatives and activities

#### Compliance and inspection

WorkCover WA's key compliance and inspection initiatives and activities in 2007–08 are outlined below. In brief, the Compliance Branch:

- Undertook 19,414 inspections, of which 918 breaches were identified and rectified in respect of employers maintaining a current workers' compensation policy.
- Completed 7,409 entity checks of business names registered with the Department of Consumer and Employment Protection (DOCEP) to determine if they employed workers and held a current workers' compensation insurance policy to their full liability.
- Completed 945 new owner inspections of sold businesses identified through the lapsed and cancellation process which resulted in 99 per cent of employers employing workers holding a current workers' compensation policy.
- Responded to 2,829 requests from approved insurers to cancel an employer's workers' compensation policy of insurance.
- Referred two matters for prosecution and three matters had prosecution action completed.
- Investigated 143 matters for breaches under the [\*Workers' Compensation and Injury Management Act 1981\*](#) (the Act) 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) and (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.
- Visited the Goldfields–Esperance region from 16–20 June 2008 to provide advice and education for businesses on compliance in relation to insurance obligations and injury management obligations.

#### Standards and monitoring

WorkCover WA's key licensing and standards initiatives and activities in 2007–08 are outlined below. In brief, the licensing and standards branch:

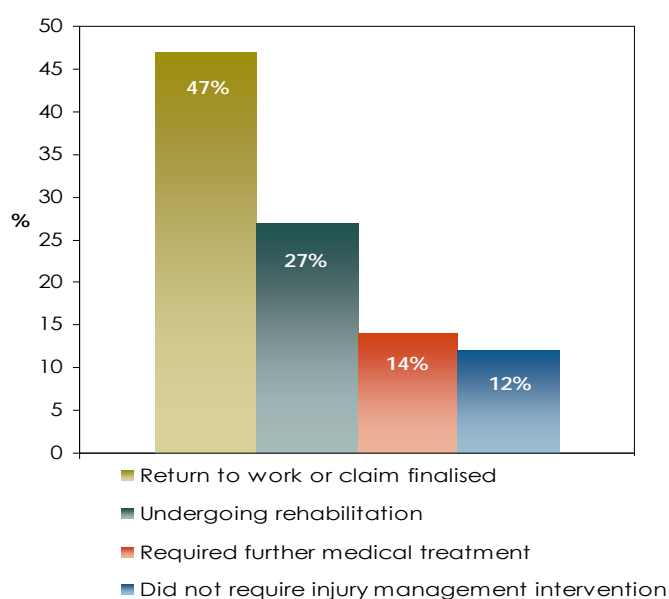
- Reviewed the performance of 26 of the 27 self-insurers and endorsed their continuation as exempt employers under the Act. On 6 May 2008, Executive Council revoked the exemption granted to the Commonwealth Bank under section 164 of the Act. The Commonwealth Bank is now included under the ComCare arrangement.
- Extended group employer arrangements for CSR, Westpac and Onesteel.
- Approved Myer Pty Ltd's application as an exempt employer under the Act.
- Reviewed the performance of nine approved insurers and the Insurance Commission of Western Australia with the recommendation that all underwriting licences be maintained.

## Agency performance

- Approved 14 applications by approved 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. One new agency and one single provider were approved during the year. At the end of the financial year, there were 37 vocational rehabilitation providers approved in Western Australia (21 agency providers, 11 single providers and five employer-based providers). One agency provider sought voluntary revocation of its approval. The capacity to enter data online is a condition of accreditation and there were seven Approved Vocational Rehabilitation Provider online training courses conducted.
- Accredited and evaluated the performance of new noise-induced hearing loss testers (audiometric officers and audiologists). At 30 June 2008, there were 441 testers approved to conduct hearing tests for the purposes of legislation. A total of 128 new testers were approved and 58 testers were cancelled as a result of not meeting performance criteria. At the end of the financial year, there were 248 booths and 252 audiometers approved within the workers' compensation scheme.
- Managed the noise-induced hearing loss pre-claim audiometric testing process. There were 840 workers identified with potential noise-induced hearing loss claims and, as part of this process, arrangements were made for 114 subsequent full audiological and 79 otorhinolaryngological assessments. As a consequence, 72 successful claims for work-related gradual onset noise-induced hearing loss, consisting of 71 (10%) first election claims), one subsequent election (5% claims) and no final elections (any per cent increase) claims were processed and issued. Twenty-three Approved Audiometric Officer online training courses were conducted either at WorkCover WA or offsite following the successful completion of an audiometric officer course offered by an approved course provider.
- Received and approved 228 renewals and new applications by 30 June 2008 for participation by registered agents in the Dispute Resolution Directorate. Of these, 152 were employees of approved insurers, 11 were employees of self-insurers, 57 were employees of legal firms, three were representatives of unions, three were representatives of a prescribed organisation (Asbestos Disease Advisory Service) and two were independent agents.
- Designated 13 new medical practitioners as approved medical specialists to the existing 144, following receipt of 13 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 Act. 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 Act.

## Agency performance

- Conducted verification of approved insurers and self-insurers' self-audit of conditions of exemption under section 157A of the Act. Section 157A 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 25 of the 27 self-insurers were given an exemption from the requirement to comply with section 157A(1) subject to their compliance with exemption conditions. The verification process established that insurers and self-insurers are complying with and have implemented procedures that reflect the exemption conditions.
- Dealt with 96 matters relating to injury management, including 57 regarding participation in vocational rehabilitation, and 39 matters involving return-to-work programs. Three complaints against approved vocational rehabilitation providers were also investigated. WorkCover WA's safety net system identified 3,794 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.



**Figure 3: WorkCover WA's safety net system**

As shown by Figure 3, of the 3,794 workers identified, WorkCover WA was advised 47 per cent had already returned to work or had their claim finalised by the insurer, 27 per cent were undergoing rehabilitation and 14 per cent required further medical treatment. The remaining 12 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.

### Education and advisory services

Education and advisory 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 education and advisory initiatives and activities in 2007–08 are detailed below.

#### Approved medical specialists (AMS)

- Two accreditation training sessions were attended by 45 medical specialists.
- An inaugural *Medi-Link* newsletter was produced with an objective to educate AMS on best practices, current issues in permanent impairment assessments and WorkCover WA services and involve them in WorkCover WA initiatives through promotion of upcoming WorkCover WA events.

#### Stakeholders

- Three information sessions for external stakeholders were conducted, attended by 91 external stakeholders from a wide range of disciplines.

#### Injured workers

- Thirteen injured workers seminars were conducted in the metropolitan area in partnership with the Industrial Foundation for Accident Prevention (IFAP) with over 175 injured workers attending the sessions.

#### Advisory Services

- Advisory Services responded to 24,403 inquiries relating to all aspects of workers' compensation and injury management. Advisory Services focused on assisting various parties navigate their way through the workers' compensation process and to understand their rights, responsibilities and obligations. The four most common enquiries made related to claims enquiries, injury management/return-to-work, dispute resolution and weekly wages entitlements.
- The Advisory Services team actively promoted stakeholder access of the WorkCover WA website. Anecdotal evidence supports a substantial increase in user access during the year.
- A Customer Assistance Unit took over the advisory service established in August 2006 to focus on early intervention strategies to prevent issues between scheme participants escalating into applications for dispute resolution. The Customer Assistance Unit visited the Kalgoorlie–Boulder region, meeting with medical practitioners, employer groups and workers. They offered advice on workers' compensation, injury management and return-to-work processes. Education sessions were also conducted in Mandurah and Collie. In the metropolitan area, presentations on workers' compensation to medical practices and employer groups were undertaken.

## Agency performance

### Service 2: Scheme services

#### Dispute Resolution Directorate (DRD)

The Dispute Resolution Directorate's primary role is to deal with disputes arising between parties in the workers' compensation scheme. The main objectives of the 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 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 Act 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).

*The Workers' Compensation (DRD) Rules (2005)*, associated procedures and forms are available to interested parties (electronic and paper) on our website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au) or by telephoning Advisory Services on 1300 794 744.

#### Other scheme services

WorkCover WA oversees the provision of other services such as audiometric tests, certifying the calibration of hearing testing equipment and the development of specialised retraining programs for injured workers.

#### Measures of performance

Key effectiveness indicator 1.3	2006-07 Actual	2007-08 Actual
Percentage of dispute resolution decisions successfully appealed:		
(i) Frequency of successful appeals (appeals upheld) as a portion of final decisions	0.97%	3.0%
(ii) Appeals upheld as a percentage of total appeals lodged.	32.6%	28%

Key effectiveness indicator 1.4	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
User satisfaction with the dispute resolution system.	63%	70%	70%	65%

## Agency performance

Key efficiency indicator 2.2	2006–07 Target	2006–07 Actual	2007–08 Target	2007–08 Actual
Average cost to resolve each dispute.	\$3,556	\$3,723	\$3,700	\$4,486

Key efficiency indicator 2.3	2006–07 Target	2006–07 Actual	2007–08 Target	2007–08 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%	31%	23%
(ii) Percentage of disputes resolved within 26 weeks from date an application is received.	93%	76%	76%	61%

### 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 2007–08 are outlined below. The Dispute Resolution Directorate:

- Resolved<sup>5</sup> 1,602 disputes of which 15 (1%) were transitional statutory applications from the (previous) Conciliation and Review system; 789 (49%) were Part XI disputes; 508 (32%) were interim orders and minor claims (Part XII disputes); 257 (16%) related to civil matters where the date of injury arose prior to 14 November 2005; and 33 (2%) were appeals to the Commissioner.
- Registered 3,506 agreements pursuant to section 76 of the Act, being: 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 451 settlements pursuant to section 92(f) of the Act.
- Referred four workers to a Medical Assessment Panel.
- Established a new DRD e-newsletter to provide information and advice to stakeholders and obtain feedback on topics of interest. The first edition was released in September 2007. This newsletter is now in its seventh edition, and is available on the WorkCover WA website.

Note:

<sup>5</sup>'Resolved' disputes do not include those files administratively closed. During the 2007–08 reporting period, 21 files were administratively closed. A Part XI dispute may be administratively closed when file activity has been inactive for an extended period and once all efforts have been exhausted by the directorate in following up with the parties. Administratively closed files may be re-opened at any time, at the request of the parties.

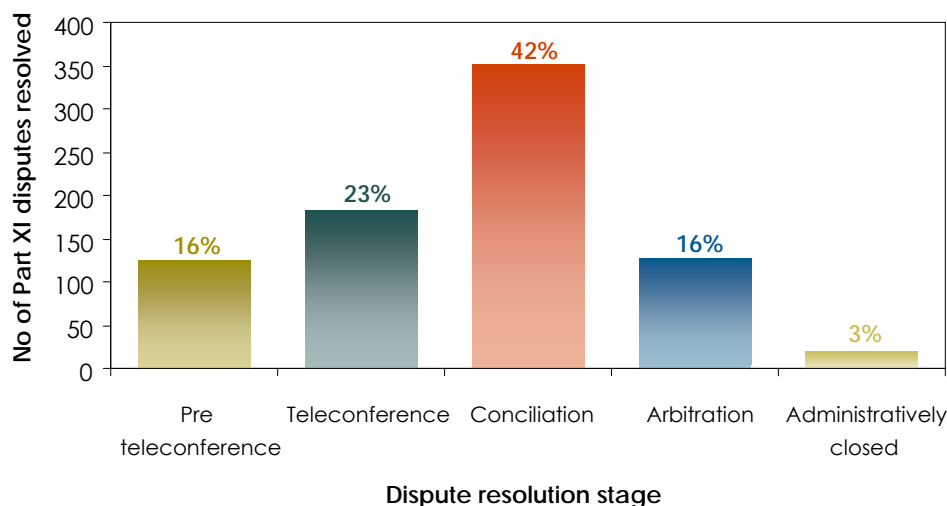
## Agency performance

- Implemented new systems and modified existing systems to allow improved performance reporting and more accurate data to be produced. An important component of these changes includes formal quality assurance processes to support the provision of timely and accurate processes.



"This year the DRD processed 1,574 new disputes involving claims for workers' compensation."

- Established priorities for stakeholder engagement, including presentations on dispute resolution related topics to audiences ranging from public sector managers and legal counsel to injury management professionals and insurers. The DRD established regular quarterly forums for registered agents and attended a meeting of the Law Society's Personal Injuries and Workers' Compensation Committee.



**Figure 4: Resolution of Part XI disputes**

- As illustrated by Figure 4, of the 810 Part XI disputes finalised, 126 (16%) were resolved prior to teleconference; 184 (23%) were resolved at teleconference; 352 (42%) were resolved at conciliation; 127 (16%) were resolved at arbitration; and 21 (3%) were administratively closed. Of the 810 disputes, 23 per cent were resolved within 12 weeks of lodgement and 61 per cent were resolved within 26 weeks.



## Corporate performance

Corporate activities contribute indirectly to WorkCover WA's outcomes and services and provide a key supportive role to our operations.

### Policy, legislation and research activities

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 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 2007–08 were:

- Provided policy and legislative advice and guidance in relation to the following Amendment Bills that have a direct impact on workers' compensation in Western Australia:
  - Industrial and Related Legislation Amendment Bill 2007
  - Police (Former Officers' Medical and Other Expenses) Bill 2008
  - Prostitution Amendment Bill 2007.
- Released the Second Edition of the *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment*.
- Calculated and published the *Variations in Prescribed Amount and other Workers' Compensation Payments* schedule for the financial year commencing 1 July 2008.
- Prepared a submission to Comcare on multi-state employers moving to self-insurance under the Comcare scheme. An examination of the issues needs to be framed not in terms of insured versus self-insured, or state/territory schemes versus Comcare, but rather in the context of developing a national model that better suits the needs of multi-state employers, particularly large employers.
- Indexation of medical and allied health service fees in accordance with the composite index, resulting in a 4.23 per cent across the board increase.
- Inserted a regulation into the Workers' Compensation and Injury Management (Scales of Fees) Regulations 1998 that clarifies the long-standing policy position that fees for medical and allied health services are fixed, exclusive of the goods and services tax.
- Gazetted recommended premium rates for 2008–09, resulting in an overall decrease of 14.4 per cent in the average recommended premium rates for compulsory workers' compensation insurance from 1.849 per cent to 1.582 per cent.

## Agency performance

- Contributed to the refinement of data collection processes and provided data to enhance national comparisons of workers' compensation performance.
- Prepared a series of workers' compensation scheme performance and status reports on trends across the scheme.
- Contributed to the Workers' Compensation Statistical Report for 2006–07. 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.
- Participated in Introduction to WorkCover WA information seminars and scheme update seminars to enhance stakeholder knowledge and understanding of the workers' compensation scheme in Western Australia.

