

WorkCover WA Annual Report 2008/09





To **Hon Troy Buswell BSc MLA**, Minister for Commerce

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the report of the WorkCover Western Australia Authority for the financial year ending 30 June 2009.

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

Greg Joyce
Chairman
WorkCover Western Australia
Authority
20 August 2009

Michelle Reynolds
A/Chief Executive Officer
WorkCover Western Australia
Authority
20 August 2009

Availability and accessibility of this report

WorkCover WA's 2008/09 Annual Report is published on the agency's website www.workcover.wa.gov.au

The report conforms with State Government requirements for accessibility and ease in downloading and can be viewed in HTML and PDF formats. The latter can be downloaded in sections, or as a whole.

Alternative formats (such as large font and translated) are available on request via

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ISBN: 978-1-921444-25-8

WorkCover Western Australia Authority Annual Report 2008/09

Published by the Western Australian Government

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This report is presented to the Minister in accordance with a resolution of the governing body of the WorkCover Western Australia Authority on 20 August 2009.

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What is WorkCover WA?

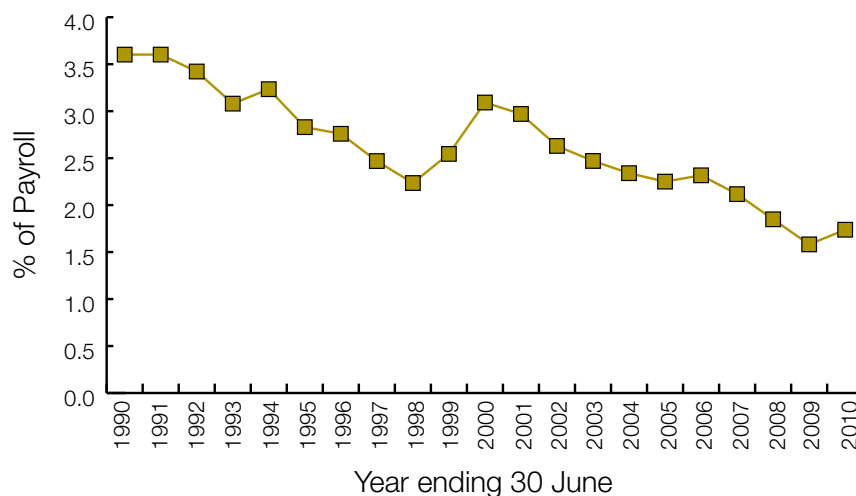
WorkCover WA is the statutory authority responsible for regulating and administering the workers' compensation scheme on behalf of the Government and community of Western Australia.

Scheme overview

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

- [insurance](#)
- [compensation](#)
- [injury management](#)
- [dispute resolution](#)
- [regulation](#).

Average recommended premium rates 1989/90 to 2009/10



Overview of the year

The 2008/09 year was marked by:

1. The global financial crisis and the resulting need for the agency to focus on managing risk to scheme viability.
2. An announcement of an increase in recommended premium rates for workers' compensation insurance to take effect on 30 June 2009, due to the effects of the crisis.
3. Development of a new strategic plan for the agency, with a focus on responsiveness and flexibility.
4. The start of a review of the *Workers' Compensation and Injury Management Act 1981*, to rationalise its structure, remove anomalies and address specific policy issues.
5. Improvements to the dispute resolution process.
6. Strengthening of relationships with all [stakeholders](#).

Total number of workers' compensation claims lodged (2007/08)	42,223
Total number of lost-time claims (2007/08) (lost-time means absence from work for at least one day/shift)	18,368 (43.5%)
Average cost of a lost-time claim	\$23,651
Number of new applications to resolve a dispute ¹	1,566
Total number of disputes resolved	1,686

¹ Statistics relating to disputes are the total of statutory proceedings which are Part XI and Part XII matters together with common law proceedings involving notices of referral of questions of degree of disability under the 1993 scheme (injury date prior to 14 November 2005).

Executive Summary

2008/09 focus

Vision

The agency vision is that workers, employers, service providers and WorkCover WA work together to achieve a workers' compensation scheme that is fair, accessible to injured workers and affordable to employers and the community.

Mission

The WorkCover WA 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.

Strategic focus areas

In 2008/09, WorkCover WA aimed to better meet its legislative obligations and to enhance its overall value to Government, employers, workers and services providers.

The strategic focus areas during the year were:

- dispute resolution – including advocacy, a review of rules and staff capacity building
- stakeholder engagement and relationships – including increasing client focus and involvement
- legislative complexity and development – through the commencement of a review of the *Workers' Compensation and Injury Management Act 1981*.



Workcover WA aimed to better meet its legislative obligations and to enhance its overall value to Government, employers, workers and service providers.



Chairman's and Chief Executive Officer's report

The global financial crisis made 2008/09 a very challenging year for WorkCover WA.

Our top priority continued to be a healthy, balanced and viable workers' compensation scheme for Western Australians. However, the crisis added a new dimension to this priority, demanding increased flexibility and responsiveness to factors both within and outside our control during a difficult and uncertain period.

The changed economic circumstances had immediate effects on our management of the workers' compensation system. One of those effects was an increase in the recommended premium rates because of changes to real rates of return, future wages growth and claim costs. This was the first increase in ten years, other than an increase resulting from legislative amendments in 2005.

As events of the year unfolded, we revisited our strategic plan. The agency was already well into our existing strategic plan, which was designed to take us through to 2011. Our new plan was completed by year's end. It will better equip us for the next three years and will sustain us through a more uncertain period.

Also at the strategic level, we initiated a legislative review to help identify where greater effectiveness can be achieved and anomalies can be eliminated. This has given us a vehicle to scrutinise our legislation with the involvement of a comprehensive and well represented reference group.

Throughout 2008/09 and beyond, our core commitments remain steadfast. They are:

- regulation with a strong emphasis on compliance
- ensuring that employers protect the rights of their workers in the event of work-related injury or disease
- education of scheme participants to continuously raise awareness and compliance with the Act
- engagement with our stakeholders to help them manage risks
- being innovative and proactive in whatever we do.

We invite readers to view the key achievements of the year, as well as the operational reports in greater detail in the following pages of this report.

We are fortunate to be leading a workforce that has responded positively to the changes which have been imposed by global events during the year. Through their efforts, the Western Australian workers' compensation scheme is emerging from this period in good health – fair, accessible and cost-effective for all its participants.

Appreciation is extended to the WorkCover WA Board members for their contributions during 2008/09. Thank you to Ms Janine Freeman, who resigned from the Board in August 2008. Ms Linda Morich was appointed to the Board in December 2008. Ms Michelle Reynolds was appointed Acting CEO of WorkCover WA and member of the Board also in December 2008.

Our thanks go to the Minister, Hon Troy Buswell BEd MLA, for his visit to WorkCover WA in July 2009, during which he met with the Board and staff.



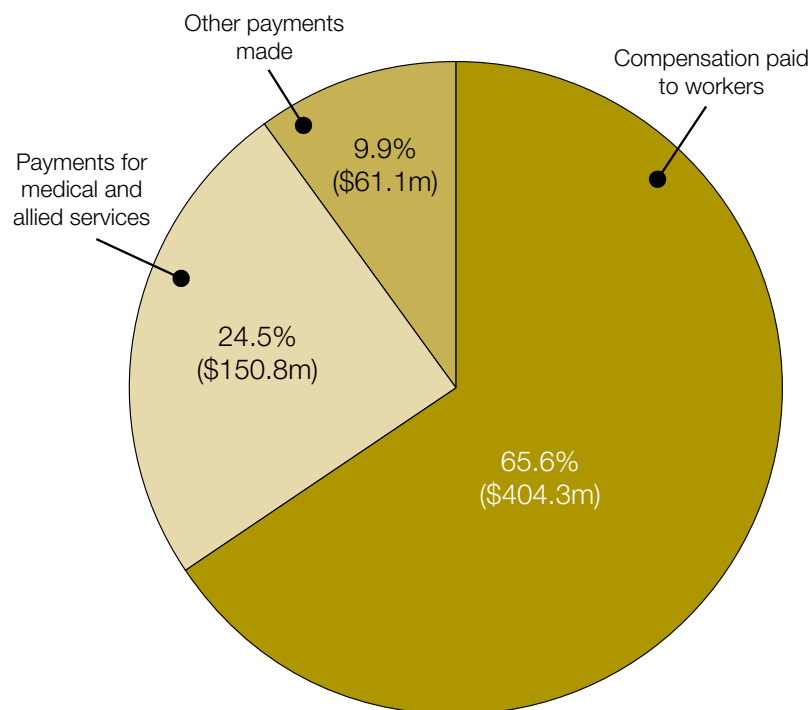
Greg Joyce
Chairman
WorkCover Western Australia Authority
20 August 2009



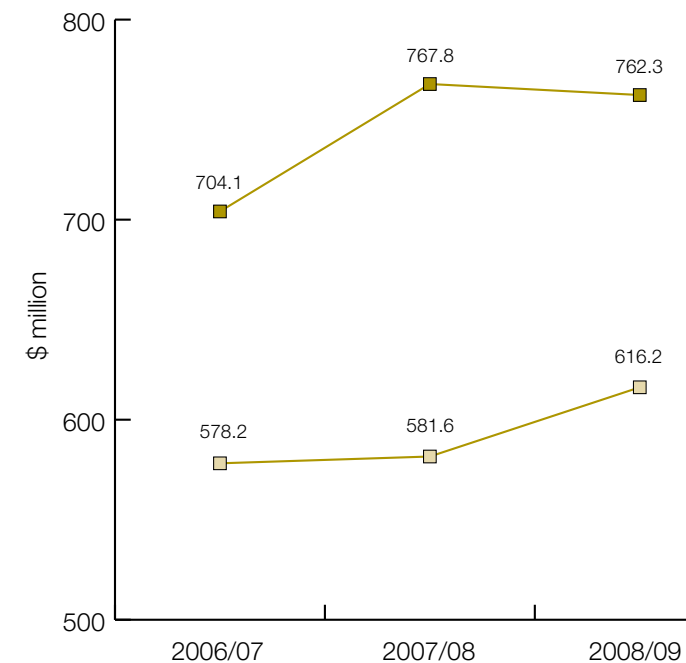
Michelle Reynolds
A/Chief Executive Officer
WorkCover Western Australia Authority
20 August 2009

Scheme snapshot

2008/09 breakdown of expenditure within the WA workers' compensation scheme

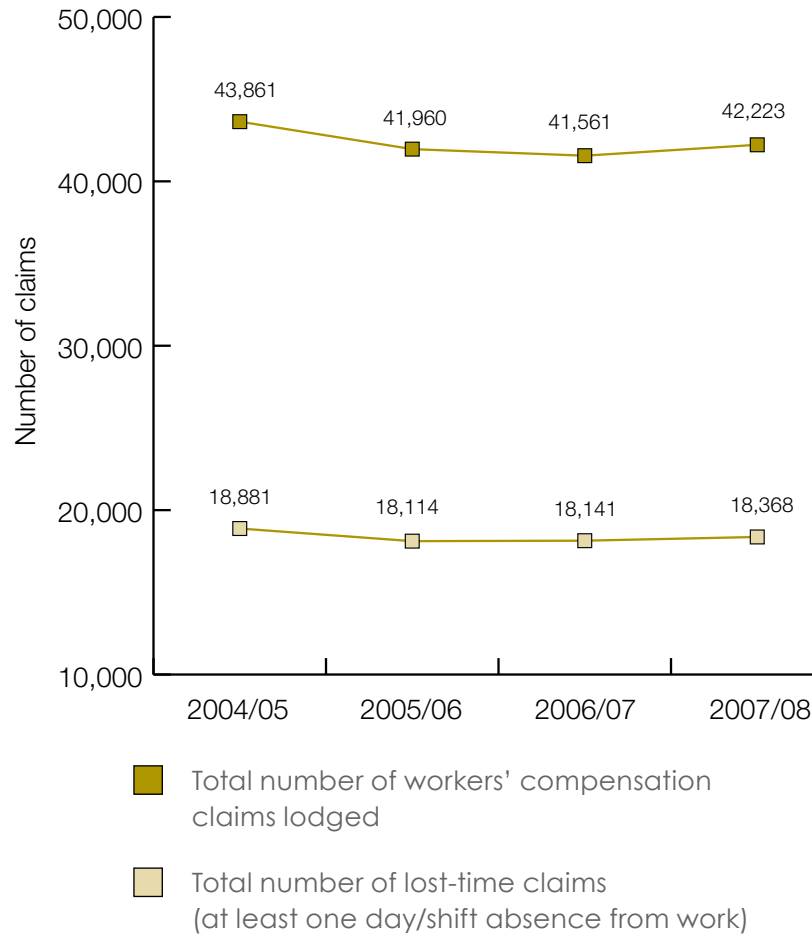


Trends in the cost of the WA workers' compensation scheme

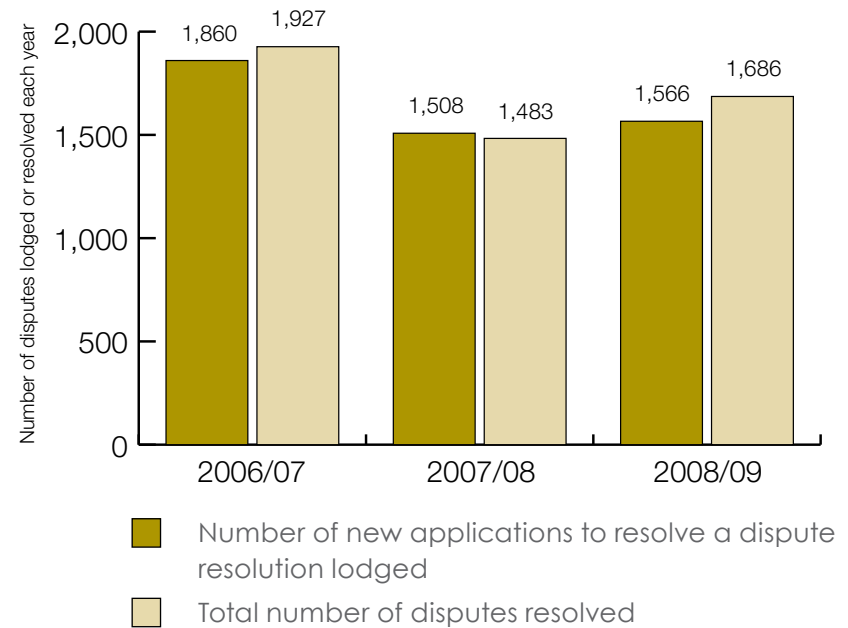


- Total workers' compensation premiums paid
- Total workers' compensation payments

Trend comparison between total number of workers' compensation claims and number of lost-time claims



Comparison between the number of disputes lodged and the number resolved each year



Statistics relating to disputes are the total of statutory proceedings which are Part XI and Part XII matters together with common law proceedings involving notices of referral of questions of degree of disability under the 1993 scheme (injury date prior to 14 November 2005).

These figures have been retrospectively adjusted from those reported in the previous years to allow direct comparisons to be made across the different years using new methodology employed this year as a result of the changed Key Performance Indicators. Please see additional information under the Key Performance Indicator section of this report.

Further statistical information can be found in the Agency Performance section of this report.

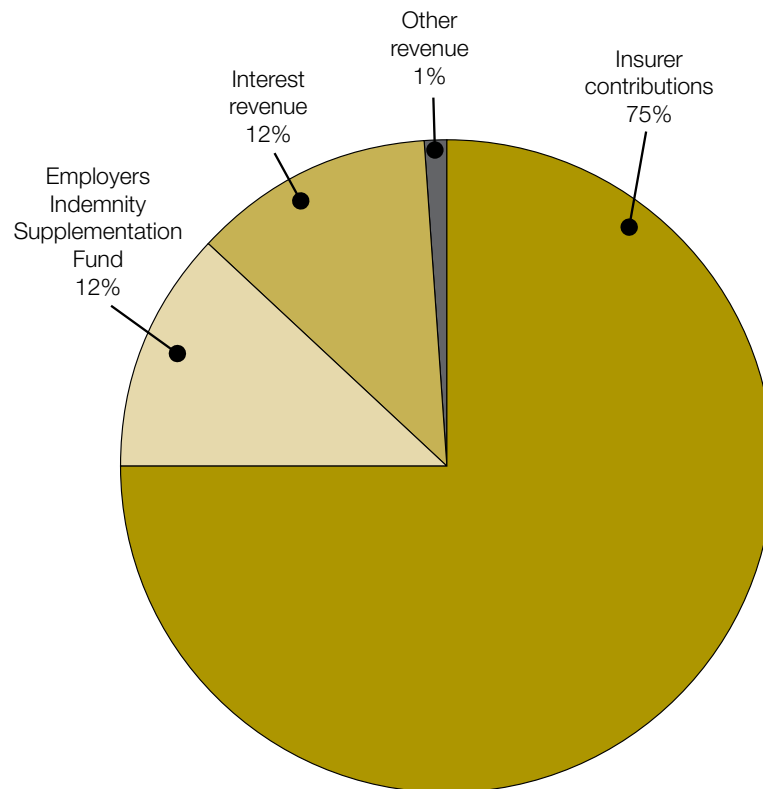
Financial snapshot

The majority of WorkCover WA's funding (75%), is derived from insurer contributions in the form of an annual levy paid by employers and by a direct levy on employers who are approved by the agency to self-insure.

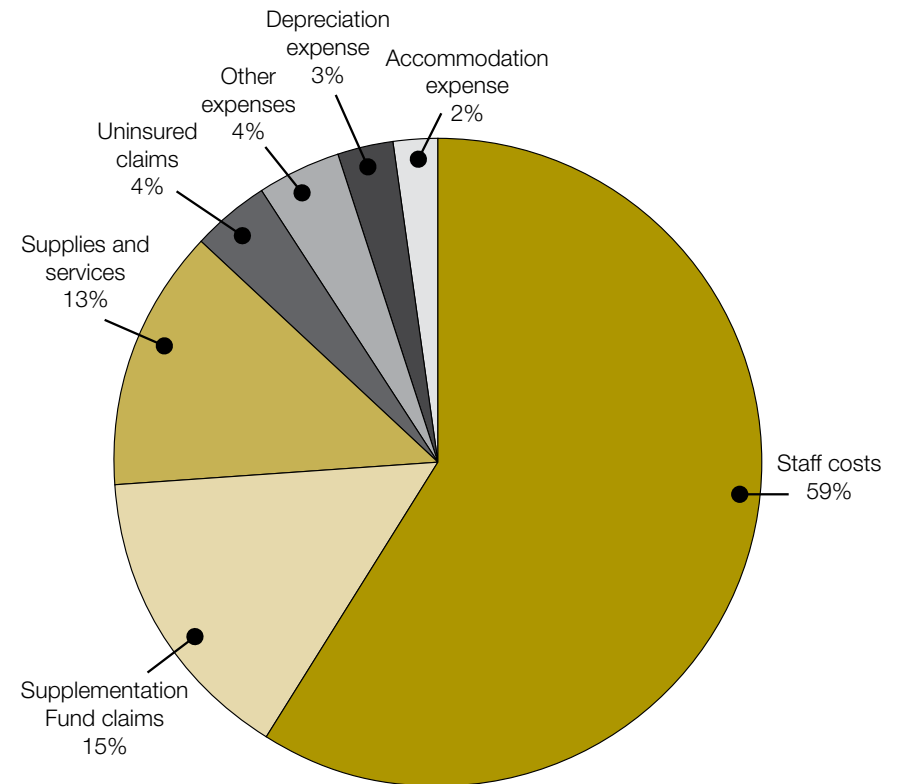
Total WorkCover WA revenue in 2008/09 was \$23.91 million.

Total expenditure was \$21.39 million.

WorkCover WA income



WorkCover WA expenditure



Staff costs account for nearly 60 per cent (\$12.62 million) of agency expenditure. Approximately 15 per cent, or \$3.16 million, is used to provide for uninsured workers' compensation payments from the Supplementation Fund.

The remaining funds were expended on supplies and services, General Account uninsured claims, accommodation and other expenses.

Key achievements of 2008/09

The single most important factor affecting WorkCover WA and the State's workers' compensation system during the year was the global financial crisis. WorkCover WA's response was both proactive and positive. Achievements in the strategic focus areas of dispute resolution, stakeholder engagement and legislative complexity consolidated the agency's capacity to deliver relevant workers' compensation services into the future.

Dispute resolution

The agency built upon strategies to improve the effective and efficient resolution of workers' compensation disputes. The work undertaken by the Dispute Resolution Directorate (DRD) ensured that the general increase in applications received was complemented by a rise in the number of disputes resolved, to ensure the dispute resolution system operated smoothly.

Key achievements in this area included:

- eliminating the backlog of appeals against arbitrator decisions to the Commissioner
- a review of the dispute reporting methodology to ensure data integrity
- advocacy workshops for legal practitioners and registered agents
- staff capacity building
- review of DRD rules (the DRD Commissioner, after consultation with the Director, makes the rules that facilitate the organisation and management of the business of the DRD)
- creating the foundation for a trial fast track program to enable resolution of disputes with minimum paperwork.

Stakeholder engagement

The successful operation of the workers' compensation scheme and its long-term viability, depends on open and clear communication between its participants. The agency has a strong customer service ethic to ensure that productive and positive relationships with stakeholders.

Stakeholder engagement activities included:

- reference groups involved in resource and project development
- information sessions about the agency's role and responsibilities
- regional education and information sessions in Geraldton and the Pilbara
- a survey of participants in the dispute resolution process.

Legislative complexity

The agency began a review of the *Workers' Compensation and Injury Management Act 1981*, with a focus on examining the readability and accessibility of the statute.

The main aims of the review are to:

- improve the structure of the Act
- make operation of the Act more efficient and flexible
- address specific policy issues identified by stakeholders.

Key achievements in this area included:

- establishment of a reference group of key external stakeholders to assist the review process
- research and issue investigation to support the review
- a broad consultation process with workers' compensation scheme participants.

WorkCover WA's recommendations for improvements to the Act will be finalised and presented to the Minister in late 2009.

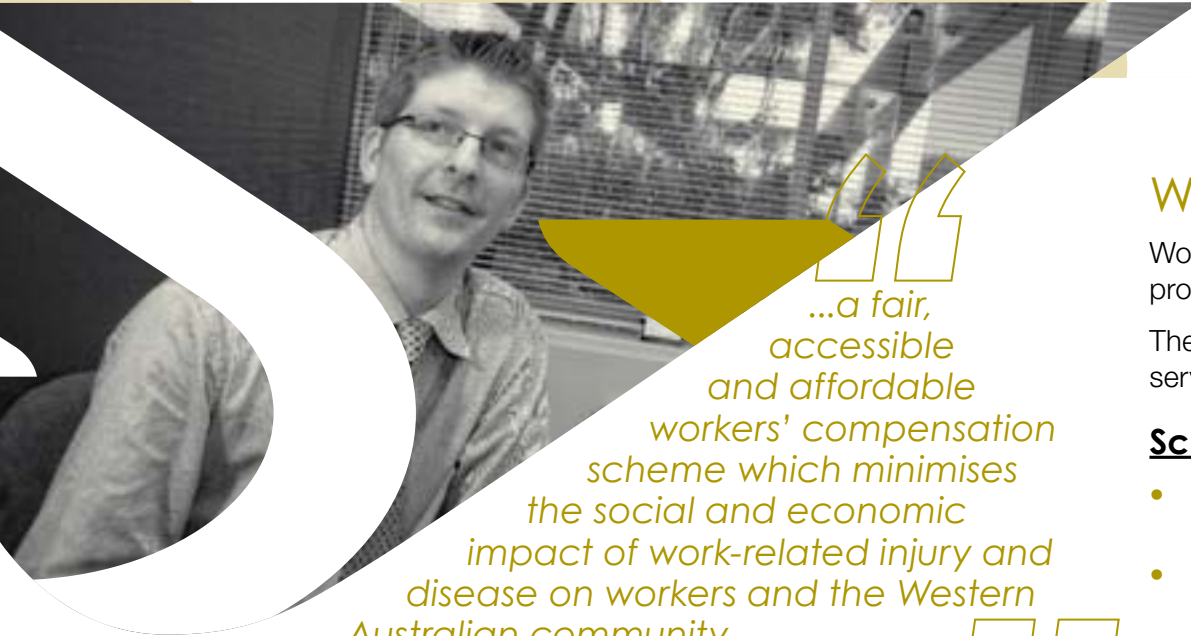
Outlook for the future

To better position WorkCover WA to manage the workers' compensation scheme, a review of the agency's strategic and business outlook was undertaken. This has provided the opportunity and impetus for a strategic shift for 2009/10 and beyond.

The areas of strategic activity in 2009/10 and into the foreseeable future include:

- improved strategic positioning of WorkCover WA to address changes in industry, anticipate and meet future needs of key stakeholders, and ensure long-term financial integrity and stability of the scheme
- actively engaging with stakeholders to maintain a viable and sustainable scheme
- continuing to educate and inform stakeholders about regulatory requirements to ensure compliance
- enhancing agency systems and processes to enable WorkCover WA to provide high quality and responsive customer service
- building agency culture, systems and processes to enable delivery of services.

The new strategic focus will allow the agency to be proactive and flexible in responding to challenges and changes within the scheme over the next few years.



*...a fair,
accessible
and affordable
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impact of work-related injury and
disease on workers and the Western
Australian community.*

Agency Profile

The WorkCover WA Authority is constituted under section 94(1) of the *Workers' Compensation and Injury Management Act 1981* (the Act). The agency's core activities (scheme regulation and resolution of disputes) aim to ensure a fair, accessible and affordable workers' compensation scheme which minimises the social and economic impact of work-related injury and disease on workers and the Western Australian community.

The functions and powers of WorkCover WA are detailed in sections 100 and 101 of the Act. The main objectives and constitution of the Dispute Resolution Directorate are detailed in sections 279 and 280 of the Act.

WorkCover WA's role

WorkCover WA's role is to administer and regulate the Act and provide quality policy advice to Government.

The role of WorkCover WA comprises the following agency level services and activities:

Scheme regulation

- Providing information and education for workers, employers and other workers' compensation scheme participants.
- Setting standards and monitoring performance of service providers.
- Investigation and enforcement of compliance with legislative responsibilities by scheme participants.

Scheme services: Resolution of disputes

- Resolution of workers' compensation disputes through conciliation, arbitration and judicial means.

Policy activities

- Evaluation of scheme performance and provision of policy advice to Government regarding scheme design.
- Recommending or fixing fees and costs associated with scheme services.

Corporate activities

- Human resources, information technology and finance.

Responsible Minister

With the State election in September 2008, [Hon Troy Buswell BEd MLA](#), became the [Minister for Commerce](#), with portfolio responsibility for WorkCover WA.

The contribution of Hon Jon Ford JP MLC, Minister for Employment Protection until September 2008, is acknowledged.