## People and cultural development activities

The management of WorkCover WA employees is undertaken in accordance with public sector standards in human resources management, approved public sector policies and procedures and best practice approaches. People management practices ensure compliance with statutory, legal and other authorised work practices, provide for discrimination-free work environment, effective employee management and a workplace environment that encourages staff participation and engagement in decision-making processes. Corporate management supports the delivery of the strategic direction through improved corporate governance, accountability, resource management, reporting and the establishment of best practice management systems.

## Key initiatives and activities

WorkCover WA's key people and cultural initiatives and activities in 2007–08 were:

- A Leadership and Management Development Program has been developed based on the core capabilities and skills identified in the Department of the Premier and Cabinet's *Leadership Development Strategy*. Implementation of the program commenced in June 2008 with a team building skills workshop, and will run through to approximately June 2009.
- A Frontline Management program was implemented which enabled participating staff to undertake a program of study that culminated in them being awarded the Certificate IV in Business. The program was highly successful and will be offered to staff in 2008–09.
- The Wellness Program was expanded to incorporate a range of strategies aimed at supporting employees to gain control over their health and wellbeing, ultimately improving their work performance and general health. The wellness framework comprises physical, environmental, spiritual, social and psychological dimensions to achieve optimal health for employees and the organisation.
- An Equity and Diversity plan was developed in consultation with the Office of Equal Employment Opportunity. The plan, which will operate for the 2008–09 period, establishes a framework for the implementation of strategies to enhance the diversity of the WorkCover WA workforce, ensure the agency and its workplace practices do not discriminate against traditionally disadvantaged groups and cultivate a workplace environment that recognises and promotes diversity.

## Agency performance

- Reconciliation Australia launched an initiative challenging government, business and industry to formalise their commitment to overcoming Indigenous disadvantage through the implementation of reconciliation action plans. WorkCover WA's Reconciliation Action Plan was developed in consultation with Indigenous and non-Indigenous staff and was endorsed by Corporate Executive in May 2008. Our plan has been registered by Reconciliation Australia and is available on their website [www.reconciliation.org.au](http://www.reconciliation.org.au)

WorkCover WA recognises that more action needs to be taken to ensure that Indigenous Australians enjoy the same life, economic and social benefits as others in this lucky country.

- A Cultural Development Framework was developed focusing on establishing a workplace environment that will contribute to positive organisational culture. The framework includes the establishment of team building exercises, staff recognition program, staff newsletter and a range of staff wellness initiatives.
  - Two team building days were conducted in April 2008 for WorkCover WA staff utilising the services of Teamworks Development Australia. The two days focused on the value of good communication, establishing trust, sharing information and resources, planning and goal setting and also provided opportunities for staff to undertake a range of personal challenges that took many employees out of their comfort zones. Feedback from staff indicated that 90 per cent of attendees believed the program was beneficial.
  - A program has been developed to recognise the valuable efforts by and achievements of WorkCover WA staff. Recognition criteria against which staff are evaluated are: Teamwork, Customer Service, Commitment, Outstanding Achievement, Respect and Continuous Improvement. The program was launched in April 2008 and to date four staff have been recognised for their individual contributions.

### 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 the decision-making processes that impact on their working lives.

#### Joint Consultative Committee

The Joint Consultative Committee (JCC) consists of management and union representatives and provides a forum for both parties to work collaboratively to seek solutions to the workplace environment and issues affecting employees conditions of employment. The JCC meets monthly.

#### Occupational Safety and Health Committee

The Occupational Safety and Health (OSH) Committee provides a forum for staff and management to examine issues affecting the health and wellbeing of staff and a mechanism to develop and implement strategies that prevent workplace accidents and injuries occurring. The OSH Committee meets on a quarterly basis or where the situation demands the need to take preventive or corrective action.

## Agency performance

### Financial, resource and information management activities

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 providing ongoing support and maintenance to WorkCover WA's portfolio of business applications and client support to those internal and external users using 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. Resource management supports the capital works program for WorkCover WA. The program provides for the replacement, maintenance and expansion of assets that support the delivery of the agency's services. Assets include property, hardware, software and office equipment.

### Key initiatives and activities

- Updated and developed a range of resource management policies, including investments management, debts management, fleet management, delegation framework and budget management.
- Developed a budget process aligned with Business Planning, which incorporates the capital works program, forward estimates and a mid-year review.
- Completed the final stage of the Shenton Park office upgrade to accommodate a single office location.
- Established a program office to deliver the IT program and other major business initiatives.

## Funds management

### Trust account

The Workers' Compensation and Injury Management Trust Account is maintained in accordance with section 110 of the Act. The agency seeks to optimise returns and security of funds invested for the benefit of the dependants of deceased workers.

Section 218 of the Act empowers the DRD 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 7.06 per cent for all trust accounts.

### Uninsured claims management (General Account)

The agency manages specific funds to protect 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 Act. The agency also recovers funds paid to workers from the General Account 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 Account are in accordance with the provisions of the Act. This year, the compliance activity investigated 21 claims made

## Agency performance

on the General Account pursuant to section 174, compared to 14 last year. There were six new claims this year and 17 continuing claims from previous financial years. The cost of new claims was \$374,417 and ongoing claims amounted to \$178,563. At 30 June 2008, the total outstanding debt from uninsured employers was approximately \$2.661 million. Recovery action against these employers is ongoing and during the year WorkCover WA successfully finalised recovery against four employers.

### 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 2008; however, the surcharge rate was removed effective 25 June 2008.

In relation to the liquidation of HIH Insurance, outstanding claims in Western Australia are estimated at \$16.647 million as at 30 June 2008 (which includes an allowance for asbestos related diseases). This represents projected outstanding liabilities in inflated and discounted values, claim administration expenses and a prudential margin. During 2007–08, \$5.738 million was received from the liquidators of HIH Insurance. Claim payments during the year were \$2.525 million and since the liquidation process commenced in June 2001, claim payments have totalled \$69.012 million.

The Employers' Indemnity Supplementation Fund also pays claims under the *Waterfront Workers' (Compensation for Asbestos Related Disease) Act 1986* and the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001*. Payments for claims under the *Waterfront Workers' (Compensation for Asbestos Related Disease) Act 1986* for 2007–08 were \$48,813. Since its inception (February 1987), a total of \$2.801 million has been paid. Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2007–08 were \$102,350. The *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* came into effect in 2001, but the first claim payment was not received until December 2005.

Claim payments and receipts during the year for those insurers in liquidation are provided in Table 5.

**Table 5: Insurers in liquidation: Claim payments and receipts during 2007–08**

Insurer (in liquidation)	Payments	Receipts
National Employers' Mutual General Insurance Co.	\$ 433,208	\$ 2,059
Standard Insurance Co.	\$ 39,350	\$ 853
HIH Insurance	\$ 2,524,905	\$ 5,737,789

### Debts and investments

As at 30 June 2008, there were 16 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act. During the year, debts of \$100,367 remained outstanding. During 2007–08, the weighted average rate of return on General Account investments was 7.15 per cent.

Significant issues and trends

## Current and emerging issues

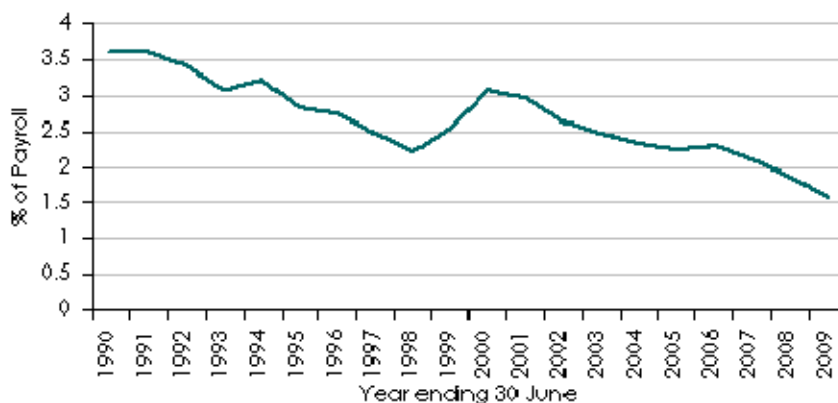
WorkCover WA's operations are affected by the scheme environment and influenced by State and national trends.

Current and emerging issues identified as likely to impact on WorkCover WA in the coming years are:

- the impact of the economic and social environment on aspects of scheme performance, such as premium rates and claim payments
- legislative development and review
- national harmonisation of workers' compensation arrangements.

### Scheme performance

The recent strong performance of the Western Australian workers' compensation scheme is expected to continue in 2008–09 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 1.582 per cent for 2008–09 is the lowest rate struck since the establishment of the scheme in 1981.



**Figure 5: Average Recommended Premium Rate 1989–90 to 2008–09**

WorkCover WA has extended the scheme performance monitoring framework established in 2006–07 to support early identification of any adverse trends and cost pressures, should economic circumstances change.

The agency will also continue to work closely with scheme stakeholders to improve injury management and return-to-work outcomes for injured workers, as the most effective strategy for minimising scheme costs.

## Significant issues and trends

### Legislative environment

In 2005 significant reforms to the *Workers Compensation and Injury Management Act 1981* were introduced. An early evaluation of the reforms found that stakeholders remain concerned about inflexibility and complexity in the legislation, despite the changes introduced. WorkCover WA is keen to address this concern and is considering mechanisms to modernise and streamline workers' compensation legislation in Western Australia.

### Harmonisation of workers' compensation arrangements

WorkCover WA recognises its responsibilities to achieve the optimum level of regulatory consistency between jurisdictions. Despite fundamental differences in workers compensation schemes across Australia, WorkCover WA is cooperating in efforts to achieve consistency in some key areas, such as the definitions of 'worker' and 'employer'. Efforts to introduce common approaches to pain and other work disability injury management, and to move towards a common permanent impairment assessment methodology, will also contribute to greater harmonisation of workers' compensation arrangements.



disclosures and legal compliance

## Independent 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 2008

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 2008, 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

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**WorkCover Western Australia Authority**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

**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 2008 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 2008.



COLIN MURPHY  
AUDITOR GENERAL  
28 August 2008

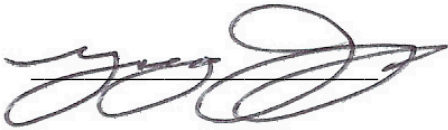
## Disclosures and legal compliance

### Certification of the financial statements

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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 2008 and the financial position as at 30 June 2008.

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

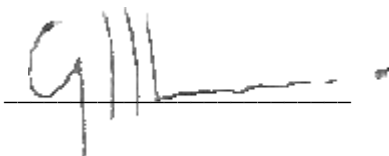
28 August 2008



**A WARNER**

Chief Executive Officer

28 August 2008



**G THOMPSON**

Chief Finance Officer

28 August 2008

## Audited financial statements

### WorkCover Western Australia Authority Income Statement For the year ended 30 June 2008

	Note	2008 \$000	2007 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Insurer contributions		17,067	16,375
Provision of services	7	23	39
Commonwealth grants and contributions	8	–	–
Interest revenue	9	3,067	2,063
Other revenue	10	407	385
Employers' Indemnity Supplementation Fund	11	12,834	10,588
<b>Total Revenue</b>		<b>33,398</b>	<b>29,450</b>
<b>Gains</b>			
Gains on disposal of non-current assets	12	5	–
<b>Total Gains</b>		<b>5</b>	<b>–</b>
<b>Total Income</b>		<b>33,403</b>	<b>29,450</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Employee benefits expense	13	11,431	12,277
Supplies and services	14	3,012	3,271
Depreciation expense	15	615	481
Accommodation expenses	16	458	371
Workers' compensation claims	17	3,956	3,140
Uninsured Claims		553	528
Loss on disposal of non-current assets	12	–	37
Other expenses	18	1,048	950
<b>Total Expenses</b>		<b>21,073</b>	<b>21,055</b>
Profit/(Loss) before grants and subsidies from State Government		12,330	8,395
Grants and subsidies from State Government	19	48	45
<b>Profit/(Loss) for the period</b>		<b>12,378</b>	<b>8,440</b>

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

## Disclosures and legal compliance

### WorkCover Western Australia Authority Balance Sheet As at 30 June 2008

	Note	2008 \$000	2007 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	20	4,474	4,964
Restricted cash and cash equivalents	21	39,177	27,546
Receivables	22	1,196	1,000
Other financial assets	23	7,787	5,300
Other current assets	24	462	513
<b>Total Current Assets</b>		<b>53,096</b>	<b>39,323</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	25	22,180	22,211
<b>Total Non-Current Assets</b>		<b>22,180</b>	<b>22,211</b>
<b>Total Assets</b>		<b>75,276</b>	<b>61,534</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	27	2,769	1,544
Provisions	28	5,069	5,117
<b>Total Current Liabilities</b>		<b>7,838</b>	<b>6,661</b>
<b>Non-Current Liabilities</b>			
Provisions	28	18,281	18,094
<b>Total Non-Current Liabilities</b>		<b>18,281</b>	<b>18,094</b>
<b>Total Liabilities</b>		<b>26,119</b>	<b>24,755</b>
<b>NET ASSETS</b>		<b>49,157</b>	<b>36,779</b>
<b>EQUITY</b>			
Reserves	29	17,697	17,697
Retained earnings/(accumulated losses)		31,460	19,082
<b>Total Equity</b>		<b>49,157</b>	<b>36,779</b>

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

## Disclosures and legal compliance

### WorkCover Western Australia Authority Statement of Changes in Equity As at 30 June 2008

	Note	2008 \$000	2007 \$000
Balance of equity at start of period		<u>36,779</u>	<u>15,275</u>
<b>RESERVES</b>	<b>29</b>		
<b>Asset Revaluation Reserve</b>			
Balance at start of period		17,697	4,633
Gains/(losses) from asset revaluation		<u>-</u>	<u>13,064</u>
Balance at end of period		<u>17,697</u>	<u>17,697</u>
<b>RETAINED EARNINGS</b>			
Balance at start of period		19,082	10,642
Change in accounting policy		-	-
Profit/(loss) for the period		<u>12,378</u>	<u>8,440</u>
Balance at end of period		<u>31,460</u>	<u>19,082</u>
<b>Balance of equity at end of period</b>		<u><b>49,157</b></u>	<u><b>36,779</b></u>
Total income and expense for the period <sup>(a)</sup>		<u>12,378</u>	<u>21,504</u>

(a) The aggregate net amount attributable to equity is profit for 2008 was \$12,378,000.