Stakeholders

Stakeholders are directly affected by WorkCover WA operations and decisions, and likewise they have the potential to influence the environment in which the agency operates. These stakeholders include:

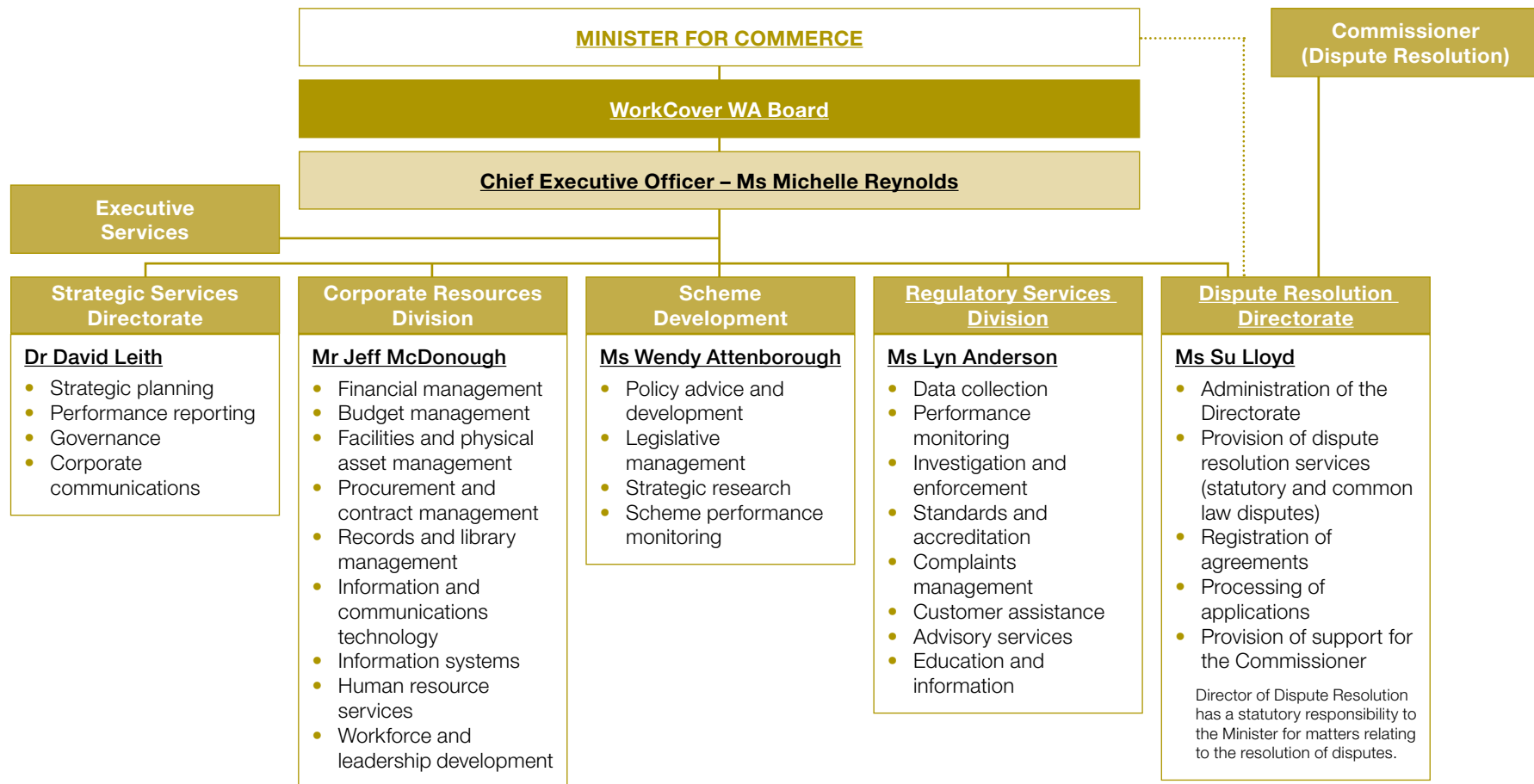
- the [Minister for Commerce](#)
- the [WorkCover WA governing body \(the Board\)](#)
- the Commissioner, Dispute Resolution Directorate
- [approved insurers and exempt employers \(self-insurers\)](#)
- employers
- employer groups
- [workers](#)
- [injured workers](#)
- approved vocational rehabilitation providers and other [allied health professionals](#)
- Australian Medical Association
- [medical practitioners](#)
- medical groups
- [legal professionals](#)
- unions
- WorkCover WA staff and the broader public sector.

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 by WorkCover WA to self-insure.

Organisational structure

In 2008/09, the agency consolidated its organisational structure which included redesigning, classifying and filling positions to support the strategic direction of the agency. This structure provides clarity of purpose for the agency, and a foundation for strengthening agency capability.



WorkCover WA staff

For 2008/09, WorkCover WA had a budgeted approved staff complement of 155.9 full-time equivalent employees.

How the WA Workers' Compensation System Works

The workers' compensation system in WA is primarily designed to return injured workers to suitable and sustainable employment as quickly as possible following a work-related injury, to cover injured workers for statutory entitlements and to provide a 'no-fault' system of compensation.

Workers' compensation coverage for employees is a legislative requirement. WA has a privately underwritten workers' compensation scheme, which means insurance coverage is provided by a multi-insurer system.

The Western Australian workers' compensation scheme comprises:

- [insurance](#)
- [compensation](#)
- [injury management](#)
- [dispute resolution](#)
- [regulation](#).

These elements are explained in detail below.



WA has a privately underwritten workers' compensation scheme, which means insurance coverage is provided by a multi-insurer system.



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 represent 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 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 permanent impairment are able to apply for lump sum payments. Injured workers who wish to redeem or commute their claims 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 employers, subject to meeting specified injury or impairment thresholds. Injured workers with 'significant' injuries can elect to pursue common law damages in the District Court, subject to a limit on the damages able to be awarded. Workers with 'serious' injuries can seek unlimited damages through the District Court.

The degree of disability/whole-of-person impairment required to qualify for limited common law damages and unlimited damages through the District Court changed in 2005.

Degree of Injury	Pre 14 November 2005	Post 14 November 2005
'Significant': to qualify for limited common law damages	16 per cent disability	15 per cent whole-of-person impairment
'Serious': to qualify for unlimited damages in the District Court	30 per cent disability	25 per cent whole-of-person impairment

Insurance

The objective of the insurance requirements of the workers' compensation scheme is to ensure employers have the capacity to:

- meet relevant medical and other costs that may arise when workers are injured at work
- maintain injured workers' incomes during the period they are away from work
- provide a sound injury management system that assists workers to return to work.

The Minister, on recommendation of WorkCover WA, approves insurers to underwrite workers' compensation insurance policies in WA. These approved insurers assume employers' liability for workers' compensation in the event of a workplace injury.

WorkCover WA can 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 nine 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 every year, based on actuarial advice, and published annually in the *Government Gazette*. Recommended rates provide a guide to insurers and employers in setting actual premiums, depending on employers' risk profiles and past claims experience. However, insurers may discount the recommended premium rates by any amount or surcharge (load the premium) by a maximum of 75 per cent of the relevant recommended rate. Loadings beyond 75 per cent require the approval of WorkCover WA.

Injury management

Injury management is a process of managing workers' injuries in a manner that is directed at enabling them to return to work. Injury management represents a cohesive, cooperative approach to return-to-work and involves injured workers, their employers and treating medical practitioners, working together to assist workers to return to suitable and sustainable employment.

All employers are required to establish an injury management system that sets out the steps to be undertaken when injuries occur. In certain situations, employers are required to establish and implement written return-to-work programs for injured workers. Return-to-work programs set out specific actions directed towards returning injured workers 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 to access specialist return-to-work services provided by approved vocational rehabilitation providers.

Specialised retraining programs are available in certain circumstances for injured workers with permanent impairment who are unable to return to their pre-injury jobs and meet specified criteria.

Injured workers have an entitlement to access reasonable medical and allied health services at no cost up to a prescribed amount. 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.

Regulation

WorkCover WA administers the workers' compensation scheme, which includes:

- education and information services, such as promotion of services, and provision of guidance and assistance to injured workers and employers
- regulation of the operation of the scheme through approval and performance monitoring of service providers
- enforcement of compliance by scheme participants with their legislative responsibilities.

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

Dispute resolution

The WorkCover WA's Dispute Resolution Directorate (DRD) is responsible for resolving workers' compensation-related disputes.

The dispute resolution system comprises:

- minor claims and interim orders 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 a formal arbitration hearing, if required.

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

Scheme payments and claims

Claim payments

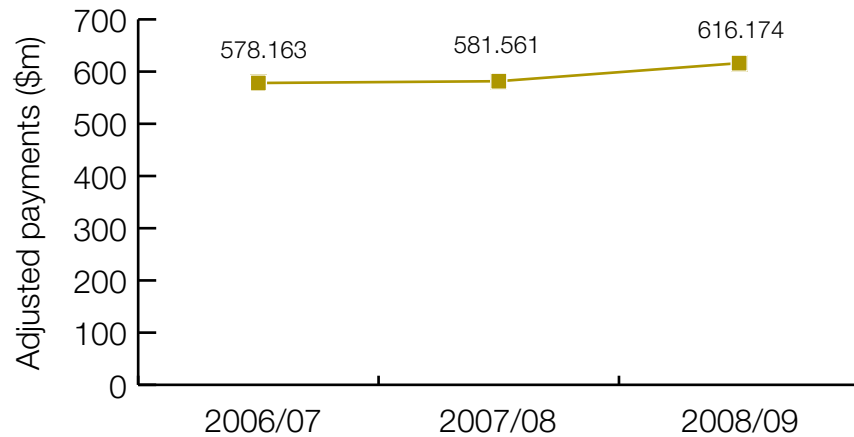
Claim payments include expenses for all workers' compensation claims reported by: approved and former insurers; the Insurance Commission of Western Australia in relation to insurance arrangements for State Government workers and industrial diseases; and self-insurers. Claim payments represent the actual 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.

Historical claim payment data has been adjusted for inflation using escalation factors calculated by the workers' compensation scheme actuary (PricewaterhouseCoopers Actuarial Pty Ltd). This adjustment ensures that past payments are represented in 2008/09 dollars. Total adjusted claim payments in 2008/09 totalled \$616.2 million.

Claim payments by category of expense 2005/06 – 2008/09 (inflation adjusted)

	2008/09		2007/08		2006/07		2005/06		4-year
	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	Payments (\$m)	% of Total	% change
Allied Health and Vocational Rehabilitation Payment	53.863	8.7	50.934	8.8	51.337	8.9	54.487	9.3	-1.1
Other Treatment or Appliance Payment	33.916	5.5	32.453	5.6	30.789	5.3	31.873	5.4	6.4
Vocational Rehabilitation Payment	19.946	3.2	18.481	3.2	20.548	3.6	22.613	3.9	-11.8
Weekly Payment	220.503	35.8	202.451	34.8	193.924	33.5	190.235	32.4	15.9
Common Law or Other Act Payment	86.873	14.1	83.455	14.4	79.271	13.7	77.956	13.3	11.4
Fatal Payment	3.308	0.5	2.614	0.4	1.580	0.3	2.095	0.4	57.9
Legal Expense Payment	30.883	5.0	27.331	4.7	32.415	5.6	35.272	6.0	-12.4
Redemption Payment	71.806	11.7	71.182	12.2	76.878	13.3	81.498	13.9	-11.9
Specific Injury Payment	21.787	3.5	19.609	3.4	20.948	3.6	23.197	4.0	-6.1
Medical or Hospital Payment	96.894	15.7	96.913	16.7	92.274	16.0	93.998	16.0	3.1
Hospital Expense Payment	32.632	5.3	32.400	5.6	30.210	5.2	30.182	5.1	8.1
Medical Practitioner or Specialist Payment	64.262	10.4	64.513	11.1	62.064	10.7	63.816	10.9	0.7
Miscellaneous Payment	30.257	4.9	27.073	4.7	29.537	5.1	27.712	4.7	9.2
Total	616.174		581.561		578.163		586.448		5.1

Adjusted claim payments by year 2005/06 to 2008/09



Claim statistics

Unlike claim payments, claim statistics represent workers' compensation information according to the financial year in which claims are 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. The dynamic nature of the data necessitates that annual snapshots of the data are presented.

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 information contained within this section of the report is based on claims data extracted in January 2009 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 2008/09 year was not available at the time of publishing this report.

Number of claims by gender

	2007/08	2006/07	2005/06	2004/05
ALL PERSONS				
Total claims lodged	42,223	41,561	41,960	43,861
Lost-time claims	18,368	18,141	18,114	18,881
MALES				
Total claims lodged	30,403	30,249	30,886	32,639
Lost-time claims	12,736	12,647	12,705	13,449
FEMALES				
Total claims lodged	11,820	11,312	11,074	11,222
Lost-time claims	5,632	5,494	5,409	5,432

Frequency rate of lost-time claims by gender

	2007/08	2006/07	2005/06	2004/05
ALL PERSONS				
Frequency rate	10.5	10.7	11.2	13.4
MALES				
Frequency rate	11.8	11.9	12.7	15.4
FEMALES				
Frequency rate	8.4	8.6	8.8	10.1

Note

Frequency rate is the number of lost-time claims per million hours worked.