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

## Disclosures and legal compliance

### WorkCover Western Australia Authority Cash Flow Statement As at 30 June 2008

	Note	2008 \$000	2007 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Supplementation Fund receipts		12,885	10,546
Insurer contributions		17,067	16,375
Provision of services		23	39
Commonwealth grants and contributions		-	-
Interest received		2,738	1,835
GST receipts on sales		102	62
GST receipts from taxation authority		559	636
Other receipts		558	123
<b>Payments</b>			
Workers' compensation claim payments		(3,216)	(4,902)
Employee benefits		(10,962)	(11,276)
Supplies and services		(3,095)	(3,271)
GST payments on purchases		(547)	(512)
GST payments to taxation authority		(132)	-
Other payments		(1,856)	(1,769)
<b>Net cash provided by/(used in) operating activities</b>	<b>30</b>	<b>14,124</b>	<b>7,886</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets	12	157	73
Purchase of non-current physical assets		(653)	(864)
Proceeds from sale of investments		-	-
Purchase of investments		-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(496)</b>	<b>(791)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,628</b>	<b>7,095</b>
Cash and cash equivalents at the beginning of the period		37,810	30,715
<b>Cash and cash equivalent assets at the end of period</b>	<b>30</b>	<b>51,438</b>	<b>37,810</b>

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



### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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#### 1. Australian equivalents to International Financial Reporting Standards

##### General

The Authority's financial statements for the year ended 30 June 2008 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 2008.

#### 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'.

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.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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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.

#### (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).

Changes to Treasurer's Instructions (TI) 410 will result in WorkCover WA asset capitalisation threshold increasing from \$1,000 to \$5,000 from 1 July 2008. The changes will be applied retrospectively as from that date.

##### *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.

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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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

#### **(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**

In addition to cash, the Authority has three categories of financial instrument:

- Loans and receivables
- Held-to-maturity investments
- Financial liabilities measured at amortised cost.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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These have been disaggregated in the following classes:

##### Financial assets

- Cash and cash equivalents
- Receivables
- Term deposits

##### 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.

##### **(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'.

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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#### (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 balance sheet date.

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

The expected future payments are discounted to present value using market yields at the 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 commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS schemes.

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, the WSS Scheme, and the GESBS 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, and the GESBS 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'.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

For the year ended 30 June 2008

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**(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'.

**(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
- 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.

**(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.

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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#### 3. Segment Information

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

#### 4. Judgements made by management in applying accounting policies

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

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

#### 5. Key sources of estimation uncertainty

##### *Defined Benefit Superannuation Plans.*

In determining the Authority's ultimate cost of its defined superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 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 2007 that impacted on the Authority:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Authority's exposure to risks, including enhanced disclosure regarding components of the Authority's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

##### **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:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statement' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short-term review of AAS 27, AAS29 and AAS31:

AASB 1004 'Contributions' (December 2007). 1 July 2008

AASB 1050 'Administered Items' (December 2007). 1 July 2008

AASB 1051 'Land Under Roads' (December 2007). 1 July 2008

AASB 1052 'Disaggregated Disclosures' (December 2007). 1 July 2008

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007). 1 July 2008

Interpretation 1038 'Contributions by Owners Made to Wholly Owned Public Sector Entities (December 2007). 1 July 2008

The existing requirements in AAS 27, AAS 29 and AAS31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance; otherwise, there will be no financial impact. 1 July 2008



## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

	2008 \$000	2007 \$000
<b>7 Provision of services</b>		
Seminars	-	1
Other	23	38
	<u>23</u>	<u>39</u>
<b>8 Commonwealth grants and contributions</b>		
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	67
Funding received from the Commonwealth	-	-
	<u>67</u>	<u>67</u>
Payments by Program		
Statistical Database	1	-
Scheme Development	3	-
Dispute Resolution	-	-
Compliance	21	-
Support	8	-
Total Payments	<u>33</u>	<u>-</u>
Balance carried forward	<u>34</u>	<u>67</u>
<b>9 Interest revenue</b>		
<u>General Account</u>	691	531
<u>Employers' Indemnity Supplementation Account (see note 31)</u>	<u>2,376</u>	<u>1,532</u>
	<u>3,067</u>	<u>2,063</u>
<b>10 Other revenue</b>		
<u>General Account</u>		
Recoveries from uninsured employers	196	80
Other	211	305
	<u>407</u>	<u>385</u>
<b>11 Employers' Indemnity Supplementation Fund</b>		
Surcharge (i)	7,093	7,300
Recovery (ii)	5,741	3,288
	<u>12,834</u>	<u>10,588</u>

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

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

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

	2008 \$000	2007 \$000
<b>12 Net gain/(loss) on disposal of non-current assets</b>		
<u>Costs of Disposal of Non-Current Assets</u>		
Equipment	–	42
Vehicles	152	68
	<u>152</u>	<u>110</u>
<u>Proceeds from Disposal of Non-Current Assets</u>		
Equipment	–	–
Vehicles	157	73
	<u>157</u>	<u>73</u>
Net gain/(loss)	<u>5</u>	<u>(37)</u>

#### 13 Employee benefits expenses

Wages and salaries <sup>(a)</sup>	10,005	10,137
Superannuation-defined benefit plans (see note 28)	806	873
Annual leave <sup>(b)</sup>	119	271
Long service leave <sup>(b)</sup>	367	408
Superannuation	134	588
	<u>11,431</u>	<u>12,277</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 28 'Provisions'.

#### 14 Supplies and services

Communications	182	190
Consultants and contractors	1,545	1,576
Consumables	974	1,005
Insurance	44	119
Training	125	212
Travel	69	72
Other	73	97
	<u>3,012</u>	<u>3,271</u>

#### 15 Depreciation expense

Buildings	443	282
Plant, equipment and vehicles	172	199
	<u>615</u>	<u>481</u>

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

	2008 \$000	2007 \$000
<b>16 Accommodation expenses</b>		
Outgoings	188	249
Repairs and maintenance	186	117
Other	84	5
	458	371
<b>17 Workers' Compensation Claims</b>		
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>	3,956	3,140
	3,956	3,140
<b>18 Other expenses</b>		
<u>General Account</u>		
Joint initiative with WorkSafe	250	250
Employment on-costs <sup>(a)</sup> (see note 13 Employee benefits expense )	474	575
Seminars	85	55
Doubtful debts	66	(15)
Sitting Fees	100	61
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Administration fee paid to Insurance Commission of WA	73	24
	1,048	950
<p>(a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.</p>		
<b>19 Grants and subsidies from State Government</b>		
Revenue received during the year:		
Resources received free of charge from the State Solicitor's Office	48	45
	48	45
<b>20 Cash and cash equivalents</b>		
Bank account	1,720	1,162
Cash on hand	2	2
Term deposits <sup>(a)</sup>	2,752	3,800
	4,474	4,964

(a) Term deposits are held in order to fund payments as they become due and payable. The term deposits range from 30 days to three months.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

	2008	2007
	\$000	\$000
<b>21 Restricted cash and cash equivalents</b>		
<u>Employers' Indemnity Supplementation Fund (See note 31)</u>		
Cash balance at Treasury	39,143	27,479
<u>Commonwealth Funding – Christmas and 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 and Cocos-Keeling Islands	34	67
	39,177	27,546
<b>22 Receivables</b>		
Current		
<u>General Account</u>		
Receivables	266	406
Allowance for impairment of receivables	(106)	(40)
Fines and penalties	100	45
Accrued revenue – Trust Fund	1	1
Accrued interest	87	60
GST receivable	89	79
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Accrued interest	743	440
GST receivable	16	9
	1,196	1,000
Non-current		
<u>General Account</u>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
	–	–

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

	2008 \$000	2007 \$000
<u>Reconciliation of changes in allowance for impairment of receivables</u>		
Balance at the start of the year	40	55
Doubtful debts expense recognised in the income statement	66	(15)
Amounts written off against the allowance account during the year	-	-
Amount recovered during the year	-	-
Balance at the end year	<u>106</u>	<u>40</u>
 <u>Credit Risk</u>		
<u>Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:</u>		
Not more than 1 month	152	396
Not more than 3 months	85	10
More than 3 months but less than 6 months	1	1
More than 6 months but less than 1 year	58	-
More than 1 year	66	39
	<u>362</u>	<u>446</u>
 <u>Receivables individually determined as impaired at the balance sheet date:</u>		
Carrying amount, before deducting any impairment loss	-	-
Impairment loss	-	-
	<u>-</u>	<u>-</u>

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

See also note 2(j) 'Receivables and note 36 'Financial Instruments'.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

	2008	2007
	\$000	\$000
<b>23 Other financial assets</b>		
<u>Current</u>		
At cost:		
Term deposits <sup>(a)</sup>	7,787	5,300
	<u>7,787</u>	<u>5,300</u>
 (a) The term deposits range from 90 days to 365 days.		
<b>24 Other current assets</b>		
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Sundry debtors	462	513
	<u>462</u>	<u>513</u>
<b>25 Property, plant, equipment and vehicles</b>		
Land		
At fair value <sup>(a)</sup>	13,985	13,985
	<u>13,985</u>	<u>13,985</u>
Buildings		
At fair value <sup>(a)</sup>	7,932	7,415
Accumulated depreciation	(443)	-
	<u>7,489</u>	<u>7,415</u>
Buildings under construction		
Construction costs	-	105
	<u>-</u>	<u>105</u>
Plant, equipment and vehicles		
At cost	2,006	1,931
Accumulated depreciation	(1,300)	(1,225)
	<u>706</u>	<u>706</u>
	<u>22,180</u>	<u>22,211</u>

(a) 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'.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

##### Reconciliations

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

	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment & vehicles \$000	Total \$000
<b>2008</b>					
Carrying amount at start of year	13,985	7,415	105	706	22,211
Additions	-	-	536	284	820
Transfers	-	517	(556)	40	1
Disposals	-	-	(85)	(152)	(237)
Revaluation Increments/(decrements)	-	-	-	-	-
Depreciation	-	(443)	-	(172)	(615)
Carrying amount at end of year	13,985	7,489	-	706	22,180

	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment & vehicles \$000	Total \$000
<b>2007</b>					
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	13,985	7,415	105	706	22,211

#### 26 Impairment of assets

There were no indications of impairment to property, plant and equipment assets at 30 June 2008.

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.

All surplus assets at 30 June 2008 have been written-off.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

	2008	2007
	\$000	\$000
<b>27 Payables</b>		
Current		
<u>General Account</u>		
Trade payables	154	373
Accrued expenses	730	432
Accrued salaries	1,437	596
GST payable	-	-
Other payables	382	56
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Claim payments	63	87
GST payable	-	-
Other creditors	3	-
	2,769	1,544
See also note 2(l) 'Payables' and note 36 'Financial Instruments'.		
<b>28 Provisions</b>		
Current		
<u>General Account</u>		
Employee benefits provision		
Annual leave <sup>(a)</sup>	1,087	1,152
Long service leave <sup>(b)</sup>	1,019	1,174
	2,106	2,326
Superannuation <sup>(d)</sup>	200	200
	2,306	2,526
Other provisions		
Employment on-costs <sup>(c)</sup>	118	130
	118	130
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Liability for estimated future claim payments	2,645	2,461
	5,069	5,117
Non-current		
<u>General Account</u>		
Employee benefits provision		
Long service leave <sup>(b)</sup>	627	661
Superannuation <sup>(d)</sup>	3,617	3,974
	4,244	4,635
Other provisions		
Employment on-costs <sup>(c)</sup>	35	37
	4,279	4,672
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Liability for estimated future claim payments	14,002	13,422
	18,281	18,094



## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

(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:

	2008 \$000	2007 \$000
Within 12 months of balance sheet date	625	672
More than 12 months after balance sheet date	462	480
	1,087	1,152

(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:

Within 12 months of balance sheet date	1,019	788
More than 12 months after balance sheet date	627	1,047
	1,646	1,835

(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:

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Current service cost	34	46	-	-
Interest cost (unwinding of the discount)	186	151	62	64
Net actuarial losses/(gains) recognised	(144)	353	7	(48)
Past service cost	-	-	-	-
Total, included in 'Employee benefits expense' (see note 13)	76	550	69	16

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	2,944	3,055	873	1,119
Liability in the balance sheet	2,944	3,055	873	1,119

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.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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

Liability at start of year	3,055	2,684	1,119	1,103
Current service cost	34	46	-	-
Interest cost (unwinding of the discount)	186	151	62	64
Net actuarial losses/(gains) recognised	(144)	353	7	(48)
Benefits paid	(187)	(179)	(315)	-
Liability at end of year	2,944	3,055	873	1,119

Reconciliation of the fair value of plan assets is as follows:	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Fair value of plan assets at start of year	-	-	-	-
Employer contributions	171	173	319	-
Benefits paid	(171)	(173)	(319)	-
Fair value of plan asset at end of year	-	-	-	-

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Discount rate	6.50%	6.25%	5.80%
Future salary increases	4.50%	4.50%	4.50%
Future pension increases	3.00%	3.00%	3.00%

#### Historic summary

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Pension scheme:			
Present value of unfunded obligation	2,944	3,055	2,684
Fair value of plan assets	-	-	-
Surplus/(deficit)	<u>2,944</u>	<u>3,055</u>	<u>2,684</u>

#### Pre-transfer benefit – Gold State Superannuation Scheme:

Present value of unfunded obligation	873	1,119	1,103
Fair value of plan assets	-	-	-
Surplus/(deficit)	<u>873</u>	<u>1,119</u>	<u>1,103</u>

#### Experience adjustments arising on plan liabilities:

Pension Scheme	(68)	256	34
Pre-transfer benefit – Gold State Superannuation Scheme	31	(12)	16

#### Employer funding arrangements for the defined benefit plans

Employer contributions of \$167,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2009.

Employer contributions of \$85,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2009.

- (e) Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance sheet date. These claims are expected to be settled within two financial years, but this may be extended if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

	2008 \$000	2007 \$000
<u>Movements in Other Provisions</u>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employers' Indemnity Supplementation Fund</u>		
Liability for estimated future claim payments		
Carrying amount at the start of year	15,883	17,239
Additional provisions recognised	3,956	3,162
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	(3,192)	(4,518)
Carrying amount at the end of year	<u>16,647</u>	<u>15,883</u>
<u>Employment on-costs provision</u>		
Carrying amount at the start of year	167	147
Additional provisions recognised	-	20
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	(14)	-
Carrying amount at the end of year	<u>153</u>	<u>167</u>
<b>29 Equity</b>		
<u>Reserves</u>		
Asset revaluation reserve (i):		
Opening balance	17,697	4,633
Net revaluation increments/(decrements):		
Land	-	12,335
Buildings	-	729
Closing balance	<u>17,697</u>	<u>17,697</u>
Retained Earnings/(accumulated losses)		
Balance at start of year	19,082	10,642
Change in accounting policy (ii)	-	-
Result for the period	<u>12,378</u>	<u>8,440</u>
Balance at end of year	<u>31,460</u>	<u>19,082</u>

(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.

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

2008  
\$000

2007  
\$000

#### 30 Notes to the Cash Flow Statement

##### Reconciliation of cash

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

Cash and cash equivalents and restricted cash <sup>(a)</sup>	51,438	32,510
Interest-bearing liability	-	-
	<u>51,438</u>	<u>32,510</u>

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

Profit/(loss)	12,377	8,440
Non-cash items:		
Depreciation and amortisation expense	533	481
Net (gain)/loss on sale of property, plant and equipment	(5)	37
(Increase)/decrease in assets:		
Current receivables	202	(319)
Other current assets	(329)	(228)
Non-current assets	-	-
Increase/(decrease) in liabilities:		
Current payables	1,225	(128)
Current provisions	(625)	773
Non-current provisions	764	(1,356)
Net GST receipts/(payments) <sup>(b)</sup>	(18)	186
Change in GST receivables/(payables) <sup>(c)</sup>	-	-
Net cash provided by/(used in) operating activities	<u>14,124</u>	<u>7,886</u>

(a) \$5,300 k prior year term deposits have been reclassified to Other financial assets (Refer note 23)

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

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

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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##### 31 Employers' Indemnity Supplementation Fund (EISF)

The EISF was established by the Employers' Indemnity Supplementation Fund Act 1980 (the Act) to provide for payment of workers' compensation claims in Western Australia:

- in the event an approved insurer collapses
- to waterfront workers suffering from asbestos related diseases under the Waterfront Workers' (Compensation for Asbestos Related Diseases) Act.

HIH Insurance was officially placed into provisional liquidation on 15 March 2001. All claims up to and including that date are required to be paid from the EISF.

The Authority's claim costs for HIH Insurance are actuarially assessed each financial year and the values disclosed in the financial statements. The actuarial estimates are based on inflated and discounted values including a 75 per cent 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.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

For the year ended 30 June 2008

#### 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	2008	2007
Inflation rate	4.75% for 2009 and later	4.5% for 2008 and later
Discount rate	7.1% for 2009, 6.8% for 2010, 6.6% for 2011, 6.4% for 2012 and 6.3% for 2013 onwards	6.5% for 2008, 6.6% for 2009–2010, 6.4% for 2011 and 6.2% for 2012 onwards
Claims management expenses	5% of claim payments	5% of claim payments
Superimposed inflation	2%	2%
Risk margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

EISF Act: non asbestos-related claims	2008	2007
Inflation rate	4.75% for 2009 and later	4.5% for 2008 and later
Discount rate	7.1% for 2009, 6.8% for 2010, 6.6% for 2011, 6.4% for 2012 and 6.3% for 2013 onwards	6.5% for 2008, 6.6% for 2009–2010, 6.4% for 2011 and 6.2% for 2012 onwards
Claims management expenses	5% of claim payments	5% of claim payments
Superimposed inflation	4.50%	4.50%
Risk margin	Risk margin at the 75% sufficiency level	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

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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The actuarial estimates from June 2001 are as follows:

Year	\$'000
2001	122,312
2002	49,923
2003	31,717
2004	24,090
2005	23,421
2006	17,239
2007	15,883
2008	16,647

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.

In accordance with Accounting Standard AASB 1023 General Insurance Contracts, the outstanding claims liability at 30 June 2008 was assessed at \$16,647,000 and a provision for this amount has been included in the financial statements (see note 28).

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

For the purpose of addressing the outstanding claims liability, a surcharge has been imposed on employers' insurance policies on previous years. For the 2007-08 financial year, the surcharge has been discontinued. The revenue collected previously from the surcharge will be used to pay this liability.



## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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	2008	2007
	\$000	\$000

#### 32 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
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<hr/>	<hr/>
	-	555

The capital commitments include amounts for :  
Shenton Park building upgrade

	<hr/>	<hr/>
	-	555

#### 33 Contingent liabilities and contingent assets

##### Contingent Liabilities

There are no contingent liabilities.

##### Contingent Assets

There are no contingent assets.

#### 34 Events occurring after balance sheet date

No events occurred after balance sheet date.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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#### 35 Explanatory Statement

This statement provides details of any significant variation between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

Significant variations are considered to be those greater than 5 per cent and \$100,000.

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

	2008 Actual \$000	2008 Estimate \$000	Variation \$000
<b>Income</b>			
Interest revenue	3,067	2,144	923
Other revenue	407	121	286
Employers' Indemnity Supplementation Fund	12,834	9,510	3,324
<b>Expenses</b>			
Employee benefits expenses	11,431	12,354	923
Depreciation expense	615	825	210
Accommodation expenses	458	314	(144)
Workers' compensation claims	3,956	712	(3,244)

#### Interest Revenue

The increase reflects better returns on investments as a result of higher cash rates and improved investment strategy.

#### Other Revenue

The increase reflects the impact of the Injury Management Conference, a large uninsured recoup and the issue of a significant fine.

#### Employers' Indemnity Supplementation Fund

The increase largely reflects higher liquidator's dividends received for HIH, FAI and CIC insurers.

#### Employee Benefits Expenses

The reduction largely reflects general vacancies across the organisation as a result of the current economic climate.

#### Depreciation Expense

The decrease represents a deferral in the project commencement date and lower than expected building upgrade costs due to the reduction in the scope of works undertaken.

#### Accommodation Expenses

The increase largely reflects the expensing of non-capital costs associated with the building upgrade.

#### Workers' Compensation Claims

The rise in workers' compensation claims is due to an increase in the asbestos liability valuation results due to the combined impact of higher than expected overall claim lodgements, increase in the number of mesothelioma claims and higher than expected cost claims for claimants under the age of 65 years.

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

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#### Significant variances between actual and prior year actual – revenues and expenditures

	2008	2007	Variance
	\$000	\$000	\$000
<b><u>Income</u></b>			
Interest revenue	3,067	2,063	1,004
Employers' Indemnity Supplementation Fund	12,834	10,588	2,246
<b><u>Expenses</u></b>			
Employee benefits expense	11,431	12,277	846
Supplies and services	3,012	3,271	259
Depreciation expense	615	481	(134)
Workers' compensation claims	3,956	3,140	(816)

#### **Interest Revenue**

The increase reflects better returns on investments as a result of higher cash rates and improved investment strategy.

#### **Employers' Indemnity Supplementation Fund**

The increase largely reflects higher liquidator's dividends received for HIH, FAI and CIC insurers.

#### **Employee Benefits Expenses**

The reduction largely reflects general vacancies across the organisation as a result of the current economic climate.

#### **Supplies and Services**

The decrease largely reflects lower insurance premiums and staff training programs undertaken in the previous year.

#### **Depreciation Expense**

The increase reflects the impact of the building upgrade program.

#### **Workers' Compensation Claims**

The rise in workers' compensation claims is due to an increase in the asbestos liability valuation results due to the combined impact of higher than expected overall claim lodgements, increase in the number of mesothelioma claims and higher than expected cost claims for claimants under the age of 65 years. This was offset partially by a reduction in non-asbestos liability.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

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### 36 Financial Instruments

#### (a) Financial Risk Management Objectives and Policies

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

##### Credit risk

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

##### Liquidity risk

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

##### Market risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). The Authority has no borrowings or long term-debt obligations.

##### 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.

#### (b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2008	2007
	\$000	\$000
<b>Financial Assets</b>		
Cash and cash equivalents	4,474	4,964
Restricted cash	39,177	27,546
Receivables <sup>(i)</sup>	1,091	912
Other financial assets	7,787	5,300
Other current assets	462	513
<b>Financial Liabilities</b>		
Payables	2,769	1,544
Provisions	23,350	23,211

(i) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

#### (c) 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:

2008	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	6.14	-	4,474	-	4,474
Restricted cash	7.63	39,177	-	-	39,177
Receivables	-	-	-	1,091	1,091
Other financial assets	8.11	-	7,787	-	7,787
Other current assets	-	-	-	462	462
		39,177	12,261	1,553	52,991
Financial liabilities					
Payables				2,769	2,769
Provisions				23,350	23,350
				26,119	26,119

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	-	4,964	-	4,964
Restricted cash	5.99	27,546	-	-	27,546
Receivables	-	-	-	912	912
Other financial assets	-	-	5,300	-	5,300
Other current assets	-	-	-	513	513
		27,546	10,264	1,425	39,235
Financial liabilities					
Payables				1,544	1,544
Provisions				23,211	23,211
				24,755	24,755

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

##### b) Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1per cent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2008	Carrying amount (\$000's)	-1% change		+1% change	
		Profit (\$000's)	Equity (\$000's)	Profit (\$000's)	Equity (\$000's)
Financial assets					
Cash and cash equivalents	4,474	-45	-45	45	45
Receivables	1,091	0	0	0	0
Other financial assets	7,787	-78	-78	78	78
Financial liabilities					
Payables	2,769	0	0	0	0
Borrowings					
Other financial liabilities					
Total Increase/(decrease)		-123	-123	123	123

2007	Carrying amount (\$000's)	-1% change		+1% change	
		Profit (\$000's)	Equity (\$000's)	Profit (\$000's)	Equity (\$000's)
Financial assets					
Cash and cash equivalents	4,964	-50	-50	50	50
Receivables	912	0	0	0	0
Other financial assets	5,300	-53	-53	53	53
Financial liabilities					
Payables	1,544	0	0	0	0
Borrowings					
Other financial liabilities					
Total Increase/(decrease)		-103	-103	103	103

##### c) 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.

## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

#### 37 Remuneration of members of the Accountable Authority and Senior Officers

##### Remuneration of Members of the Accountable Authority

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

	2008	2007
	\$000	\$000
\$0 – \$10,000	2	5
\$10,001 – \$20,000	4	1
\$ 30,001 – \$ 40,000	1	–
\$ 190,001 – \$ 200,000	–	1
\$ 200,001 – \$ 210,000	1	–

The total remuneration of members of the Accountable Authority is: 297      241

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:

	2008	2007
	\$000	\$000
\$0 – \$10,000	1	–
\$20,001 – \$30,000	1	–
\$ 40,001 – \$ 50,000	–	1
\$60,001 – \$70,000	–	1
\$ 80,001 – \$ 90,000	1	–
\$100,001 – \$110,000	–	1
\$ 110,001 – \$ 120,000	2	3
\$ 120,001 – \$ 130,000	–	2
\$ 130,001 – \$ 140,000	2	–
\$ 270,001 – \$280,000	–	1 <sup>(i)</sup>

The total remuneration of senior officers is: 618      1,089

(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.

## Disclosures and legal compliance

### WorkCover Western Australia Authority

#### Notes to the Financial Statements

#### For the year ended 30 June 2008

#### 38 Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators	67	55
	<u>67</u>	<u>55</u>

#### 39 Workers' Compensation & Injury Management Trust Account

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

	2008	2007
	\$000	\$000
Income		
Amounts paid to the custody of the Authority	188	208
Interest on Investments	72	54
	<u>260</u>	<u>262</u>
Expenditure		
Payments by the Authority	236	347
Administration fee	10	10
	<u>246</u>	<u>357</u>
Surplus/(deficit)	14	(95)
Balance July 1	945	1,040
Balance June 30	<u>959</u>	<u>945</u>
Balance of funds held represents:		
Cash and cash equivalents	951	942
Add accrued interest	8	3
Less accrued expenses	-	-
	<u>959</u>	<u>945</u>

#### 40 Supplementary financial information

##### Write-Offs

Debts written off by the Authority during the financial year

• Uninsured claims	61	180
• General account	-	11
	<u>61</u>	<u>191</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>



## Disclosures and legal compliance

### WorkCover Western Australia Authority Notes to the Financial Statements For the year ended 30 June 2008

#### Gifts of Public Property

Gifts of public property provided to the Authority - -

#### 41 Related bodies

The Authority does not have related bodies.

#### 42 Affiliated bodies

The Authority does not have affiliated bodies.

#### 43 Schedule of Income and Expenses by Service

	GENERAL ACCOUNT								EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Revenues from ordinary activities	8,784	8,656	7,187	7,811	2,222	863	18,193	17,330	15,210	12,120	33,403	29,450
Expenses from ordinary activities	8,887	8,946	7,285	8,072	872	839	17,044	17,857	4,029	3,198	21,073	21,055
Grants and subsidies from government	-	-	-	-	48	45	48	45	-	-	48	45
Net profit/(loss)	(103)	(290)	(98)	(261)	1,398	69	1,197	(482)	11,181	8,922	12,378	8,440

## Disclosures and legal compliance

### Certification of the key performance indicators

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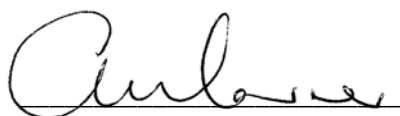
We hereby certify that the accompanying Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the WorkCover Western Australia Authority's performance, and fairly represent the performance of WorkCover Western Australia Authority for the financial year ended 30 June 2008.



**G JOYCE**

Chairman

28 August 2008



**A WARNER**

Chief Executive Officer

28 August 2008

## Audited key performance indicators

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### Key Performance Indicator Report

for the year ending 30 June 2008

#### 1. Introduction

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.

In 2006, WorkCover WA 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 wellbeing 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.

#### 2. Agency level 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.

#### Measurement of agency level outcome

##### Key effectiveness indicators

Key effectiveness indicators measure the extent to which WorkCover WA has achieved its outcomes during the preceding year. To measure the extent to which this outcome has been achieved, four key effectiveness indicators have been used. These are:

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

## Disclosures and legal compliance

### Key efficiency indicators

Key efficiency indicators measure the level of resource inputs required to deliver them, including costs. 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. To measure the cost and efficiency of delivering services, the following three efficiency indicators have been used:

- 2.1 Average weighted cost per regulation activity
- 2.2 Average cost to resolve each dispute
- 2.3 Percentage of disputes resolved within 12 and 26 weeks respectively from date an application is received.

### 3. Agency level services

The services delivered by the agency directly support the achievement of the 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, policy cancellations 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 oversees the provision of other services such as audiometric tests, certifying the calibration of hearing testing equipment and the development of specialised retraining programs.

### 4. Key effectiveness indicators

Indicator 1.1	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Percentage of workers covered by a current workers' compensation policy.	95%	95.9%	95%	95%

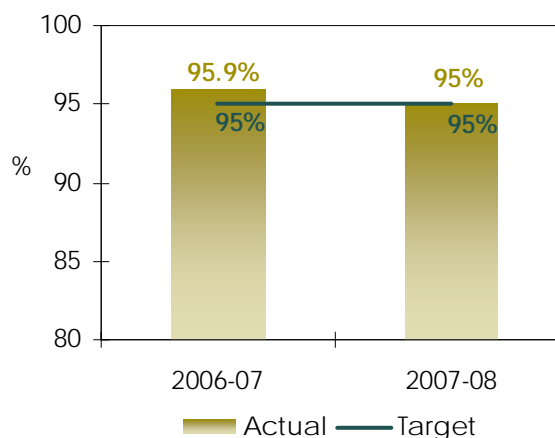
#### Description

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.