Number of lost-time claims by industry

	2007/08		2006/07		2005/06		2004/05		4-year
	Number of claims	% of total	Number of claims	% of total	Number of claims	% of total	Number of claims	% of total	% change
Agriculture, Forestry, Fishing	809	4.4	831	4.6	940	5.2	1,056	5.6	-23.4
Mining	971	5.3	868	4.8	821	4.5	835	4.4	16.3
Manufacturing	3,502	19.1	3,682	20.3	3,552	19.6	3,873	20.5	-9.6
Electricity, Gas and Water Supply	89	0.5	98	0.5	71	0.4	74	0.4	20.3
Construction	2,597	14.1	2,533	14.0	2,105	11.6	2,103	11.1	23.5
Wholesale Trade	813	4.4	832	4.6	815	4.5	770	4.1	5.6
Retail Trade	2,087	11.4	2,033	11.2	1,986	11.0	2,099	11.1	-0.6
Accommodation, Cafes and Restaurants	615	3.3	614	3.4	615	3.4	733	3.9	-16.1
Transport and Storage	1,150	6.3	1,045	5.8	1,038	5.7	1,099	5.8	4.6
Communication	72	0.4	86	0.5	58	0.3	50	0.3	44.0
Finance and Insurance	74	0.4	66	0.4	80	0.4	80	0.4	-7.5
Property and Business Services	904	4.9	989	5.5	1,411	7.8	1,333	7.1	-32.2
Government Administration	167	0.9	156	0.9	217	1.2	410	2.2	-59.3
Education	1,052	5.7	1,020	5.6	1,130	6.2	1,040	5.5	1.2
Health and Community Services	2,339	12.7	2,246	12.4	2,316	12.8	2,350	12.4	-0.5
Cultural and Recreational Services	480	2.6	467	2.6	448	2.5	375	2.0	28.0
Personal and Other Services	646	3.5	575	3.2	511	2.8	601	3.2	7.5
Total	18,368		18,141		18,114		18,881		

Explanatory notes

Total number of claims lodged in 2007/08: 42,223 claims were lodged with insurers and exempt employers. This figure includes disallowed claims.

Of the total number of lost-time claims in 2007/08: 18,368 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.

The Australian Bureau of Statistics has changed the methodology for calculating the total numbers of hours worked for 2005/06 to 2007/08. This has affected the frequency rates for those years.

Significant Issues Impacting the Agency

Strategic focus in 2009/10

In response to emerging issues affecting the workers' compensation scheme, such as the global financial crisis, WorkCover WA undertook a full review of its strategic outlook. The shift that resulted articulates a clear vision, mission and set of strategic goals that will enable the agency to be proactive and flexible in responding to challenges and changes within the scheme over the next few years.

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 global financial crisis
- national agenda (harmonisation of workers' compensation arrangements)
- workers' compensation legislative review
- agency culture and capability
- performance data and reporting requirements
- the need for increased flexibility and responsiveness in delivering services.



The shift that resulted articulates a clear vision, mission and set of strategic goals that will enable the agency to be proactive and flexible in responding to challenges and changes within the scheme over the next few years.



Legislative environment

In March 2009, the [Minister for Commerce](#) announced a review of the [Workers' Compensation and Injury Management Act 1981](#). WorkCover WA is facilitating the review which focuses on the efficiency and structure of the legislative environment and provides an opportunity to address any continuing concerns arising out of the 2005 changes to the Act. A stakeholder reference group was established to perform an advisory role to WorkCover WA in the review process. The review will not entail a broad ranging examination of the benefits and entitlements contained within the scheme.

The terms of reference for the review are to:

1. create an improved structure for the Act, to enhance the readability and consistency of the legislation
2. improve the efficiency of the legislation to respond to changing circumstances
3. address anomalies which have been identified through past experience in the operation of the Act, including matters raised in the evaluation of the 2005 reforms or by stakeholders
4. address specific policy issues, such as age discrimination, as identified by stakeholders.

A final report will be provided to the Minister by December 2009.

Dispute resolution

The enactment of the *Police (Medical and Other Expenses for Former Officers) Act 2008* imports former Police Officers and Aboriginal Police Liaison Officers into the dispute provisions of the *Workers' Compensation and Injury Management Act 1981*. Discussions are currently under way with WA Police regarding implementation of this legislation. The legislation was gazetted on 23 June 2009.

Performance Management Framework

Contribution to Government goals

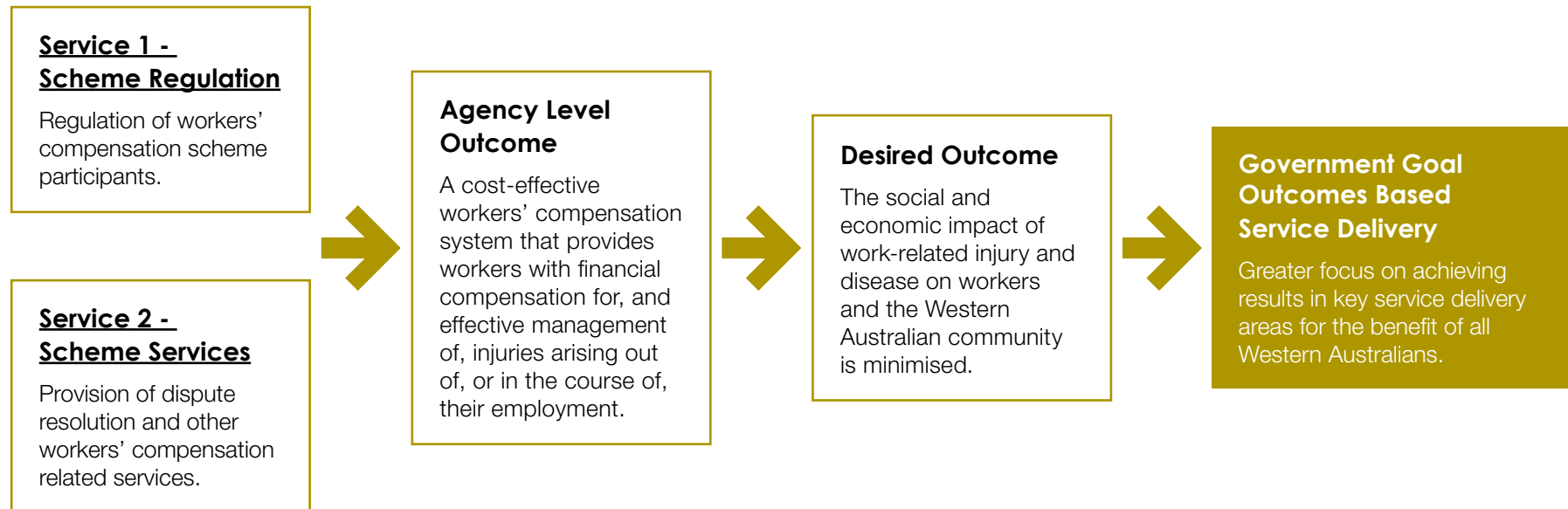
WorkCover WA's agency level outcome and mission contribute to the State Government's strategic goal of 'Outcomes Based Service Delivery: providing a greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'.



Outcomes Based Service Delivery: providing a greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.



WorkCover WA's outcome and services, and contribution to the State Government's goals



Agency level outcome and services

The two services delivered by the agency directly support the achievement of the agency level outcome.

Service 1: Scheme regulation

Scheme regulation activities are:

- education and information
- standards and monitoring
- compliance.

Service 2: Scheme services

The principal scheme service that WorkCover WA provides is the resolution of disputes. This encompasses all the systems and processes of the Dispute Resolution Directorate (DRD) in relation to the resolution of civil and statutory disputes (Part XI) interim orders and minor claim applications (Part XII). The DRD also manages the processes required to register agreements.

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.

Measurement of agency level outcome and services

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

WorkCover WA conducted a mid-year review of its dispute resolution KPIs resulting in a submission to the Outcome Structure Review Group (OSRG) of the Department of Treasury and Finance. In February 2009, the OSRG approved a revised set of KPI measures for dispute resolution which are seen as more effective and useful measures of this function.

The new dispute resolution KPI 1.4, measuring the timeliness of the resolution of disputes, is now comparable with the measure used in similar jurisdictions, such as the WA State Administrative Tribunal's 28-week and the NSW Workers' Compensation Commission's 26-week benchmarks.

The move to a measure of timeliness against each of the three dispute resolution processes is a logical progression from the weighted measure of costs against each of these three functions (KPI 2.2).

As the DRD appeal process is not automatic and the Commissioner's function comprises an independent judicial review mandated under the governing legislation, the dispute resolution KPI in relation to appeals, was discontinued. This decision also had regard to potential appellants having to meet a strict set of conditions prior to seeking leave to appeal.

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

Key effectiveness indicators

Key effectiveness indicators measure the extent to which WorkCover WA achieved its outcomes during the year. To measure the extent to which the agency outcome was 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 User satisfaction with the dispute resolution system.
- 1.4 Resolution of disputes:
 - a) Percentage of Part XI disputes resolved within 26 weeks from date an application is received.
 - b) Percentage of Part XII disputes resolved within 5 days of referral to arbitrator for a decision.
 - c) Percentage of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received.

Key efficiency indicators

Key efficiency indicators measure the level of resources, including costs, required to deliver agency services. Service delivery costs include all agency expenditure 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 Commerce
- the service delivery agreement with the Commonwealth for delivery of services to Cocos and Christmas Islands.

The following three efficiency indicators have been used to measure the cost and efficiency of delivering services:

- 2.1 Average weighted cost per regulation activity.
- 2.2.1 Average weighted cost to resolve a:
 - a) Part XI dispute.
 - b) Part XII dispute.
 - c) Common law application relating to an injury occurring prior to 14 November 2005.
- 2.2.2 Average weighted cost to process a Memorandum of Agreement.

Shared responsibilities with other agencies

The [Commission for Occupational Safety and Health](#) consists of representatives of employers, employees, Government and people with expertise and knowledge in occupational safety and health matters. WorkCover WA attends Commission meetings as an observer and provides ongoing support of the Commission's objectives in the form of statistical data about work-related injury and disease.

WorkCover WA is represented on the Trauma Data and Evaluation Committee, a subgroup of the Injury and Trauma Health Network Advisory Group. The advisory group is responsible for planning health policy and providing strategic advice and direction on where and how health services should be delivered across Western Australia. WorkCover WA assists the Trauma Data and Evaluation Committee in the enhancement and development of appropriate data sources and information systems to inform injury and trauma data research.

WorkCover WA is a member of the Occupational Safety and Health and Injury Management Steering Committee, which consists of representatives from [WorkSafe](#) (Department of Commerce) and Office of the Director General Divisions, [RiskCover](#) and [Public Sector Commission](#), and [Unions WA](#).

Agency Performance

Service 1 – Scheme regulation

The scheme regulation activities and services combine:

- education and information
- standards and monitoring
- compliance.

Education and information services

Education and information services are provided to scheme participants and the general community to increase knowledge of their rights and responsibilities with respect to workers' compensation and injury management legislation and processes. Strategies aim to assist with minimising the social and economic impact of work-related injuries. Services include:

- [responding to enquiries](#) on all aspects of workers' compensation and injury management via telephone, written correspondence or in person through counter enquiries
- updating, amending and distributing [publications](#) about various aspects of workers' compensation and injury management
- provision of online publications and other information about WorkCover WA, the workers' compensation and injury management scheme and events of interest to stakeholders
- assisting customers with a focus on early intervention strategies to prevent issues between scheme participants escalating into applications for dispute resolution
- delivery of a range of education sessions



“
An injury
management
system ensures
that injured workers
can either remain at
work, or return to work, as
quickly as possible.”

- [training](#) for [vocational rehabilitation](#) providers, [audiometric officers](#) and audiologists on online applications
- data capture and quality assurance about all workers' compensation policies and claims, vocational rehabilitation case details and audiometric test results.

In 2008/09, the five most common enquiries made by injured workers and employers related to:

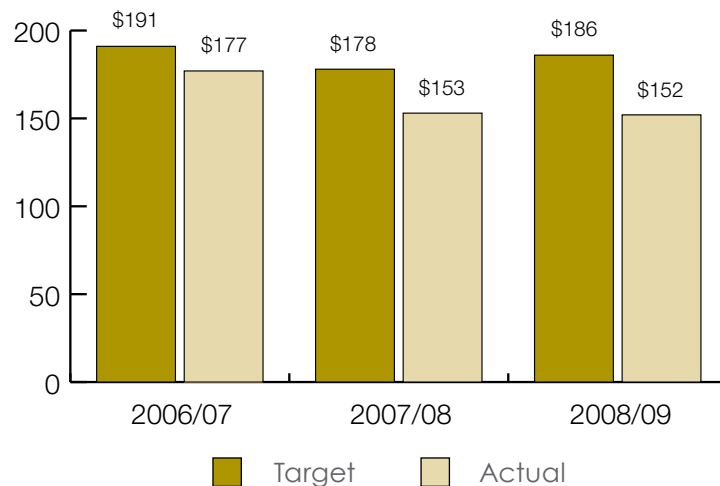
- [workers' compensation claims process](#) and procedures
- [injury management/return-to-work](#)
- [vocational rehabilitation](#) entitlements
- [dispute resolution](#)
- [weekly wage rates and entitlements](#).

Service 1 – Scheme regulation

Standards and monitoring

Through its standards and monitoring activities, WorkCover WA approves and monitors the performance of the following service providers: insurers, self-insurers, vocational rehabilitation providers, audiometric officers, audiologists, medical specialists and registered agents. Standards and monitoring activities ensure compliance with relevant legislation and the delivery of appropriate standards of service, in accordance with conditions of approval.