#### Analysis

Meeting the target of 95 per cent represents a positive result.

The target of 95 per cent coverage of workers has been achieved due to a sustained approach to inspections of employers. This approach includes compliance activities ranging in scope from inspections of lapsed policies, new business registrations, new owners of sold businesses identified through the lapsed and cancellation process, investigations and targeted compliance programs.



#### Notes

If all employers have current policies in place, all workers will be covered for a 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 and hold appropriate workers' compensation insurance cover for their workers and work-related injury.

To estimate the level of workers' compensation coverage, data from the Australian Bureau of Statistics (ABS) was used. This data excludes those employees covered by the Commonwealth workers' compensation scheme in Western Australia and sworn police officers, as they 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 per cent was the number of workers covered as a percentage of total eligible workers.

## Disclosures and legal compliance

Indicator 1.2	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Percentage of lost time injuries with an appropriate injury management response.	75%	100%	90%	98%

### Description

This indicator measures 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.

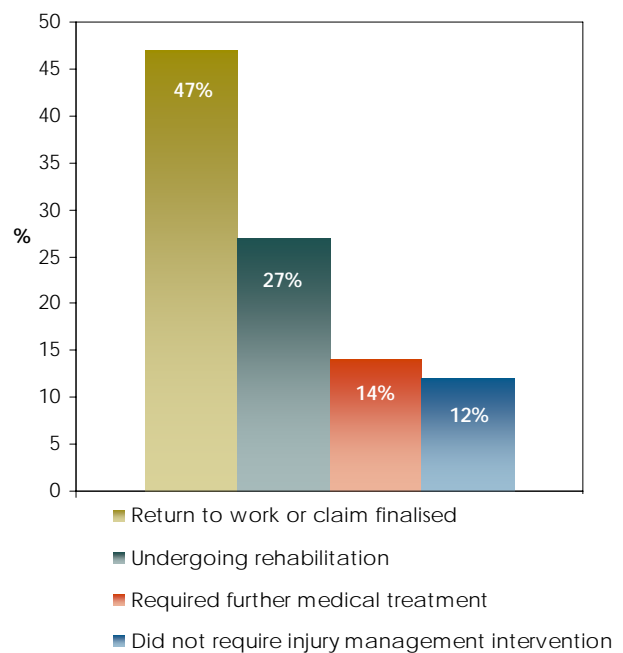
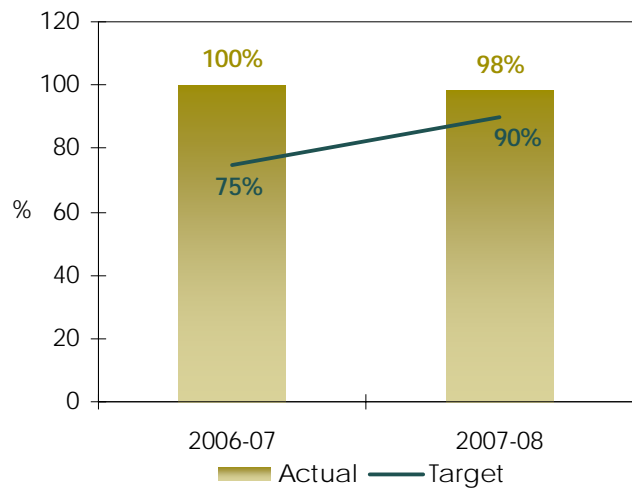
There is a compliance requirement for insurers to advise WorkCover WA after four weeks of the claim being opened that injury management has commenced.

### Analysis

Exceeding the target with a result of 98 per cent represents a positive result, despite being slightly lower than the previous year. Performance exceeded this year's target due to the requirement for all insurers to report lost-time injuries exceeding four consecutive weeks to WorkCover WA and for these to be monitored by WorkCover WA.

Ninety eight per cent of injury management responses occurred within the required timeframe indicating an appropriate injury management response.

Of the 3,794 workers identified for 2007-08, WorkCover WA was advised 47 per cent had already returned to work or had their claim finalised by the insurer, 27 per cent were undergoing rehabilitation and 14 per cent required further medical treatment. The remaining 12 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.



## Disclosures and legal compliance

### Notes

Following monthly claims processing, a notification email is generated through the four-week notification Intranet application and sent to approved insurers and self-insurers for all claims identified as meeting the four-week notification criteria. Approved insurers and self-insurers are required to investigate whether further intervention is required and report the outcome through a facility within the Internet application Insurer Online (INO). This online service provides approved insurers and self-insurers with multiple-functionality and includes a policy and claim data management module.

Responses may be automatically finalised or viewed by WorkCover WA depending on the response code selected and comments provided by insurers and self-insurers. Any outstanding responses requiring further information from insurer, employer, worker and treating medical practitioner are identified and followed up as required to clarify injury management status prior to processing of the following month's data.

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.

Indicator 1.3	2006-07 Actual	2007-08 Actual
<b>Percentage of dispute resolution decisions successfully appealed:</b>		
(i) Frequency of successful appeals (appeals upheld) as a portion of final decisions	0.97%	3.0%
(ii) Appeals upheld as a percentage of total appeals lodged.	32.6%	28%

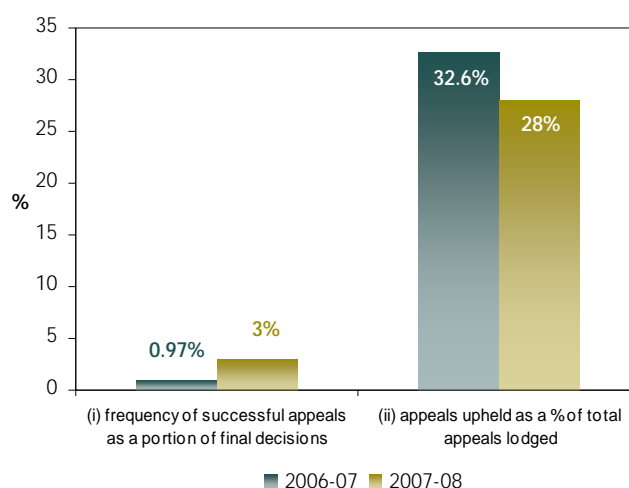
### Description

The dispute resolution role provided by WorkCover WA aims to provide a fair and cost effective system for the resolution of disputes. A broad measure of the accuracy of initial decisions is provided comparing the number of appeals against decisions that are upheld.

As the appeal function is an independent, judicial review of decisions handed down, it is not appropriate to set performance targets.

### Analysis

The number of appeals upheld reflects the relative newness of the amendments to the Act and the consequent lack of precedents on which later decisions can rely. It is anticipated that the number of appeals upheld will decrease as a clearer understanding of the legislation is established.



### Definitions

**Decisions:** 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.

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

## Disclosures and legal compliance

**Final decision:** a decision made by an arbitrator which resolves a civil or statutory (Part XI and pending transitional proceedings) dispute, or a decision as to costs, and which may be appealed to the Commissioner under section 247 of the Act. Final decisions do not include interlocutory orders, directions or decisions made determining Part XII (Interim or minor) applications.

**Appeals upheld KPI 1.3(i):** those appeals which are allowed by the Commissioner, from appeals of final decisions.

**Appeals upheld KPI 1.3(ii):** those appeals which are allowed by the Commissioner, from all appeals of any decision of an arbitrator, including appeals of decisions made on interlocutory applications.

**Total appeals lodged:** all appeals filed with the Directorate under section 247 of the Act.

### Exclusions

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.

This KPI only deals with appeals and does not take into account matters referred to the Commissioner for determination, such as referrals:

- of novel or complex questions of law (section 276)
- following a refusal by the Director to record a Memorandum of Agreement (section 76(6)) or
- orders made by the Commissioner staying the operation of a decision by an arbitrator pending an appeal (section 250(1)).

Indicator 1.4	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
User satisfaction with the dispute resolution system.	63%	70%	70%	65%

### Description

The dispute resolution system is designed to provide timely, fair and effective methods to resolve disputes. It is also 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.

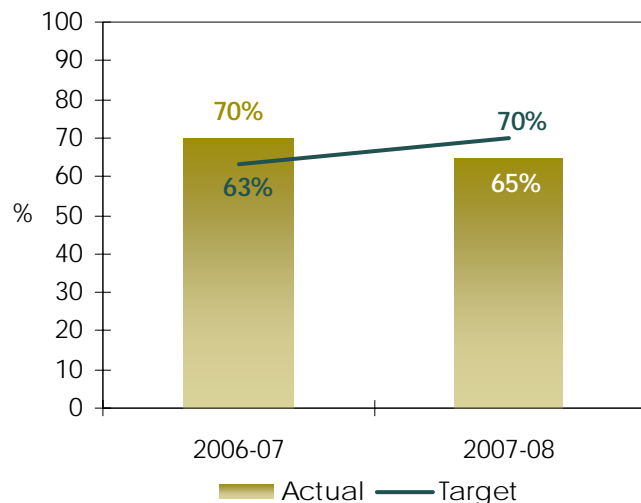
The Dispute Resolution Directorate uses a client satisfaction survey to measure user satisfaction with the dispute resolution system. This survey obtains feedback from parties involved in the dispute resolution process.

This indicator assists 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.

### Analysis

The result for 2007-08 was below the target for the year, and lower than the 2006-07 result.

The survey showed that 65 per cent (139) of respondents were satisfied with the Dispute Resolution Directorate overall. More respondents were satisfied with the service provided by the Dispute Resolution Directorate (72%) and fewer respondents were satisfied with the time taken to process their applications (57%).





## Disclosures and legal compliance

The figure of 65 per cent achieved in the context of the new survey, is a satisfactory outcome given that the DRD exists to resolve disputes, which by definition, are more likely to result in client dissatisfaction.

Compliance with statutory time periods has an impact on the dispute resolution process. Legislative requirements provide that parties are given specific periods of time to file documents or respond to applications. While the Dispute Resolution Directorate encourages parties to file documents prior to a statutory deadline, if the maximum allowable time is used by the parties, this can have an impact on the perception of the timeliness of the directorate's processes.

### Definitions

**Satisfaction:** when a stakeholder reported being satisfied with at least two of the three broad areas of the Dispute Resolution Directorate and at least partly satisfied with the other. The three broad areas of the DRD included:

- the dispute resolution process in general
- the time taken to process applications
- the service provided by the Dispute Resolution Directorate.

### Notes

For this year, the Dispute Resolution Directorate used a different survey than for 2006–07, thus direct comparisons with last year's data are unreliable. The modified survey was designed to yield more specific information regarding key aspects of the directorate's services to enable better planning for service improvement to occur.

This survey was carried out towards the end of the financial year to ensure the widest possible capture of samples of workers, employers, self-insurers, insurers, and legal representatives. The details for each stakeholder type are outlined in Table 6.

**Table 6: Stakeholder survey response rates**

Stakeholder type	No. surveyed	Responded (no.)	Response rate (%)
Workers	432	87	20
Employers	242	51	21
Insurers <sup>1</sup>	240	43	18
Representatives <sup>2</sup>	215	33	15
<b>Total</b>	<b>1,129</b>	<b>214</b>	<b>19</b>

<sup>1</sup> Includes insurers and self-insurers

<sup>2</sup> Includes legal representatives and registered agents

## Disclosures and legal compliance

### 5. Key efficiency indicators

Indicator 2.1	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Average weighted cost per regulation activity.	\$250	\$242	\$260	\$237

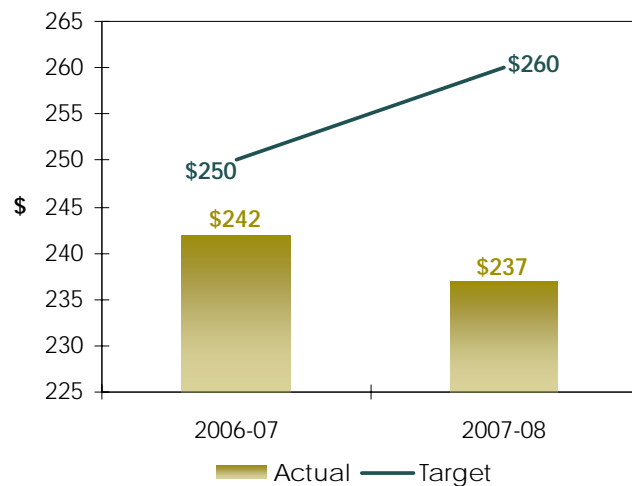
#### Description

This indicator measures regulation activities that ensure workers' compensation participants comply with legislative requirements and standards. These activities include initial accreditation processes, subsequent reviews and monitoring, compliance inspections, investigations, policy cancellations and prosecutions, as well as information and education activities for scheme participants.

#### Analysis

An average weighted cost lower than the target for 2007-08 represents a positive result and an improvement compared to 2006-07. This reflects a reduction in cost of 2.1 per cent compared to 2006-07.

This year's positive result is attributable to increased activity on our new business compliance initiative and the improved efficiency in the processing of data. This has increased the total number of activities undertaken, resulting in a lower weighted cost per unit.



#### Notes

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.

#### Exclusions

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 (\$4.029m), trust administration (\$26,000), uninsured workers' compensation claims (\$563,000), Cocos and Christmas Island expenditure (\$33,000) 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 \$4.901m.

## Disclosures and legal compliance

Indicator 2.2	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
Average cost to resolve each dispute	\$3,556	\$3,723	\$3,700	\$4,486

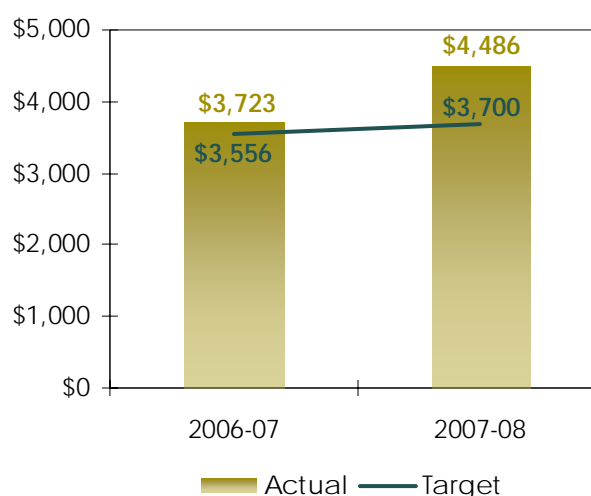
### Description

This indicator measures the average cost of each dispute by dividing the direct operating costs of the Dispute Resolution Directorate and a proportional allocation of corporate overheads by the number of disputes within a financial year.

### Analysis

The number of disputes resolved reduced from 2,168 in 2006-07 to 1,623 in 2007-08. The fall in disputes lodged and resolved has resulted in an increased average cost of resolving a dispute for the 2007-08 financial year.

The reduction in disputes being lodged was identified during the year and efforts were made to reallocate resources. There is, however, an inevitable time lag in adjusting resources to performance information.



Another key trend, which has impacted on the comparative increase in the average cost per dispute resolved, is the nature and complexity of disputes that were resolved in 2007-08. Although the number of statutory disputes resolved is comparable across the years, substantially more civil disputes were resolved in the 2006-07 financial year than in 2007-08. Those still to be resolved are the more complex and time consuming cases and are therefore more costly.

### Notes

The costs associated with dispute resolution have been determined by allocating a proportion of direct and indirect costs. For the current reporting year, a series of one-off costs have added to the direct costs of the Dispute Resolution Directorate. These have included a salary increase for 'specified callings' employees. This group includes legal practitioners of which there are 10 within the Dispute Resolution Directorate. Back pay associated with this salary increase was also paid within the current reporting year.

### Exclusions

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 (\$4.029m), trust administration (\$26,000), uninsured workers' compensation claims (\$563,000), Cocos and Christmas Island expenditure (\$33,000) 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 \$4.901m.

## Disclosures and legal compliance

Indicator 2.3	2006-07 Target	2006-07 Actual	2007-08 Target	2007-08 Actual
<b>Percentage of disputes resolved within 12 and 26 weeks respectively from date an application is received:</b>				
(i) Percentage of disputes resolved within 12 weeks from date an application is received	48%	31%	31%	23%
(ii) Percentage of disputes resolved within 26 weeks from date an application is received.	93%	76%	76%	61%

### Description

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.

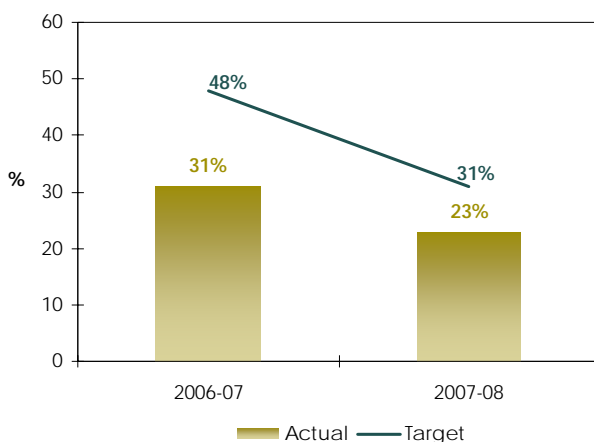
### Analysis

The results for 2007-08 are considered to be within an acceptable range taking into account the moderating influences outlined below.

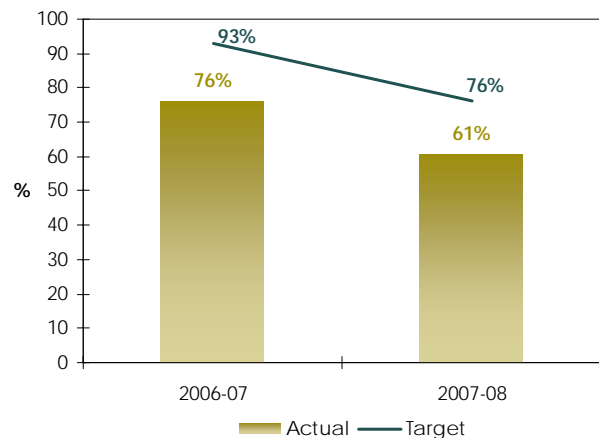
In reading the figures it should be noted that statutory timelines account for at least 77 days of elapsed time, since parties will ordinarily use the maximum allowable time to complete each stage of the process. Parties also make interlocutory applications and seek extensions of time and adjournments, which ordinarily are granted in the interests of fairness and equity.

There was also a small impact on timelines brought about through structural change and process improvement, the longer-term benefits of which are yet to be fully realised. In the circumstances, this is considered an adequate result despite the short-term decrease in timeliness.

#### (i) Percentage of disputes resolved within 12 weeks from date an application is received.



#### (ii) Percentage of disputes resolved within 26 weeks from date an application is received.



### 6. 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.
- 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 be sufficient to not disadvantage the injured worker.

## Disclosures and legal compliance

### Ministerial directives

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There were no Ministerial directives issued during 2007–08.

### Other financial disclosures

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#### Capital works

##### Capital projects completed

Following the sale of the West Perth premises in 2005, a program to update the Shenton Park office was undertaken.

The final stage of works was completed in November 2007 and involved:

- the creation of additional workstations
- the upgrade of the basement area to include storage and wellness and carers' facilities
- improved acoustics to hearing rooms and courtrooms
- the upgrade of a range of facilities.

##### Capital projects incomplete

There were nil incomplete capital works projects during 2007–08.

#### Employment and industrial relations

Employees at WorkCover WA are engaged under the Public Service Award and the Government's General Agreement. During 2007–08, negotiations for a replacement Agreement have taken place between the Department of Consumer and Employment Protection and the CSA Union.

##### Staff profile

At 30 June 2008, WorkCover WA employed 148 employees. Table 7 provides details of employee occupancy as at 30 June 2008 with comparative figures for 2006–07. Implementation of a new organisational staffing structure resulted in the filling of a number of vacant positions that has marginally increased the number of employees employed by the agency.

## Disclosures and legal compliance

**Table 7: Number of employees by as at 30 June 2008**

	2007-08	2006-07
Full-time permanent	121	117
Full-time contract	10	10
Part-time measured on a FTE basis	10.04	10.67
On secondment	5	13
<b>Total</b>	<b>146.04</b>	<b>150.67</b>

### Employee learning, development and training

WorkCover WA significantly expanded the range of staff development opportunities in 2007-08, particularly through initiatives established in the Cultural Development Framework. Expenditure on staff training increased to 1.2 per cent of total employee salary costs. Over 100 opportunities for development were offered to staff, some of which included:

- **Frontline Management:** A Frontline Management program was implemented which enabled participating staff to undertake a program of study that culminated in them being awarded the Certificate IV in Business (Frontline Management). The program was highly successful and will be offered to staff in 2008-09.
- **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.

## Disclosures and legal compliance

### Policy development

During 2007–08, WorkCover WA undertook reviews and made amendments to the following human resources policies and procedures to reflect contemporary workplace practices:

- recruitment, selection and appointment
- transfer
- temporary deployment (higher duties acting)
- workplace bullying
- secondment
- leave management
- redeployment
- termination.

### Workers' compensation and injury management

WorkCover WA is committed to ensuring its employees are able to perform their duties in a safe working environment, with a forum to examine issues affecting the health and wellbeing of staff and a mechanism to develop and implement strategies that prevent workplace accidents and injuries. This is provided through the Occupational Safety and Health Committee.

Management of workplace injuries and rehabilitation solutions are undertaken in accordance with the provisions of the [\*Workers' Compensation and Injury Management Act 1981\*](#).

The OSH Committee, including the employee representatives, form the key to OSH consultation within WorkCover WA. The committee members' appointment, location and details are communicated to all employees via the agency intranet site and the staff magazine. The members are accessible and effectively utilised by both management and employees in the discussion and resolution of OSH issues.

The OSH Committee meets quarterly to discuss and resolve OSH issues, review hazard and incident reports, and review progress against the OSH Business Plan.

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

	2007–08 Target	2007–08 Actual	2006–07 Actual
Number of fatalities	0	0	0
Lost time injury/diseases incidence rate	0	0	1.45
Lost time injury/disease severity rate	0	0	0



## Governance disclosures

### Disclosure of interest in an existing or proposed contract

In accordance with Treasurer's 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 2007–08, 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 175ZE 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 175ZE of the *Electoral Act 1907* for the 2007–08 financial year.

**Table 9: Statement of expenditure: *Electoral Act 1907* for 2007–08**

Class of Expenditure	Amount	Agency/Organisation
Advertising agencies	Nil	N/A
Direct mail agencies	\$29,485	Lasermail Pty Ltd
Market research organisations	Nil	N/A
Media advertising agencies	\$18,009	Marketforce Ltd t/as MFP Marketforce Productions and Media Decisions WA
Polling organisations	Nil	N/A
<b>Total</b>	<b>\$47,494</b>	

### Disability access and inclusion plan

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

#### Outcomes

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

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.

## Disclosures and legal compliance

2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
3. 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.
4. People with disabilities receive the same level and quality of service from the staff of the relevant public authority.
5. People with disabilities have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by the relevant public authority.

## Achievements

The following items were progressed in 2007–08:

1. Existing functions, facilities and services have been adapted to meet the needs of people with disabilities.
  - Procedures were updated so that external service providers are aware of the requirement to consider the needs of people with disabilities in delivering contracts and services.
  - An Accessible Events checklist was developed which provides guidance on planning events and functions that are accessible to people of all ages and abilities. The checklist is readily available to staff through the intranet.
2. Access to buildings and facilities continues to be monitored through regular audits and improvements carried out as necessary. All maintenance and upgrades are carried out to a high standard of works to meet or exceed the building requirements set by the Building Code of Australia (BCA).
  - Parking bays and disabled toilets exceed the required number.
  - The recent refurbishment of the wellness and carers' facility included a dual use toilet/shower (i.e. not a designated disabled facility; however, the even floor throughout allows wheelchair access).
  - Prior to the builder's handover of the refurbished facility, a person with a disability conducted an assessment of the area.
  - As a result of recent audits, additional emergency exit signs have been installed.
3. Information about functions, facilities and services is provided in formats that meet the communication needs of people with disabilities, which includes:
  - The DAIP is available on the WorkCover WA intranet and Internet site and is also available in alternative formats such as large print, audio or Braille on request.
  - Information on access to venues and services for people with disabilities is available on the intranet, including information for staff that explains the impact of disability, how to meet the specific information requirements of people with disabilities and where to source information in alternative formats.

## Disclosures and legal compliance

- The website has increased accessibility through the use of relative universal font (i.e. adjustable font size and style) and includes an accessibility link on the home page.
  - A WorkCover WA communications style guide has been issued – nominating a corporate sans serif font, and recommending 11–12 point fonts for all publications. The style guide is promoted to staff through the induction process and training.
4. Staff awareness of the needs of people with disabilities and skills in delivering services has been improved through:
- Staff training in communication and style applications, included font and design considerations for access.
  - Inclusion of communication and style applications in the induction process with further training made available.
  - A staff magazine that features regular items in regard to disability awareness to promote staff understanding of the needs of people with disabilities.
5. Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.
- The Complaint and Feedback procedure has been made available in alternative formats upon request.
  - The Customer First Feedback System was reviewed, with information provided on availability of information in alternative formats to give people with disabilities the opportunity to make complaints.

## Certification of public sector standards, codes of ethics and 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)**

During 2007–08, a breach of standard claim against the Grievance Standard was referred to the Office of the Public Sector Standards Commissioner (OPSSC). The claim was investigated and it was found that the process undertaken to resolve the grievance did not meet the requirements of the Grievance Resolution Standard. As a result of the OPSSC findings, WorkCover WA reviewed and amended our grievance policy and procedures to ensure all future compliance obligations are met.

A breach of standard claim against the Recruitment, Selection and Appointment Standard was also referred to the OPSSC. The claim was dismissed as the investigation revealed the selection process undertaken did not breach the Standard.

WA Code of Ethics – No claims were lodged.

## Disclosures 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 2007–08 year is presented in Table 10 below.

**Table 10: WorkCover WA's Recordkeeping Plan achievements for 2007–08**

Key area	Achievements during 2007–08
The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated no less than once every five years.	<ul style="list-style-type: none"> <li>▪ WorkCover WA's revised retention and disposal schedule was completed and endorsed by the State Records Commission on 18 March 2008.</li> <li>▪ A records management audit of the Dispute Resolution Directorate (DRD) was completed in February 2008. Full implementation of the recommendations of the audit is in progress with many of the recommendations already complete.</li> <li>▪ A confidentiality classification model was integrated into the records management system in July 2007, which enables the agency to determine who may access information and how the information may be accessed.</li> </ul>
The organisation conducts a recordkeeping training program.	<p>New Corporate Information staff were inducted into the area through a set training program starting on day one. The following external training and education was undertaken by individual members of the Corporate Information team:</p> <ul style="list-style-type: none"> <li>▪ Graduate Diploma in Records and Archives Management</li> <li>▪ Frontline Management.</li> </ul> <p>For other WorkCover WA staff, the Corporate Information branch provided the following:</p> <ul style="list-style-type: none"> <li>▪ Training to new and existing staff on records management procedures at WorkCover WA.</li> <li>▪ An in-house newsletter on records management at the agency continues to be disseminated via email and the intranet and is issued bi-monthly.</li> <li>▪ A records management page is maintained on the Intranet and provides links to internal records brochures and external records-related links.</li> </ul>
The efficiency and effectiveness of the organisation's recordkeeping training program is reviewed from time to time.	<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. The training material was updated to comply with the recommendations of the DRD Recordkeeping audit.</p>
The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.	<p>Regular informal training sessions were held for all new staff to learn about records management and their responsibilities. All key points to be covered in the session are itemised on an induction checklist.</p>

### Annual estimates

In accordance with Treasurer's Instruction 953, statutory authorities not operating as divisions of the Consolidated Account are required to include annual estimates for the current financial year in the annual report of the preceding year. The following estimates of expenditure and revenue have been submitted and approved by the Minister for Employment Protection for 2008–09.

**Table 11: Annual estimates 2008–09**

Expenditure	\$000
<b>Operating costs</b>	
Employee expenses	13,711
Supplies and services	3,872
Accommodation expenses	314
Uninsured claims	519
Other	250
Asset purchases	220
<b>TOTAL EXPENDITURE</b>	<b>18,886</b>
Revenue	\$000
Contributions	17,836
Other	450
Cash balance and other funding sources	600
<b>TOTAL REVENUE</b>	<b>18,886</b>

### Contingent liabilities

#### Site contamination status

In order to fulfil WorkCover WA's legislative responsibilities, as the property owner, to comply with the *Contaminated Sites Act 2003*, a preliminary site investigation (PSI) for our Shenton Park property was commissioned. The information gathered during the PSI provides no evidence of potentially contaminating land uses having ever been undertaken at the site, as defined by the Department of Environment and Conservation.