Average weighted cost per regulation activity



WorkCover WA's key standards and monitoring initiatives and activities in 2008/09 were:

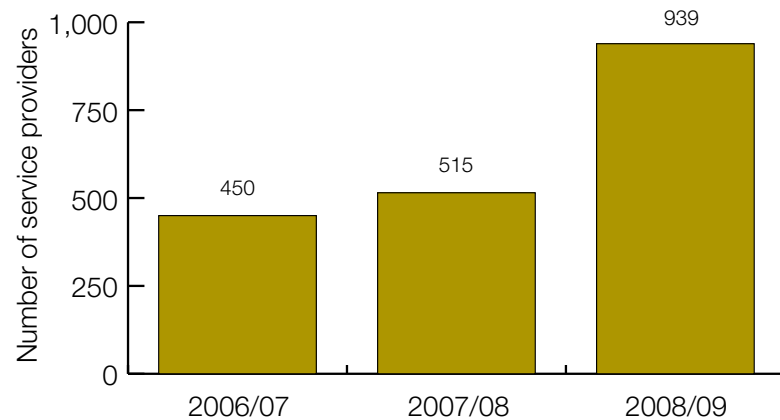
- performance reviews for approved insurers, self-insurers and the Insurance Commission of Western Australia
- development of performance indicators to monitor insurer performance
- review and assessment of the performance of all approved vocational rehabilitation providers in relation to data quality and timeliness
- approval and monitoring of registered agents, audiometric officers and audiologists
- approval of medical specialists including interstate approved medical specialists to undertake impairment assessments
- independent guidance provided in relation to matters relating to injury management and return-to-work
- management of complaints against service providers from workers and allied health providers in relation to compliance with relevant legislation and conditions of approval
- approval of applications by approved insurers to load the recommended premium rate by more than 75 per cent on the basis that the claims experience of the employers warranted such a loading.

In 2008/09 there were 43 **complaints against service providers:**

- 37 about insurers
- 3 about approved vocational rehabilitation providers
- 2 about registered agents
- 1 about self-insurers.

Service 1 – Scheme regulation

Number of service providers monitored



Compliance services

WorkCover WA’s compliance and investigation activities ensure that employers comply with workers’ compensation legislation.

The 2008/09 activities included:

- enquiries about lapsed policies and new business/owner entity checks
- processing of policy cancellations
- investigation of complaints, enquiries and reportings
- prosecutions.

Employer compliance - insurance

	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of workers covered by a current workers’ compensation policy	95%	95%	95%	95%

Types of compliance activities

Type of Activity	Details	Number
Inquiries	Lapsed policies; cancellations; new business and new owner checks	24,172
Investigations	Complaints, enquiries and reportings	148
Prosecutions	Completed	1
	Referred to the State Solicitors Office	9

Service 1 – Scheme regulation

WorkCover WA's safety net system

The WorkCover WA safety net system ensures injured workers receive appropriate assistance and services to support their return to work. The agency reviews claims that meet the criteria listed below to determine whether timely injury management and vocational rehabilitation services have been provided:

- a worker's period of incapacity exceeds four consecutive weeks
- there appears to be no return-to-work or vocational rehabilitation commenced
- there is no redemption and second schedule payment reported
- the claim has not been finalised.

Insurers and self-insurers are required to report to WorkCover WA the status of claims which meet the criteria within five working days. The system acts as a safeguard to encourage the provision of appropriate injury management consistent with the nature and severity of the injury sustained by the worker.

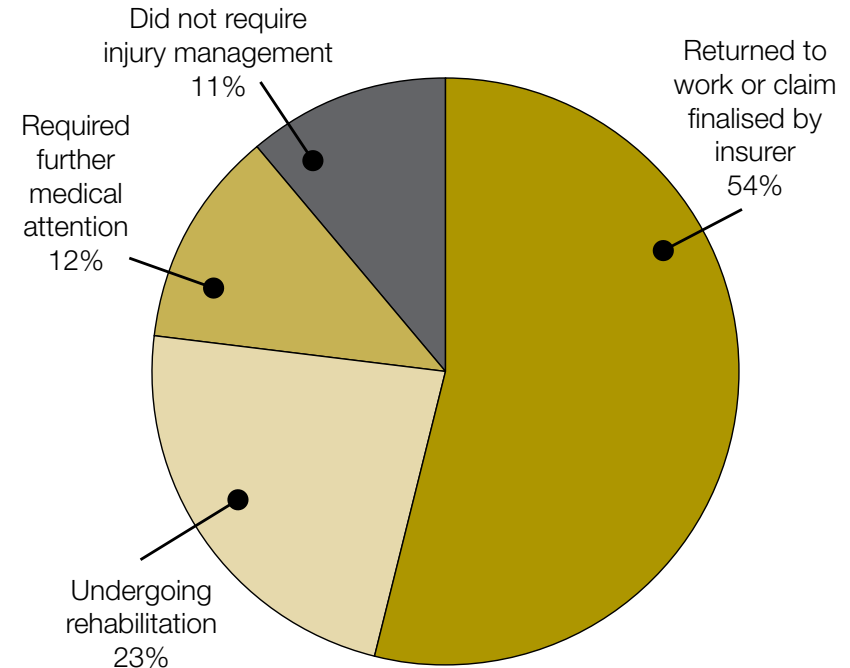
Employer compliance - injury management

	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of lost-time injuries with an appropriate injury management response	98%	100%	90%	98%

Of the 7,007 injury management responses received for 2008/09, WorkCover WA advised that:

- 54 per cent of injured workers had already returned to work or had their claim finalised by the insurer
- 23 per cent were undergoing rehabilitation
- 12 per cent required further medical treatment
- the remaining 11 per cent did not require injury management intervention for reasons such as pending settlements, other employment, moved interstate or overseas, withdrawal from the workforce or full-time study.

WorkCover WA safety net



Service 1 – Scheme regulation

Key initiatives and activities

The key 2008/09 activities provided for scheme participants are detailed below.

All stakeholders

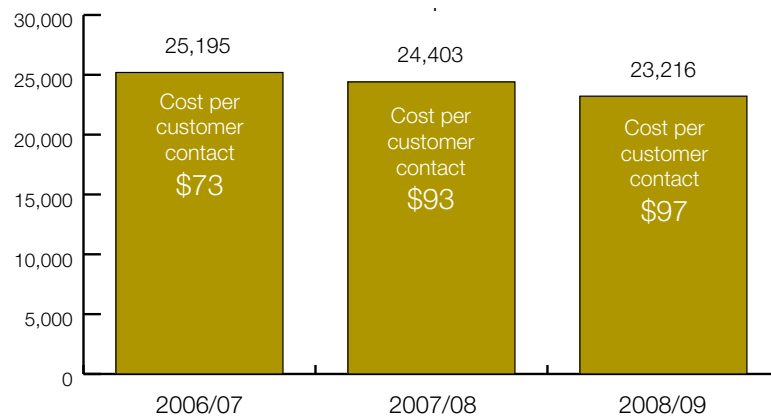
- The ‘Introduction to WorkCover WA’ information details WorkCover WA’s role, responsibilities and key functions.
- Stakeholder reference groups were established to inform the review of publications.
- More than 23,000 enquiries relating to all aspects of workers’ compensation and injury management were resolved.

- Assistance was provided to 1,284 customers focused on early intervention to prevent issues between scheme participants escalating into applications for dispute resolution.
- Education sessions were conducted in the Pilbara and metropolitan areas for medical practitioners, employer groups, allied health providers, unions and workers.

Injured workers

- Assistance was provided to injured workers with potential noise-induced hearing loss claims about the process to determine if there is a compensable loss.
- Notifications lodged by the employer of their intention to dismiss a worker were processed to ensure compliance with the Act.

Number and cost of enquiries answered



Service 1 – Scheme regulation

Employers

- Training sessions were provided for consultants delivering WorkSafe's ThinkSafe Small Business Program (co-funded by WorkCover WA) to increase awareness of the workers' compensation and injury management responsibilities of small business owners.
- Approximately 24,000 inquiries were conducted to ensure employers had current workers' compensation insurance.

Approved medical specialists

- Training sessions for medical specialists on the [WorkCover WA Guides for the Evaluation of Permanent Impairment](#) were conducted.
- A specialised training session on the assessment of permanent psychiatric impairment was facilitated.
- Twenty new medical practitioners attained approved medical specialist status, increasing the total number of approved medical specialists across WA to 181.

Medical and other allied health

- Education sessions for general medical practitioners were delivered in Geraldton.

Insurers

- Performance reviews were conducted for nine approved insurers and the Insurance Commission of Western Australia with the recommendation that all underwriting approvals be maintained.
- Under section 161 of the Act, Wesfarmers General Insurance Ltd was granted approved insurer status, effective 1 April 2009.
- Under section 161 of the Act, Vero Insurance Ltd request for revocation as an approved insurer was granted, 1 April 2009.
- Fifteen applications by approved insurers to load the recommended premium rate by more than 75 per cent (on the basis that claims experience of the employers warranted such a loading) were approved.

Self-insurers

- Twenty-four self-insurers were reviewed. Their continuation as exempt employers under the Act was endorsed. Reviews for the remaining three self-insurers are currently being conducted.
- Under section 168 of the Act, the Coles Group Ltd request for revocation of exemption was granted, 31 March 2009.
- Under section 164 of the Act, Wesfarmers Ltd was granted exempt employer status, 31 March 2009.
- The group employer arrangements were extended for two exempt employers:
 1. Bluescope Steel Limited
 2. WALGA (Western Australian Local Government Association).

Service 1 – Scheme regulation

Vocational rehabilitation providers

- Online approved vocational rehabilitation provider (AVRP) courses and assessments were conducted. At the end of the financial year there were 36 AVRP in WA; 21 agency providers, 11 single providers and 4 employer-based providers.

Audiometric officers and audiologists

- Approval was granted to 133 new audiometric officers and audiologists. At the end of the financial year there were 479 audiometric officers and audiologists in WA.
- Performance reviews for all audiometric officers and audiologists were conducted. This resulted in a finding that 79 audiometric officers were not meeting agreed performance criteria and therefore their approval status was cancelled.
- Online training courses for audiometric officers were delivered in accordance with the conditions of approval for audiometric officers and audiologists.
- One new calibration laboratory, one new signatory, 283 booths and 252 audiometers were approved.
- There were 817 workers identified with potential noise-induced hearing loss claims. As part of this process, arrangements were made for 74 full audiological and 54 otorhinolaryngological (ENT) assessments and there were 61 successful claims for work-related gradual onset noise-induced hearing loss, consisting of 56 first election (10%) claims and five subsequent election (5%) claims.

Registered agents

At 30 June 2009, approved 208 registered agents to represent parties in the dispute resolution process. Of these, 148 were employees of approved insurers, 46 were employees of legal firms, seven were employees of self-insurers, three were representatives of a prescribed organisation (Asbestos Disease Advisory Service), two were independent agents, one was a State union representative and one was a Commonwealth union representative.

Service 2 – Scheme services – Resolution of disputes

The Dispute Resolution Directorate (DRD) is established pursuant to section 278 of the Act and operates under its own constitution (section 280). The DRD hears and determines disputes between parties in the workers' compensation system. It processes the documentation submitted by parties in relation to statutory disputes and common law claims. It also registers agreements and deeds for workers who have settled their workers' compensation claims after checking their agreements and deeds for statutory compliance, including, where appropriate, the adequacy of the amount.

The main objectives of the DRD 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:
 1. is timely and ensures workers' entitlements are paid promptly
 2. is accessible, approachable and professional
 3. is effective in settling matters
 4. leads to durable agreements between the parties
- establish effective communication and liaison with interested parties, concerning the role of the DRD.

The DRD comprises a Commissioner, Director, arbitrators and administrative support staff. Arbitrators have responsibility to facilitate dispute resolution through teleconferences, conciliation conferences and arbitration hearings.

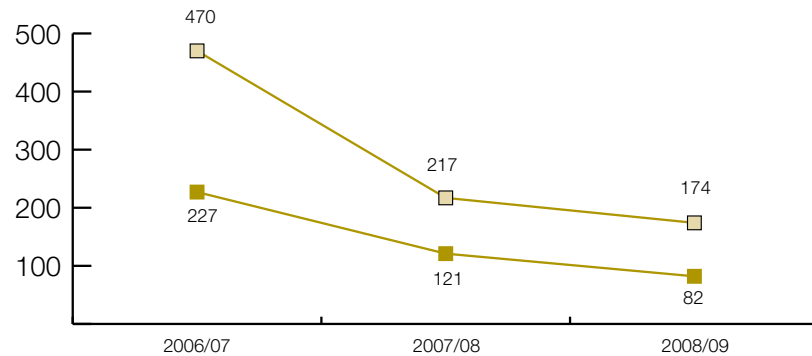
When there is a conflict of medical opinion, an arbitrator or the Commissioner may refer a question about the nature, extent or permanence of a disability or impairment, or of a worker's capacity for work, to a medical assessment panel. An arbitrator or the Commissioner may also refer a question as to the degree of a worker's disability or impairment to a medical assessment panel for assessment.

There are five main areas of operation of the DRD:

1. Resolution of minor claims and interim orders (Part XII applications). These are generally decided within five days of referral to an arbitrator.
2. Resolution of more complex disputes where, for example, liability is disputed (Part XI applications). On average more than half of these disputes are resolved within six months of the application being lodged. Complex matters such as those relating to the degree of injury may take some further time to resolve.
3. Resolution of disputes related to the degree of disability for an injury occurring prior to 14 November 2005 (previous scheme). These are cases where a worker initiates proceedings under common law to pursue damages. These matters are generally very complex and can take a considerable period of time to resolve. New applications under the 1993 scheme are steadily diminishing with time as the injuries in question must have arisen before 14 November 2005.