## Disclosures and legal compliance

### Government policy requirements

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#### 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
- 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 WA 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 everyone has a responsibility to embrace the principles of sustainability and do as much possible 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.

## Disclosures and legal compliance

WorkCover WA reported on its commitments to the State sustainability 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 2007–08 included:

- Ensuring that agency activities are compliant with the *Better Planning: Better Futures framework*.
- Reporting against the *Better Planning: Better Futures framework* and *Western Australian Public Sector Annual Report Framework 2006–07* in the *2006–07 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 (OSH) 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 paid time off work for emergency service volunteers.
- Systematically upgrading the lighting, heating and cooling system to reduce energy consumption.
- Incorporating the principles of sustainability as part of our capital works project to refit the Shenton Park premises. This included water consumption-reducing fixtures and the recycling of workstations.
- Utilising venetian blinds and window tinting to reduce heat transfer.
- Regular inspections to ensure good housekeeping practices are exercised and that energy saving equipment is operating as specified.
- Continuing wastepaper-recycling programs for paper and cardboard. Printer toner cartridges are also being recycled.

WorkCover WA's Sustainability Action Plan can be viewed on the agency's Internet site at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au)

Appendix



## Appendix 1: Key legislation

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### Legislation administered

WorkCover WA administers the following legislation:

[Workers' Compensation and Injury Management Act 1981](#)

[Employers' Indemnity Supplementation Fund Act 1980](#)

[Workers' Compensation and Injury Management \(Acts of Terrorism\) Act 2001](#)

[Workers' Compensation \(Common Law Proceedings\) Act 2004](#)

[Waterfront Workers' \(Compensation for Asbestos Related Diseases\) Act 1986](#)

[Employers' Indemnity Policies \(Premium Rates\) Act 1990.](#)

### Subsidiary legislation

WorkCover administers the following subsidiary legislation:

[Workers' Compensation and Injury Management Regulations 1982](#)

[Workers' Compensation Code of Practice \(Injury Management\) 2005](#)

[Workers' Compensation and Injury Management \(Scales of Fees\) Regulations 1998](#)

[Workers' Compensation \(Legal Practitioners and Registered Agents\) \(DRD\) Costs Determination 2005](#)

[Workers' Compensation \(Legal Practitioners and Registered Agents\) Costs Determination 2007](#)

[Employers' Indemnity Supplementation Fund Regulations 2001](#)  
(Regulations repealed – effective 26 June 2008)

[Workers' Compensation and Rehabilitation \(Acts of Terrorism\) \(Final Day\) Regulations 2002](#)

[Workers' Compensation \(DRD\) Rules 2005](#)

[WorkCover Western Australia Guides for the Evaluation of Permanent Impairment](#)

[WorkCover Western Australia Guides for the Evaluation of Permanent Impairment – Second Edition.](#)

## Appendices

### Key legislation impacting on WorkCover WA's activities

During 2007–08, 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 (Commonwealth)*
- *A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)*
- *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*

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*

## Appendix 2: Changes to written laws

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During 2007–08, the following changes to written laws administered by WorkCover WA occurred:

- The Employers' Indemnity Supplementation Fund Regulations 2001 (the Regulations) were amended by removing the one per cent levy on employers, effective 4 pm on 25 June 2008 and the Regulations were repealed on 26 June 2008.
- The supplementary amount, prescribed under Regulation 17A of the Workers' Compensation and Injury Management Regulations 1982, was amended from \$20.00 to \$128.00 for a worker without a dependent spouse and from \$34.50 to \$228.00 for a worker with a dependent spouse or partner, which reflects the income test for the age pension.
- The Second Edition of the *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment* (the *WorkCover WA Guides*) issued under section 146R of the [Workers' Compensation and Injury Management Act 1981](#) (the Act) came into effect on 26 November 2007.
- The [Workers' Compensation \(Legal Practitioners and Registered Agents\) Costs Determination 2007](#) made pursuant to section 271 of the Act was approved by the Minister for Employment Protection on 23 October 2007 and came into effect on 14 November 2007. The costs determination fixes the maximum costs for legal services and registered agent services provided at the WorkCover WA Dispute Resolution Directorate.
- Medical and allied health service fees are fixed pursuant to section 292(2) of the Act. The Workers' Compensation and Injury Management (Scales of Fees) Amendment Regulations 2007 (the Amendment Regulations) came into effect on 8 December 2007. The Amendment Regulations applied a 4.23 per cent increase to all medical and allied health fees for annual indexation purposes; changed service descriptors and increased the travel allowance for physiotherapy and exercise-based program services; revoked reference to metropolitan limits for travel expenses; and inserted a new regulation recognising that all medical and allied health treatment service fees are fixed exclusive of the goods and services tax.
- Consequential amendments to the Act introduced by the [Chiropractors Act 2005](#), the [Criminal Law and Evidence Amendment Act 2008](#), and the [Duties Legislation Amendment Act 2008](#).

### Appendix 3: Scheme design

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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.

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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 to provide a sound injury management framework that assists a return to work.

The workers' compensation system in Western Australia is a privately underwritten, multi-insurer scheme and workers' compensation insurance is compulsory for all employers. WorkCover WA licenses insurers to underwrite workers' compensation insurance policies. Approved insurers assume employers' liability for workers' compensation in the event of a workplace injury.

WorkCover WA can also exempt employers from the need to obtain workers' compensation insurance through an approved insurer. To gain an exemption, employers need to demonstrate they have the material and financial resources to cover their own liabilities for any workplace injuries that may occur. Exempt employers are commonly referred to as self-insurers. There are currently 10 insurers approved to underwrite workers' compensation insurance in Western Australia and 27 self-insurers.

Recommended premium rates for each industry are set and reviewed by WorkCover WA each year based on actuarial advice and published annually in the *Government Gazette*. While the recommended rates provide 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. Loadings beyond 75 per cent require the approval of WorkCover WA.

### Compensation

Injured workers have a statutory entitlement to compensation without the need to prove negligence by their employer (i.e. 'no fault'). Injured workers receive compensation for loss of wages subject to a maximum amount per week and payment for medical and other treatment expenses. Statutory benefits are based on prescribed amounts, which represents the maximum compensation payable for the life of the claim for weekly benefits, medical and other related treatment and lump sum payments. 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 may apply. There are also potential extensions available to statutory benefits for seriously injured workers, having regard to their social and financial circumstances.

Lump sum payments are available to injured workers in certain circumstances. Injured workers who suffer a permanent impairment are able to apply for a lump sum payment (Schedule 2 of the Act). 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-of-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-of-person impairment after 14 November 2005) can seek unlimited damages through the District Court.

### Injury management

Injury management is a process of managing workers' injuries in a manner that is directed at enabling injured workers to return to work, which is a primary focus of the scheme. Injury management represents a cohesive, cooperative approach to return-to-work and involves the injured worker, their employer and treating medical practitioner working together to assist the injured worker to return to suitable and sustainable employment following a workplace injury.

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.

## Appendices

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 and clinical psychologists. WorkCover WA sets recommended scales of fees for medical and allied health services, and facilitates medical assessment of whole-of-person impairment by approved medical specialists.

### Dispute resolution

The WorkCover WA Dispute Resolution Directorate is responsible for resolving 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
- 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 administers the workers' compensation scheme, which includes regulating the operation of the scheme through licensing and performance monitoring of service providers. WorkCover WA facilitates education and promotion activities as well as providing guidance 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.

## Appendix 4: 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

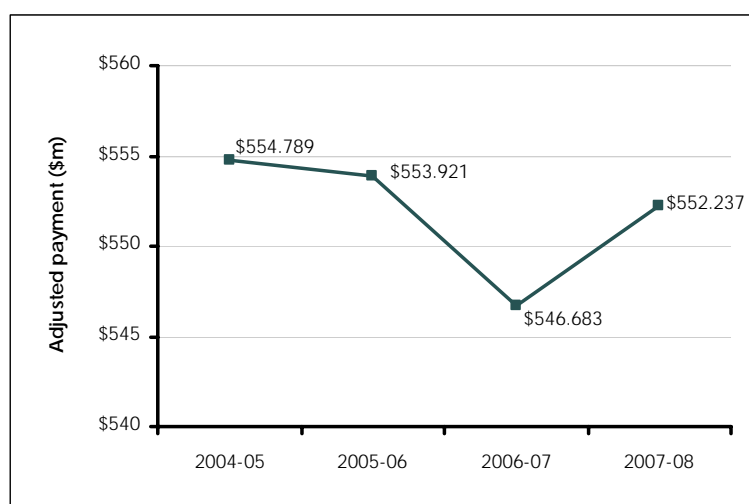
Claim payments information includes expenses for all workers' compensation claims reported by: approved and former insurers under section 161 of the Act; the Insurance Commission of Western Australia in relation to insurance arrangements for State Government workers and industrial diseases; and self-insurers. 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 2007-08

Table 12: Claim payment by category of expense (adjusted) 2004-05 to 2007-08

	2004/05		2005/06		2006/07		2007/08		4-year % change
	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	
Allied health & vocational rehabilitation	54.101	9.8%	51.464	9.3%	48.563	8.9%	48.280	8.7%	-10.8%
Other treatment or appliance payment	31.969	5.8%	30.105	5.4%	29.125	5.3%	30.750	5.6%	-3.8%
Vocational rehabilitation payment	22.132	4.0%	21.359	3.9%	19.438	3.6%	17.529	3.2%	-20.8%
Weekly payment	175.885	31.7%	179.695	32.4%	183.459	33.6%	191.852	34.7%	9.1%
Common law or other Act payment	69.271	12.5%	73.614	13.3%	74.746	13.7%	79.488	14.4%	14.7%
Fatal payment	1.305	0.2%	1.979	0.4%	1.494	0.3%	2.477	0.4%	89.7%
Legal expense payment	39.291	7.1%	33.314	6.0%	30.652	5.6%	26.241	4.8%	-33.2%
Redemption payment	77.566	14.0%	76.977	13.9%	72.724	13.3%	67.439	12.2%	-13.1%
Specific Injury payment	22.177	4.0%	21.923	4.0%	19.816	3.6%	18.583	3.4%	-16.2%
Medical or hospital	88.113	15.9%	88.782	16.0%	87.288	16.0%	91.887	16.6%	4.3%
Hospital expense payment	27.335	4.9%	28.508	5.1%	28.578	5.2%	30.719	5.6%	12.4%
Medical practitioner/specialist payment	60.778	11.0%	60.274	10.9%	58.710	10.7%	61.168	11.1%	0.6%
Miscellaneous payment	27.078	4.9%	26.173	4.7%	27.941	5.1%	25.990	4.7%	-4.0%
<b>Total</b>	<b>554.789</b>		<b>553.921</b>		<b>546.683</b>		<b>552.237</b>		<b>-0.5%</b>

Figure 6: Adjusted claim payments by year 2004-05 to 2007-08



## Appendices

### 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 January 2008 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 2007–08 year was not available at the time of publishing this report.

### Number of claims lodged

Table 13: Number of claims by gender

	2003/04	2004/05	2005/06	2006/07
<b>All persons</b>				
Total claims lodged	43,142	43,875	41,984	41,573
Lost-time claims	18,151	18,902	18,153	18,421
<b>Males</b>				
Total claims lodged	32,272	32,651	30,908	30,258
Lost-time claims	13,076	13,465	12,742	12,826
<b>Females</b>				
Total claims lodged	10,870	11,224	11,076	11,315
Lost-time claims	5,075	5,437	5,411	5,595

### Frequency rate of lost-time claims

Table 14: Frequency rate by gender

	2003/04	2004/05	2005/06	2006/07
<b>All persons</b>				
Frequency rate	13.2	13.4	11.8	11.6
<b>Males</b>				
Frequency rate	15.2	15.4	13.3	12.9
<b>Females</b>				
Frequency rate	9.8	10.1	9.3	9.4

WorkCover Statistical Report 2003/04 - 2006/07



## Lost-time claims by industry

Table 15: Number of lost-time claims by industry

	2003/04		2004/05		2005/06		2006/07		4-year % Change
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	
Agriculture, forestry and fishing	1,104	6.1%	1,057	5.6%	942	5.2%	839	4.6%	-24.0%
Mining	714	3.9%	835	4.4%	819	4.5%	876	4.8%	22.7%
Manufacturing	3,619	19.9%	3,873	20.5%	3,565	19.6%	3,727	20.2%	3.0%
Electricity, gas and water supply	75	0.4%	75	0.4%	70	0.4%	98	0.5%	30.7%
Construction	2,005	11.0%	2,105	11.1%	2,104	11.6%	2,550	13.8%	27.2%
Wholesale trade	763	4.2%	772	4.1%	819	4.5%	848	4.6%	11.1%
Retail trade	2,060	11.3%	2,105	11.1%	1,989	11.0%	2,066	11.2%	0.3%
Accommodation, cafes and restaurants	730	4.0%	732	3.9%	618	3.4%	626	3.4%	-14.2%
Transport and storage	1,093	6.0%	1,103	5.8%	1,043	5.7%	1,075	5.8%	-1.6%
Communication services	56	0.3%	50	0.3%	58	0.3%	84	0.5%	50.0%
Finance and insurance	97	0.5%	80	0.4%	80	0.4%	68	0.4%	-29.9%
Property and business services	1,227	6.8%	1,334	7.1%	1,412	7.8%	1,005	5.5%	-18.1%
Government administration	361	2.0%	410	2.2%	219	1.2%	164	0.9%	-54.6%
Education	1,053	5.8%	1,044	5.5%	1,141	6.3%	1,050	5.7%	-0.3%
Health and community services	2,152	11.9%	2,350	12.4%	2,313	12.7%	2,291	12.4%	6.5%
Cultural and recreational services	380	2.1%	375	2.0%	448	2.5%	469	2.5%	23.4%
Personal and other services	662	3.6%	602	3.2%	513	2.8%	585	3.2%	-11.6%
<b>Total</b>	<b>18,151</b>		<b>18,902</b>		<b>18,153</b>		<b>18,421</b>		

WorkCover WA Statistical Report 2002/03 - 2005/06

### Explanatory notes

Total number of claims lodged: In 2006–07 41,573 claims were lodged with insurers and exempt employers. This figure includes disallowed claims.

Total number of lost time claims: In 2006–07 18,421 lost time claims were lodged with insurers and exempt employers. Lost time claims are defined as resulting in one or more days or shifts off work.

Average days lost per claim and average cost per claim: Data is not included for the most recent financial year (2006–07) due to the high percentage of unfinalised claims. The data is therefore reported for the financial year 2005–06.

Historical claim payments: data has been adjusted for 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 2007–08 dollars. Total adjusted claim scheme payments in 2007–08 totalled \$552.2 million.