Service 2 – Scheme services

Comparison between pre 14 November 2005 injuries referred and applications made



- Notice of referral of question of disability (1993 Scheme; injury date prior to 14 November 2005)
- Applications made regarding a question of disability (1993 Scheme; injury date prior to 14 November 2005) resolved

4. The registration of legal agreements entered into by parties to settle claims.
5. Recording the level of whole-of-person impairment for workers applying to access common law proceedings for injuries occurring after 14 November 2005 (current scheme). These applications are increasing over time as parties become more familiar with the scheme and applications under the previous scheme diminish.

The 2008/09 year saw an increase in the work undertaken by the DRD, with an increase in all applications other than previous scheme applications.

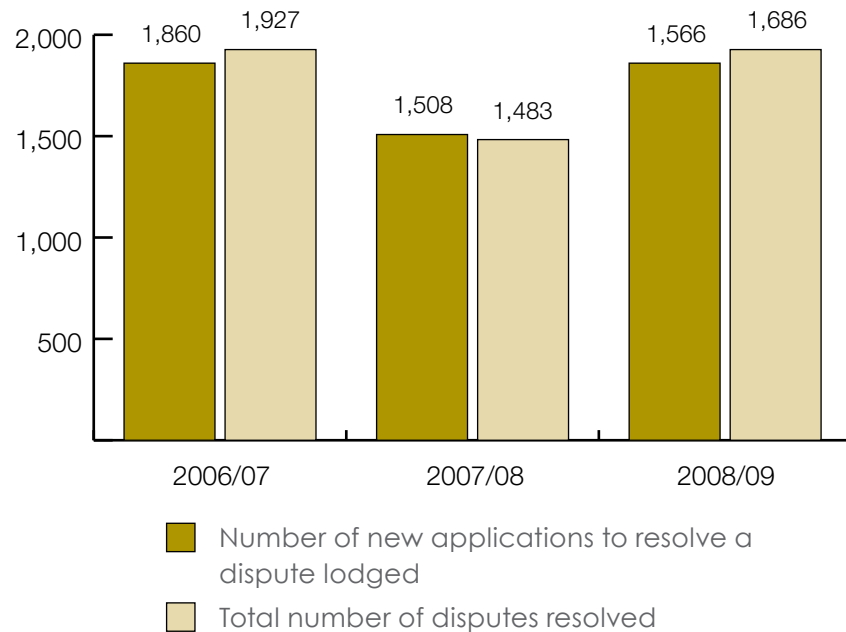
There were 1,566 applications to resolve a dispute lodged in 2008/09, compared with 1,686 disputes resolved this year. As any particular matter can be opened in one reporting year and not closed until the following year, the applications closed do not match the number of applications filed in any reporting period. For the current year, just over 100 additional matters were closed during the period compared to new applications received. The aim of the DRD is to resolve at least as many matters in any particular period as have been raised in this period.

Resolution of disputes

	2008/09 Target	2008/09 Actual
a) Percentage of Part XI disputes resolved within 26 weeks from date an application is received	68%	55%
b) Percentage of Part XII disputes resolved within 5 days of referral to arbitrator for a decision	90%	97%
c) Percentage of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received	50%	44%

Service 2 – Scheme services

Trend comparison between the number of disputes lodged and the number resolved

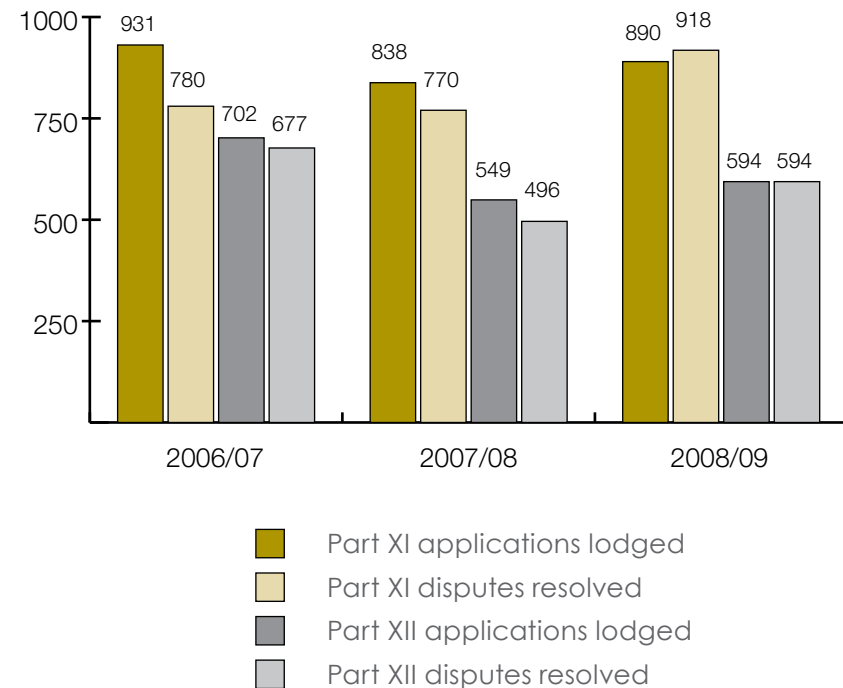


Statistics relating to disputes are the total of statutory proceedings which are Part XI and Part XII matters together with common law proceedings involving notices of referral of questions of degree of disability under the 1993 scheme (injury date prior to 14 November 2005).

These figures have been retrospectively adjusted from those reported in the previous years to allow direct comparisons to be made across the different years using new methodology employed this year as a result of the changed Key Performance Indicators. Please see additional information under the [Key Performance Indicator section](#) of this report.

The general trend, as noted above, is for the number of disputes resolved to either closely match or exceed, the number lodged. In 2008/09, more disputes were resolved than lodged, indicating a reduction in the backlog of applications.

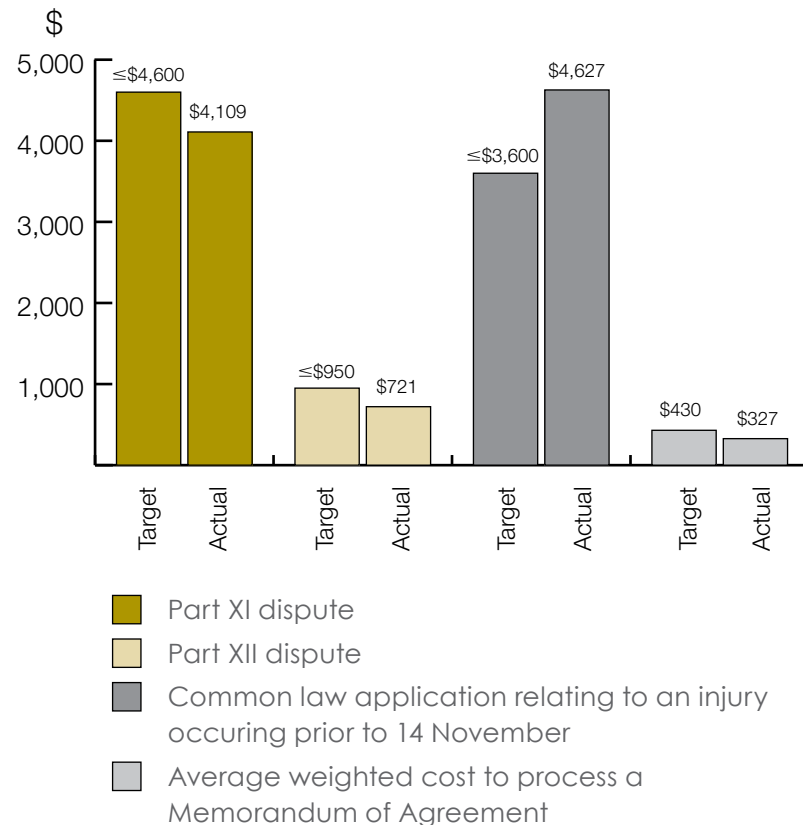
Trend in the number of Part XI and Part XII disputes lodged compared to those resolved each year



Agreements registered increased significantly, with 3,986 agreements of all kinds registered compared with 3,506 in the previous year. At this stage it is unclear if this increase is a once-off statistical effect in the current reporting year or if the rate of increase will continue. Monthly workflow statistics are kept by the DRD to ensure that resources are deployed as appropriately as possible.

Service 2 – Scheme services

Comparison of 2008/09 target and actual average weighted costs to resolve disputes



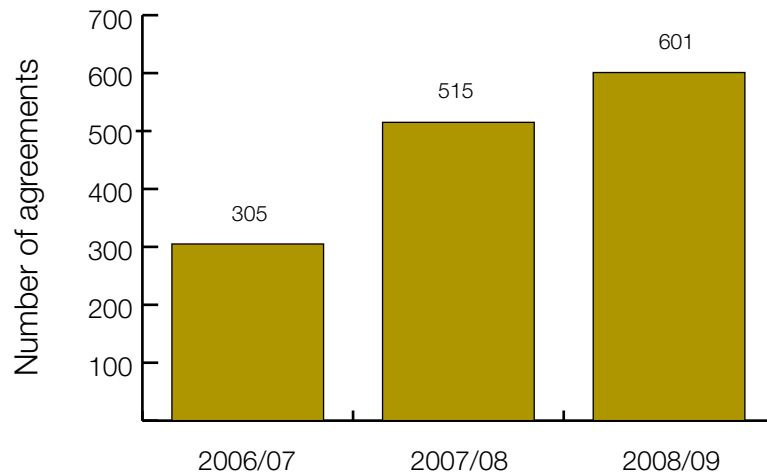
As can be seen above, with the exception of common law applications for injuries occurring prior to 14 November 2005, the targets for the cost of resolving disputes were met. This is partly due to the increase in activity – for the same fixed costs, an increase in resolution of disputes and processing of agreements results in a lower cost per activity. In the case of common law applications for injuries occurring prior to 14 November 2005, fewer were lodged and resolved, resulting in a higher cost per application.

New claims filed regarding common law matters under the current scheme (injury date after 14 November 2005) continue to climb steadily, with 601 new cases received compared with 515 in the previous year. This is in keeping with the gradual increase in these applications experienced since the review of the *Workers' Compensation and Injury Management Act 1981* resulted in a change to the way that common law matters are handled.

Service 2 – Scheme services

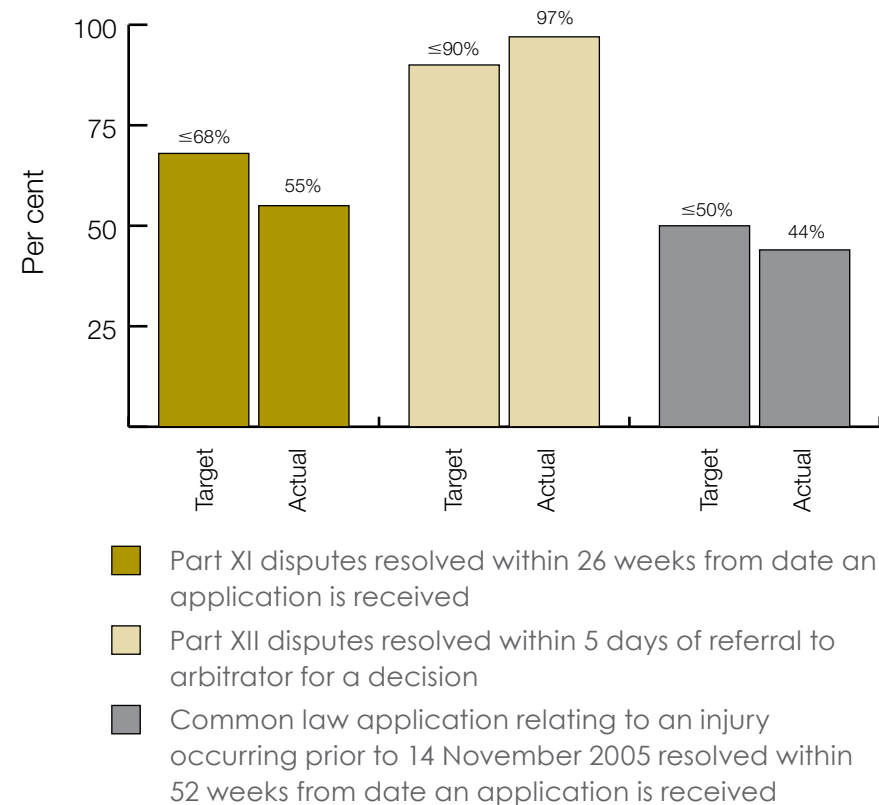
It is anticipated that this trend of increasing applications under the current scheme (the 2004 Scheme, injury date on or after 14 November 2005) will continue at the expense of applications for injuries occurring under the 1993 Scheme (injury date prior to 14 November 2005) with the passage of time from the critical date for injury, 14 November 2005.

Total number of common law applications related to an injury occurring on or after 14 November 2005 received



Specific strategies to improve efficiencies for the resolution of complex Part XI matters and common law matters under the 1993 Scheme (injury date prior to 14 November 2005) are being put into place. For Part XI applications, a low document, fast track program is being trialled commencing 1 September 2009. For common law matters under the 1993 Scheme (injury date prior to 14 November 2005), file audits indicate that all matters are being actively case managed and the current cohort of open matters are long and complex, contributing to the length of time taken for their resolution.

Comparison of 2008/09 target and actual percentages of disputes resolved within defined time limits



Satisfaction with dispute resolution

	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of users satisfied with the dispute resolution system	68%	71%	70%	65%

Service 2 – Scheme services

Key initiatives and activities

The DRD continues to invest considerable effort in aligning its processes, services and reporting with the objectives for the Directorate as detailed in section 279 of the [Workers' Compensation and Injury Management Act 1981](#). The need to resolve disputes in as timely and fair a manner as possible is recognised and attention to this forms a significant component of the initiatives undertaken by the DRD.

Key focus areas include staff development and capacity building, liaison with key stakeholders, accurate case management recording, enhanced reporting protocols and the offering of training for external stakeholders designed to facilitate the timely and efficient resolution of disputes.

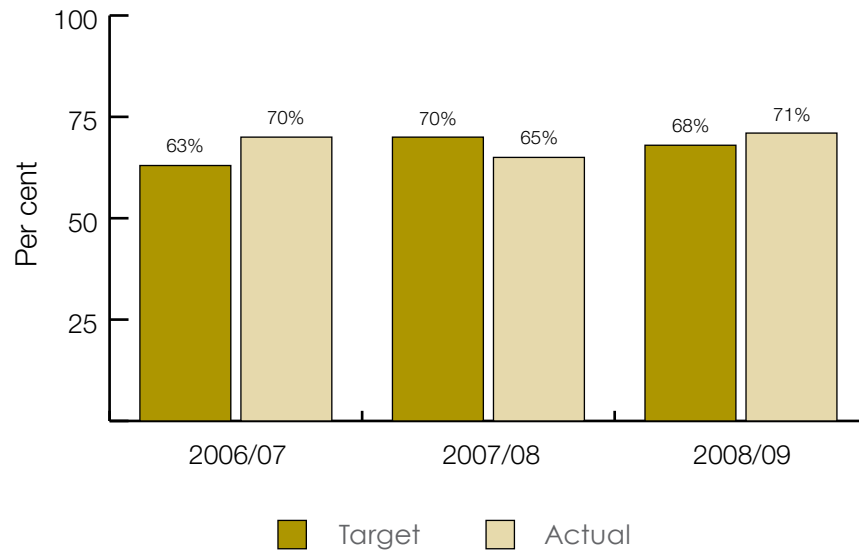


Key dispute resolution initiatives and activities in 2008/09 included:

- commencing a formal program to enhance staff capacity to better facilitate workload management. Strategies to address this included:
 - the mapping of existing processes to find efficiencies
 - the training of staff in a variety of roles across the DRD to enable better deployment of staff to address workload issues at any particular time
 - regular and continuing audit protocols for existing open files to ensure the active management of existing cases
 - regular and formal quality assurance processes on all matters as they are closed, to identify and address systemic errors
- implementing a professional development program of monthly seminars for arbitrators
- undertaking extensive work in reviewing and drafting a new set of DRD rules. At the time of going to print, the new rules had been submitted to Parliamentary Counsel for drafting
- completion of a series of advocacy workshops for legal practitioners and registered agents with up to 200 people attending each of the three sessions. Feedback on the quality of the workshops was overwhelmingly positive
- continuing the commitment to stakeholder engagement by presenting workshops to key stakeholders, active engagement of stakeholders through such strategies as meeting with registered agents and increasing communication via the [DRD e-newsletter](#), now in its 11th edition
- engaging temporary vacation research officers providing opportunities for university students to participate in the work of the DRD.

Service 2 – Scheme services

Trend in target and actual percentage of user satisfaction with the dispute resolution system



The DRD is implementing a six-month trial of a fast track program, commencing 1 September 2009. It will involve Part XI statutory applications being brought forward for resolution with the minimum paperwork necessary to do so. Time periods are tight and the expectation is that this program will particularly suit applications where parties are in agreement about the substantive matters, there is a demonstrably urgent need for a resolution or there are limited matters in dispute. The trial will be evaluated and, based on this information, will be ceased, modified, extended or incorporated into standard procedures.

Policy activities

Providing policy advice and legislative support are important WorkCover WA activities, as is the monitoring and evaluating scheme performance through data analysis and research.

Additionally the agency manages internal and external research projects, and participates in cross-jurisdictional activities through the Heads of Workers' Compensation Authorities.

WorkCover WA's key policy and scheme performance initiatives and activities in 2008/09 are detailed below.

Legislation and policy

The agency began a review of the [*Workers' Compensation and Injury Management Act 1981*](#) (the Act) with a focus on examining the readability, accessibility and consistency of the statute. This review includes:

- establishing a reference group of key external stakeholders to assist the review process
- preparation of a range of documents to support the review
- managing a broad consultation process with workers' compensation scheme participants.

WorkCover WA managed the process to have exercise physiology recognised as an 'approved treatment', and pleural plaques recognised as a specified industrial disease, under the Act.

WorkCover WA provided policy and legislative advice on the following Amendment Bills which affect workers' compensation legislation in Western Australia:

- *Standardisation of Formatting Bill 2009*
- *Police (Former Officers' Medical and Other Expenses) Bill 2008*

Additionally, WorkCover WA commissioned an actuarial assessment of the cost effect of amending references to age in the Act.

Scheme management

WorkCover WA actively managed the workers' compensation scheme in Western Australia through the:

- responsive monitoring of scheme performance in a period of economic volatility
- gazettal of recommended premium rates for the underwriting year commencing 1 July 2009
- review of the contingency margin applicable to the 2009/10 recommended premium rates.

It also published a range of benefits and fee schedules, in accordance with statutory responsibilities, including:

- calculation and publication in the *Government Gazette* of the Variations in Prescribed Amount and other Workers' Compensation Payments scheduled for the financial year commencing 1 July 2009
- indexation of medical and allied health service fees, resulting in a 4.78 per cent increase
- insertion of a new fee schedule for Exercise Physiologists into the *Workers' Compensation (Scale of Fees) Regulations 1998*.

Research and statistics

WorkCover WA manages a range of workers' compensation scheme performance data to measure and report on scheme health. Using this data WorkCover WA:

- published a series of workers' compensation scheme performance and status reports on trends across the scheme
- produced the *Workers' Compensation Statistical Report for 2007/08* providing an overview of workers' compensation in Western Australia and detailing information on the characteristics of lost-time workers' compensation claims
- contributed to the refinement of cross-jurisdictional data collection processes and provided data to enhance national comparisons of workers' compensation performance
- provided information to seminars and other presentations to enhance stakeholder knowledge and understanding of the workers' compensation scheme in Western Australia.

Corporate activities

Corporate activities support the delivery of the agency business objectives through the continued development of its people, resources and systems.

People and development activities

WorkCover WA undertook a range of people and development activities in 2008/09.

The development of a People Plan commenced in late 2008/09 focusing on building the capability of the organisation over the next two years. This plan will provide a transition from the Cultural Development Framework which commenced in 2007 and builds on the foundations created as a result of the subsequent cultural change. Aligning with the new WorkCover WA Strategic Plan, the goal of the WorkCover WA People Plan is to enhance operational flexibility and responsiveness to achieve organisational excellence.

A range of strategies were implemented, including a review of agency recruitment and selection guidelines, to enable a more effective and efficient approach to the recruitment and appointment of staff, based on the *Public Sector Commission's Rethinking Recruitment* report.

Following its commencement in June 2008, the Leadership and Management Development Program focused on the core capabilities and skills identified in the Department of the Premier and Cabinet's *Leadership Development Strategy*. The program enables participants to undertake practical learning activities that directly correlate with their duties and responsibilities as managers.

Key staff were selected to participate in the 2009 Frontline Management Program, with the aim of achieving a Certificate IV in Frontline Management. The program is designed to improve the confidence, skills, knowledge and practical experience of current or aspiring supervisors and managers.

The existing performance management system was reviewed and streamlined with the goal of increasing participation and improving individual and agency performance. Feedback to date indicates that the revised process better focuses the individual's contribution to agency goals and provides a valuable mechanism to monitor progress and accountability against strategic initiatives.

The organisation further developed its wellness program in 2008/09. The program incorporates 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 staff recognition program continued to recognise the valuable efforts made by and achievements of, WorkCover WA staff. In 2008/09, nine staff were recognised for their excellence.

A traineeship program was developed and two trainees were appointed. The traineeships will provide a pathway to permanent appointment in the agency. The framework also includes workplace mentors.

WorkCover WA is committed to improved and effective consultation in the workplace. Its consultative employee committees include:

Joint Consultative Committee (JCC)

The 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 employee conditions of employment. The JCC meetings are scheduled monthly.

Occupational Safety and Health (OSH) Committee

The 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 when situations demand the need to take preventive or corrective action.

Administrative activities

In 2008/09, WorkCover WA reviewed the management of corporate policies in the agency. Subsequent changes in the corporate policy management system improved the ongoing review and maintenance of corporate policies.

Information technology activities

A new five-year strategic information technology (IT) plan was developed in 2008/09. This plan will enable IT to support the business needs of the agency. Obsolete IT infrastructure will be replaced with contemporary solutions which will underpin the achievement of the agency's strategic plan goals.

Finance activities

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

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 financial management manual, fleet management, purchasing delegation framework and recordkeeping plan.
- Developed a performance reporting process to report on core activities recognised through the 2008/09 Business Plan.
- Commenced an air conditioning replacement project.

Funds management

Workers' Compensation and Injury 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 5.71 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 an 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 16 claims made on the General Account pursuant to section 174, compared to 21 last year. There were seven new claims this year and 18 continuing claims from previous financial years. The cost of new claims was \$114,426 and ongoing claims amounted to \$312,698. At 30 June 2009, the total outstanding debt from uninsured employers was approximately \$1.503 million. Recovery action against these employers is ongoing and during the year WorkCover WA successfully finalised recovery against one employer.

During the year, the WorkCover WA Board approved the write-off of approximately \$684,000 of uninsured outstanding claims and approximately a further \$796,000 of claims were approved for write-off by the Minister.

Following a review of the outstanding claims liabilities for all uninsured claims, liabilities of \$4.984 million were identified for current and future claims. This liability has been recognised in the 2009 financial statements and prior year comparatives have been restated to account for the omission. A full explanation can be found in note 3 of the financial statements. The immediate cash position of WorkCover WA will not be materially impacted by the correction of the omission.

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. 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 \$17.778 million as at 30 June 2009 (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 2008/09, \$1.475 million was received from the liquidators of HIH Insurance. Claim payments during the year were \$715,000. Since the liquidation process commenced in June 2001, claim payments have totalled \$69.727 million.

During the year, a full review was undertaken to assess the outstanding claims liabilities for all failed insurers in the Supplementation Fund. As a result of the review, further liabilities of \$11.641 million were identified for non-HIH failed insurers. This liability has been recognised in the 2009 financial statements and prior year comparatives have been restated to account for the omission. A full explanation can be found in note 3 of the financial statements.

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 2008/09 were nil. 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 2008/09 were nil. The *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* came into effect in 2001, but the first claim payment was not received until December 2005.

Claim payments and receipts for insurers in liquidation

Insurer (in liquidation)	Payments	Receipts
National Employers' Mutual General Insurance Co.	\$336,032	nil
HIH Insurance	\$715,004	\$1,474,778

Debts and investments

At 30 June 2009, there were 16 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act. During the year, debts of \$48,593 remained outstanding. During 2008/09, the weighted average rate of return on General Account investments was 5.57 per cent (after consideration of Commonwealth Government Deposits Guarantee Levies paid).

Following the introduction of the Government Deposits Guarantee Scheme on 28 November 2008 for deposits held with authorised deposit-taking institutions (ADIs), WorkCover WA secured all deposits in excess of the \$1 million threshold by paying the recommended guarantee fee. The fee is optional and applies to deposit balances over the \$1 million threshold with any ADI. The WorkCover WA Board has approved the guarantee of all cash deposits in ADIs that have exposure above the nominated threshold.

Disclosures and Legal Compliance

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 they held in existing or proposed contracts with WorkCover WA.

Board member Mr Brian Bradley is the Director General of the Department of Commerce. In 2008/09, he declared "WorkCover WA provide \$250,000 for prevention activities undertaken by WorkSafe, of which I am Director General."

Board member Mr Steven Burns is the Regional Manger of QBE Insurance (Australia) Ltd. Mr Burns declared an "agreement to act as a licensed insurer, QBE Australia Pty Ltd".

Ministerial directives

There were no Ministerial directives issued during 2008/09.

Board and committees

The WorkCover WA Board is constituted under section 94(1) of the [*Workers' Compensation and Injury Management Act 1981*](#).

It is authorised to use, and operate under, the trading name WorkCover WA. WorkCover WA's Board is responsible for governance of the agency, for providing independent advice to the State Government and for ensuring diligence and discipline among service providers.

The Board's
corporate
governance
arrangements ensure
transparency in decision-
making and operation.

Role of the Board

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 Corporate Executive recommendations
- making recommendations to the Minister, where appropriate
- giving effect to Ministerial directives
- managing strategic risk.

The Board's corporate governance arrangements ensure transparency in decision-making and operation, as well as 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 relevant 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, who is a member of the Board, 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*.

During 2008/09, the Board reviewed the Board Charter and the Board Meeting Procedures to ensure they remain appropriate and relevant.

Board membership

The WorkCover WA Board comprises 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 Commerce, and appointed by the Governor.

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 Member of the Liquor Commission of Western Australia. 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 Commerce (formerly the Department of Consumer and Employment Protection). Mr Bradley previously served as Chairman of the former Workers' Compensation and Rehabilitation Commission from 2000 to 2005, and was the Western Australian member of the Australian Safety and Compensation Council from 2005 to April 2009. Mr Bradley is currently a member of 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. Ms Biglin is experienced in employers' interests and has been the Group 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 a member of the WorkCover WA Board on 29 August 2007, for a term ending on 31 July 2010, as a person experienced in insurance matters. Mr Burns is currently the Regional Manager of QBE Insurance (Australia) Ltd and has insurance 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 Linda Morich was appointed to the WorkCover WA Board, as the member experienced in workers' interests, for a three-year term commencing 30 December 2008. She is currently an Occupational Health and Safety Officer at Unions WA. Ms Morich has a Bachelor of Science (Occupational Health and Safety) from Curtin University. Ms Morich is a member of the Commission for Occupational Safety and Health.