Compensation paid to workers includes: weekly payments, common law payments, redemption payments and specific injury payments.

Payments to medical and allied services includes: medical or hospital payments, allied health service payments and vocational rehabilitation payments.

Other payments include: payments associated with fatalities, miscellaneous and legal expenses.

## Appendices

### Appendix 5: Dispute resolution statistics

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

Statutory dispute resolution proceedings	2007–08	2006–07	2005–06
<b>Resolution</b>			
No. disputes resolved (total): <sup>1</sup>	1,312	1,574	1,766
at conciliation/prior to arbitration	731 = 56%	1,398 = 89%	1,357 = 77%
at review/arbitration	581 = 44%	176 = 11%	409 = 23%
Administratively closed <sup>2</sup>	21	N/A	N/A
<b>Timeframe</b>			
<b>% disputes resolved at conciliation/prior to arbitration, from date lodged:</b>			
<4 weeks	5%	27%	39%
between 4 weeks and 8 weeks	11%	24%	22%
between 8 weeks and 12 weeks	14%	11%	12%
>12 weeks	70%	38%	26%
<b>% disputes resolved at review/arbitration, from date lodged:</b>			
<4 weeks	51%	0%	2%
between 4 weeks and 8 weeks	22%	1%	8%
between 8 weeks and 12 weeks	2%	4%	11%
>12 weeks	25%	95%	78%
<b>% disputes administratively closed:</b>			
<4 weeks	0%	N/A	N/A
between 4 weeks and 8 weeks	0%	N/A	N/A
between 8 weeks and 12 weeks	19%	N/A	N/A
>12 weeks	81%	N/A	N/A
<b>% all disputes resolved, from date lodged:</b>			
<4 weeks	25%	24%	30%
between 4 weeks and 8 weeks	16%	22%	18%
between 8 weeks and 12 weeks	9%	10%	11%
>12 weeks	51%	44%	41%
<b>Workload</b>			
Referrals for conciliation/Part XI & XII applications filed <sup>3</sup>	1,452	1,756	1,647
Number finalised (total):	1,333		
at conciliation/prior to arbitration	731	1,398	1,357
at review/by arbitration	581	176	409
Administratively closed	21	N/A	N/A
<b>General</b>			
Numbers of hearings: <sup>4</sup>			
Directions hearings	27	N/A	N/A
Interlocutory hearings	363	N/A	N/A
Teleconferences	476	814	457
Conciliation hearings	723	803	210
Arbitration hearings	127	304	206
Number of appeals lodged to Commissioner	21	22	71 <sup>5</sup>
Number of appeals upheld by Commissioner	5	8	Nil
Matters referred to a Medical Assessment Panel	Nil	4	15

Notes to this table – refer to page 112

### NOTES:

- <sup>1</sup> In previous reporting periods, all Part XII disputes were reported as resolved 'prior to arbitration'. For the 2007-08 reporting period, the methodology for calculating this indicator has changed. It is now considered appropriate to make a distinction between those Part XII disputes resolved by a determination of an arbitrator (resolved 'at arbitration') and those Part XII disputes resolved otherwise (resolved 'prior to arbitration'), for example, where the dispute is withdrawn, discontinued or settled by consent.
- <sup>2</sup> A Part XI dispute may be administratively closed when the file has been inactive for an extended period and once all efforts have been exhausted by the DRD in following up with the parties. Administratively closed files may be re-opened at any time, at the request of the parties.
- <sup>3</sup> The number of 'part XI & XII applications filed' has been calculated by adding the numbers of part XI and XII applications accepted and rejected as recorded via the DRD's case management database.
- <sup>4</sup> The 'numbers of hearings' has previously represented the number of hearings listed to be heard at the DRD, regardless of whether they, in fact went ahead. For the 2007-08 reporting period, the 'numbers of hearings' represents the number of hearings that were held, and have been calculated by extracting data on the number of listed hearings from the DRD's case management database, and subtracting the number of hearings that were vacated.
- <sup>5</sup> Relates to the operations of the Dispute Resolution Directorate from 14 November 2005 to 30 June 2006.

## Appendices

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

Agreements and civil proceedings	2007-08	2006-07	2005-06
Agreements Registered – Section 76:			
Schedule 2	1,793	2,067	2,238
Schedule 5	12	8	2
Redemption	1,701	1,685	1,614
<b>TOTAL</b>	<b>3,506</b>	<b>3,760</b>	<b>3,854</b>
Settlements recorded – Section 92(f)	451	250	187
<b>1993 Scheme (Injury date pre 14 November 2005)</b>			
Notice of Referral of Question of Degree of Disability (Form 23B)	102	208	592
Disputes referred to review/arbitration	100	199	552
Disputes finalised after referral to review/arbitration	188	176	586
Agreements recorded:			
Without referral	43	64	67
After referral	62	104	172
Elections Registered, to Retain Right to seek Common Law damages (Form 25)	25	115	157
Determinations made	83	222	361
Number of appeals lodged to Commissioner	15	21	8 <sup>1</sup>
Number of appeals upheld by Commissioner	5	6	3
Referred to Medical Assessment Panel	4	10	14
<b>2004 Scheme (Injury date post 14 November 2005)</b>			
Total extension of termination day (Form 35) filed	515	305	Nil
Total extension of termination day granted	489	229	Nil
Permanent Whole Person Impairment (PWPI)			
Assessments filed	94 <sup>2</sup>	48	Nil
Assessments recorded	91 <sup>3</sup>	36	Nil
Agreements filed	12 <sup>4</sup>	7	Nil
Agreements recorded	10	5	Nil
Form 34 Election (right to seek damages) registered	94	41	Nil

**NOTES:**

<sup>1</sup> Relate to the operations of the Dispute Resolution Directorate from 14 November 2005 to 30 June 2006.

<sup>2</sup> For the purpose of this indicator, where an assessment is filed and rejected, regardless of the number of subsequent times this same assessment is resubmitted, it has been counted as having been filed once. This indicator includes special evaluations, of which there was one filed during the 2007-08 reporting period.

<sup>3</sup> This indicator includes special evaluations, of which there was one recorded during the 2007-08 reporting period.

<sup>4</sup> For the purpose of this indicator, where an agreement is filed and rejected, regardless of the number of subsequent times this same agreement is resubmitted, it has been counted as having been filed once.

## Notes to the dispute resolution data

### Civil proceedings for damages

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

For an injury sustained before 14 November 2005, Part IV of the Act 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.

For new claims relating to injuries sustained prior to 14 November 2005, the director, Dispute Resolution Directorate (Director) records agreements regarding a worker's degree of disability. Where the worker and the employer cannot agree on whether the worker's degree of disability is not less than the relevant level claimed, the worker may refer that question to the Director. If the dispute is still not resolved, the question is referred to an arbitrator for resolution. The arbitrator determines whether the worker has a degree of disability of not less than the relevant level claimed. In those cases where a worker has a degree of disability, which is not less than 16 per cent, the worker is required to elect to retain the right to seek damages.

Subject to certain exceptions, elections must be lodged within six months after the commencement of weekly payments. The Director is responsible for the registration of elections. Once the Director registers an election, the worker is able to initiate civil proceedings for damages against his/her employer. Once an election is registered, a worker's entitlement to statutory workers' compensation ceases. 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)*

Access to common law for injuries arising on or after 14 November 2005 is based on a worker's degree of permanent whole-of-person impairment (WPI). The threshold for accessing common law is a WPI 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 WPI, the worker may seek an assessment of his/her WPI from an Approved Medical Specialist (AMS). The AMS 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 WPI 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 WPI 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

## Appendices

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, an arbitrator or the Commissioner 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. An arbitrator or the Commissioner may also refer a question as to the degree of a worker's disability to a Medical Assessment Panel for the purposes of an assessment. The Medical Assessment Panel statistics are provided in Tables 16 and 17.

## Appendix 6: Customers, stakeholders and community relations

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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.

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### Customer focus

WorkCover WA has maintained our 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 developed a Stakeholder Engagement Framework, and hosted three specific stakeholder engagement activities. These included WorkCover WA Injury Management Conference, Scheme Information Update Seminar and facilitated a series of mediated sessions between approved vocational rehabilitation providers and claims managers.

The 2008 WorkCover WA Injury Management Conference was held in October 2007. A total of 349 delegates attended, of which 75 per cent were employer representatives. Public relations and marketing activities achieved 29 items of communication, which both promoted the conference and raised the profile of WorkCover WA.

The conference included international, national and regional presenters on an array of topics that were centred on key themes identified in collaboration with a Program Advisory Committee. The committee comprised representatives from nine stakeholder groups.

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Most delegates attended the conference to update and increase their knowledge and learn about injury management and best practice models. Delegates reported gaining a range of information from the conference with most reporting they learnt practical examples to help in their work. The majority of delegates rated the conference as 'very good'. A comparison of injury management knowledge before and after the conference indicated that, overall, people increased their knowledge about injury management.

The purpose of the mediated sessions was to respond to evidence of an increasing trend in complaints from approved vocational rehabilitation providers relating to insurance claims managers received by WorkCover WA's Standards and Monitoring Branch. Claims managers had also raised issues at their meetings about their relationship with approved vocational rehabilitation providers. WorkCover WA hosted a series of three mediated forums to facilitate a resolution of the issues.

The purpose of the Scheme Update Seminar in 2008 was to provide stakeholders with a snapshot of the current health of the scheme, as well as promoting the agency's key projects and initiatives. The objective of the seminar was to support and promote injury management by profiling the initiatives the agency is undertaking. The seminar demonstrated that WorkCover WA is driving positive change within the workers' compensation scheme. There were 109 participants from across nine stakeholder groups including insurers and self-insurers, employers, approved vocational rehabilitation providers, health practitioners, insurance brokers, legal practitioners, unions, government sector and academic professionals.

WorkCover WA furthered its partnerships with IFAP and WorkSafe through sponsorship and presenters. Presentations were on workers' compensation and injury management topics at the IFAP Injury Management conference and WorkSafe's regional and Perth forums.

WorkCover WA has also supported stakeholders in encouraging the use of the WorkCover WA conference and boardroom facilities. Stakeholder groups that use the facilities monthly include:

- 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
- State Managers of Approved Insurers – Insurance Council of Australia.



### 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.

One measure of client satisfaction used by the Dispute Resolution Directorate is a client satisfaction survey. The aim of the directorate's survey is to obtain feedback on the perceptions and experiences of stakeholders to improve the services provided and to better meet the needs of stakeholders in the future. For this survey, the data was compiled by the technical support group and provided to the Australian Bureau of Statistics (ABS), which was contracted to analyse and produce a detailed report on behalf of the Dispute Resolution Directorate. This report is available on the WorkCover WA website for stakeholder interest.

For 2007–08, the survey was obtained by approaching all clients who had a dispute resolved in the reporting period. This approach was made as a one-off bulk run late in the reporting period. For all future reporting periods, measures of client satisfaction with the DRD processes will be sought as a standard practice immediately a dispute has been finalised.

### 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 Act. 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 2007–08 were:

<b>Chairman: (rotating)</b>	Dr K C Wan	Dr E Gabbay	Dr M K Tandon
<b>Members:</b>	Dr D Bucens	Dr E Lee	Dr M Prichard
	Dr Q Summers	Dr R Tarala	Dr A E Tribe
	Dr A W Musk		

#### Industrial disease determination statistics

During 2007–08, the Medical Panel was convened on 34 occasions and 54 determinations were made. The majority of determinations were associated with asbestos exposure at work. The number of claims increased in 2007–08 for pneumoconiosis and lung cancer and total determinations were raised in comparison to the previous year as a result.

**Table 18: Industrial disease statistics by category**

	2007–08	2006–07	2005–06
<b>Number of determinations – disease present with a level of impairment &gt;0%</b>			
Pneumoconiosis	22	16	13
Mesothelioma	22	24	19
Lung cancer	10	5	4
<b>Sub-total</b>	<b>54</b>	<b>45</b>	<b>40</b>
<b>Determinations – disease not present or disease present but a 0% level of impairment</b>			
	0	3	12
<b>Total</b>	<b>54</b>	<b>48</b>	<b>52</b>
<b>Number of applications</b>			
Reviewed	6	5	13
New	48	43	39
<b>Total</b>	<b>54</b>	<b>48</b>	<b>52</b>

## Appendix 8: New and amended publications

WorkCover WA's publications are available on our Internet site at [www.workcover.wa.gov.au](http://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 Table 19 are either new or amended publications during the year.

**Table 19: New and amended publications for 2007–08**

New publications
<i>Workers' Compensation in Western Australia Statistical Report 2002–03 to 2005–06</i>
<i>Actuarial Assessment of the Recommended Premium Rates for 2008–09</i>
Dispute resolution approved forms
DRD E-Link newsletter
<i>Annual Report 2006–2007</i>
Amended publications
Brochures:
<i>Guidance Notes: Code of Practice (Injury Management)</i>
<i>Important information for workers: understanding workers' compensation and injury management</i>
<i>Important information for employers: understanding workers' compensation and injury management</i>
<i>WorkCover WA Guide to the Evaluation of Permanent Impairment</i>
Fact Sheets:
Advisory services
How does the claim process work?
What is a return to work program?
Who covers my interstate and overseas employees?
Contractors and sub-contractors – are you a worker under the act?
A guide to noise induced hearing loss
Who do I need to cover for workers' compensation?
How do I take out workers' compensation insurance?
How does the claim process work?

## Appendix 9: Feedback form

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WorkCover WA is interested in your feedback and comments on our Annual Report 2007–08. Your feedback will assist us in improving the content of future reports, ensuring it is more informative to readers.

- The report is of particular interest to you.**  
 Strongly agree    Agree    Disagree    Strongly disagree
- The format of the report enabled easy access to matters of particular interest to you.**  
 Strongly agree    Agree    Disagree    Strongly disagree
- The report effectively details the work and results of WorkCover WA.**  
 Strongly agree    Agree    Disagree    Strongly disagree
- The report is easy to understand.**  
 Strongly agree    Agree    Disagree    Strongly disagree
- Overall, how would you rate the 2007–08 Annual Report?**  
 Excellent    Good    Average    Poor

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

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

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

- |                                   |   |   |                                     |
|-----------------------------------|---|---|-------------------------------------|
| <input type="checkbox"/> Worker   | <input type="checkbox"/> Medical Practitioner     | <input type="checkbox"/> Government       | <input type="checkbox"/> Researcher |
| <input type="checkbox"/> Employer | <input type="checkbox"/> Professional Association | <input type="checkbox"/> Service Provider | <input type="checkbox"/> 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](mailto:postmaster@workcover.wa.gov.au)

Your feedback is valuable to us.

Thank you for taking the opportunity to complete this form.



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