Ms Michelle Reynolds commenced as Acting Chief Executive Officer on 25 December 2008. She came to WorkCover WA from the Department of Premier and Cabinet where her most recent position was Assistant Director General of the Public Sector Management Division. Ms Reynolds has over 24 years' experience in the Western Australian public sector and has played a key role in shaping public sector management policy across the public sector. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration.



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. She is currently Manager, Treasury and Investments of 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.

Board meetings and member attendance

The Board met 13 times during the year.

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	13	13
Mr Brian Bradley	13	11
Ms Lisa Biglin	13	10
Mr Steve Burns	13	11
Ms Janine Freeman *	1	1
Ms Linda Morich **	6	5
Ms Michelle Reynolds ***	6	6
Mr Adrian Warner ****	7	7
Mrs Victoria Wilmot	13	11

* Ms Freeman resigned from the Board effective 15 August 2008.

** Ms Morich was appointed to the Board effective 30 December 2008.

*** Ms Reynolds was appointed as Acting Chief Executive Officer and to the Board effective 25 December 2008.

**** Mr Warner resigned as Chief Executive Officer and from the Board effective 9 January 2009.

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 at \$27,300 per annum for the Chairman and \$13,700 per annum for members for the 2008/09 financial year.

In accordance with government policy, Board members who are public service officers are not entitled to payment.

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 duty. 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 is placed through the State Government's insurer and is renewed annually. The limit of liability on the policy is \$20 million, in line with the accepted industry standard.

The total premium for the insurance policy, effective from 16 May 2008 to 16 May 2009, was \$25,322.55 and, in accordance with the Board's policy, members of the Board and the Corporate Executive made individual contributions towards the total premium.

Committees

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 are established.

As part of their governance practices these committees have 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 independent assurance and assistance to the Board on WorkCover WA's risk, control and compliance framework and its external accountability responsibilities. The Committee reviews the strategic and annual internal audit plans, monitors the progress of audit recommendations, attends both the entrance and exit interviews of staff with representatives of the Office of the Auditor General and provides advice on the findings.

Audit Committee membership and attendance

Member	No. of meetings held	No. of meetings attended
Mrs Victoria Wilmot (Chairperson)	4	4
Mr Greg Joyce	4	4
Mr Brian Bradley	4	4
Ms Michelle Reynolds *	2	2
Mr Adrian Warner **	2	2

* Ms Reynolds was appointed as Acting Chief Executive Officer and to the Board effective 25 December 2008.

** Mr Warner resigned as Chief Executive Officer and from the Board effective 9 January 2009.

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.

Corporate Governance Committee membership and attendance

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	3	3
Mr Steve Burns	3	3
Ms Michelle Reynolds *	1	1
Ms Janine Freeman **	1	1
Mr Adrian Warner ***	2	2

* Ms Reynolds was appointed as Acting Chief Executive Officer and to the Board effective 25 December 2008.

** Ms Freeman resigned from the Board effective 15 August 2008.

*** Mr Warner resigned as Chief Executive Officer and from the Board effective 9 January 2009.

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.

Medical Committee membership and attendance

Member	No. of meetings held	No. of meetings attended
Ms Michelle Reynolds (Chairperson)	2	2
Ms Lisa Biglin	2	2
Dr Marcus Adonis	2	1
Dr Heather Campbell	2	2
Dr Alan Home	2	2
Mr Barrie Slinger	2	2
Dr Neil Ozanne	2	1

Costs Committee

The Costs Committee is an independent committee, reporting directly to the Minister for Commerce, established under section 269 of the Act. The 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 by WorkCover WA's Dispute Resolution Directorate.

The Costs Committee last met in 2007 with the *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2007*, coming into effect from 14 November 2007.

Corporate Executive

The Corporate Executive is WorkCover WA's senior management team. It comprises the Chief Executive Officer and divisional heads.



Left to right: Lyn Anderson, Kevin Wilson, Jeff McDonough, Michelle Reynolds, David Leith, Wendy Attenborough. **Absent:** Su Lloyd.

Chief Executive Officer

Ms Michelle Reynolds commenced as Acting Chief Executive Officer on 25 December 2008. She came to WorkCover WA from the Department of Premier and Cabinet where her most recent position was Assistant Director General of the Public Sector Management Division. Ms Reynolds has over 24 years' experience in the Western Australian public sector and has played a key role in shaping public sector management policy in the public sector. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration.

General Manager, Regulatory Services

Ms Lyn Anderson joined WorkCover WA in June 2008, and is the Acting General Manager Regulatory Services. Prior to joining WorkCover WA, Ms Anderson worked at the Department of the Attorney General, Department of Corrective Services and the UK Home Office. She has extensive experience in justice, health and audit settings and holds a Bachelor of Science and three Diplomas of Higher Education, including professional management, social policy and criminology.

General Manager, Corporate Resources

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

General Manager, Scheme Development

Ms Wendy Attenborough joined WorkCover WA in July 2008, as General Manager of the Scheme Development Division. Prior to joining WorkCover WA she was employed in a number of senior policy roles within the Western Australian Department of Premier and Cabinet, including the Inter-governmental Relations Unit. Ms Attenborough holds a Bachelor of Arts from the University of Western Australia.

Director, Dispute Resolution

Ms Su Lloyd was appointed 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 before joining

WorkCover WA. She has 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 holds the degrees of Bachelor of Laws and Bachelor of Education from Murdoch University.

Director, Strategic Services

Dr David Leith commenced as the Acting Director Strategic Services in June 2009. He was formerly head of corporate communications at the Department of Corrective Services and the Public Transport Authority. Dr Leith is a specialist in occupational safety and health communication. He was editor of the OSH journal Safety WA for ten years and in 2003 completed his doctorate on the topic of culture and communication as they affect safety. He also has degrees in Law and Arts. Dr Leith is a Board Member of IFAP and a Councillor of the Town of Claremont.

Chief Finance Officer

Mr Kevin Wilson commenced with WorkCover WA as the Chief Finance Officer in June 2009. Prior to this he was Director Corporate Services/Chief Finance Officer for Great Southern TAFE, Albany. Mr Wilson is a Certified Practising Accountant (CPA) and has extensive experience in public sector financial and corporate management across a range of agencies including the Department of Education and Training, Swan TAFE and the Department of Agriculture.

WorkCover WA says farewell

During 2008/09, WorkCover WA farewelled Mr Adrian Warner, Chief Executive Officer since January 2005. Mr Warner resigned in January 2009. Mr Graham Thompson, Chief Financial Officer, left the agency in March 2009.

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 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.

Panel members during 2008/09 were:

Chairman: (rotating)	Dr K C Wan
	Dr E Gabbay
	Dr M K Tandon
	Dr Q Summers
<hr/>	
Members:	Dr D Bucens
	Dr M Musk
	Dr A E Tribe

During 2008/09, the panel convened on 24 occasions and made 50 determinations. The majority of determinations were associated with asbestos exposure at work. The number of claims decreased in 2008/09 for pneumoconiosis, mesothelioma and lung cancer, and total determinations were lower in comparison to the previous year as a result.

	2008/09	2007/08	2006/07
Number of determinations where disease is present with a level of impairment >0%			
Pneumoconiosis	19	22	16
Mesothelioma	21	22	24
Lung cancer	6	10	5
Sub-total	46	54	45
Determinations where disease not present or disease present but a 0% level of impairment	4	0	3
Total	50	54	48
Number of applications			
New	45	48	43
Reviewed	5	6	5
Total	50	54	48

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 WA 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*

Key legislation impacting on WorkCover WA's activities

During 2008/09, 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*

Changes to written laws

During 2008/09, the following changes were made to written laws administered by WorkCover WA:

- Medical and allied health service fees were fixed pursuant to section 292(2) of the Act. The *Workers' Compensation and Injury Management (Scales of Fees) Amendment Regulations 2008* (the Amendment Regulations) came into effect on 18 December 2008. The Amendment Regulations applied a 4.78 per cent increase to medical and allied health fees.
- The Terrorism Act contains a 'final day', set in the *Workers' Compensation and Injury Management (Acts of Terrorism) (Final Day) Regulations 2002*, after which time the Terrorism Act will cease to operate. The *Workers' Compensation and Injury Management (Acts of Terrorism) (Final Day) Amendment Regulations 2008* (the Amendment Regulations), published in the *Government Gazette* on 6 January 2009, extended the 'final day' of the Terrorism Act for a three-year period from 31 December 2009 to 31 December 2012. The Amendment Regulations came into effect on 7 January 2009.
- Consequential amendments to the Act introduced by the *Police (Former Officers' Medical and Other Expenses) Bill 2008*, the *Duties Legislation Amendment Act 2008*, the *Legal Profession Act 2008* and the *Medical Practitioners Act 2008*.

Other legal requirements

Advertising and sponsorship

Section 175ZE of the *Electoral Act 1907* requires the publication of the details of certain classes of expenditure in an agency's annual report. Below is a statement of expenditure in accordance with section 175ZE of the *Electoral Act 1907* for the 2008/09 financial year.

Class of expenditure	Amount	Agency/Organisation
Advertising agencies	Nil	N/A
Direct mail agencies	Nil	N/A
Market research organisations	Nil	N/A
Media advertising agencies	\$14,445	Australian Publishing Resources \$2,170 Dowd Publications Pty Ltd \$2,000 Executive Media Pty Ltd \$2,991 Pro Visual Publishing Pty Ltd \$3,140 Rural Press Regional Media \$964 Times Publishing Group \$3,180
Polling organisations	Nil	N/A
Total	\$14,445	

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.

Outcomes

Specifically, the DAIP outlines how WorkCover WA ensures the agency contributes to an accessible and inclusive community for people with disabilities, their families and carers. These contributions include ensuring that people with disabilities:

- have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority
- have the same opportunities as other people to access the buildings and other facilities of the relevant public authority
- 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
- receive the same level and quality of service from the staff of the relevant public authority
- have the same opportunities as other people to make complaints to the relevant public authority
- have the same opportunities as other people to participate in any public consultation by the relevant public authority.

Achievements

The following items were in place or progressed in 2008/09:

1. Functions, facilities and services met the needs of people with disabilities.
 - Procedures were in place to ensure external service providers are aware of the requirement to consider the needs of people with disabilities in delivering contracts and services.
 - The 'WorkCover WA Accessible Events Checklist' provides guidance on planning events and functions that are accessible to people of all ages and abilities. The checklist was readily available to staff through the intranet.
2. Access to buildings and facilities continued to be monitored and improvements are carried out as necessary. All maintenance and upgrades were 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 exceeded the required number.
 - The wellness and carers' facility had access to a dual use toilet/shower which is wheelchair accessible.
 - Information about functions, facilities and services was provided in formats that meet the communication needs of people with disabilities, including:
 - The DAIP was available on the WorkCover WA intranet and internet site and was 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 was 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.

- Opportunities were provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.
- The Complaint and Feedback procedure was available in alternative formats upon request.
- The Customer First Feedback System enabled people with disabilities the opportunity to make suggestions, compliments and complaints.

Reconciliation action plan

WorkCover WA continued to work towards meeting the outcomes of its Reconciliation Action Plan which was launched in May 2008. The plan was registered by Reconciliation Australia and was available on the website www.reconciliation.org.au

Achievements for 2008/09 include the:

- provision of cultural awareness training to over 35 per cent of staff. The two sessions held received excellent feedback from participants. Cultural awareness training is now held twice yearly in the agency to ensure maximum attendance and ongoing awareness-raising of the Indigenous culture
- development of a traineeship program and appointment of an Indigenous trainee. It is envisaged that the traineeship will provide a pathway to permanent appointment in the agency

- the purchase and display of two pieces of Indigenous art. These pieces were painted by renowned Indigenous artist Shane Pickett who was born in Quairading, WA. The paintings are titled 'Song Lines of Djilbas Wiran Wiran' and 'How to Read an Autumn Cloud in Sunset' and are available for public viewing in the entrance foyer.

Compliance with public sector standards and ethical codes

WorkCover WA utilises policies, procedures and guidelines to ensure agency obligations prescribed within the *Public Sector Standards (Human Resource Management)*, the *WA Public Sector Code of Ethics* and *WorkCover WA Code of Conduct* are met. These policies and supporting guidelines are available to all staff on the agency intranet.

During 2008/09 there were two breach of standard claims against the recruitment, selection and appointment standard referred to the Office of Public Sector Standards Commission (OPSSC). One of the claims was withdrawn by the applicant. The other claim was dismissed as the investigation determined that the selection process undertaken did not breach the standard. There were no claims lodged relating to the *WA Public Sector Code of Ethics* or the *WorkCover WA Code of Conduct*.

Monitoring and staff awareness

The Human Resources Branch performs a monitoring and advisory role for all staff responsible for compliance with *Public Sector Standards (Human Resource Management)* and *Codes of Ethics and Conduct*.

During 2008/09, the WorkCover WA's compliance against Public Sector Standards (Recruitment, Selection and Appointment Standard) was assessed by an independent auditor. The findings of this audit indicated that WorkCover WA was compliant with the standard.

The then Chief Executive Officer also completed the Office of Public Sector Standards (OPSSC) annual agency survey in July 2008. This survey provided a further opportunity for the agency's compliance against the standards to be assessed. The survey also identified key areas for improvement across the agency which included:

- raising staff awareness of the agency's procedures for managing workplace bullying
- raising staff awareness of ethical behaviour.

Subsequent to these surveys and audits, the following initiatives were undertaken at WorkCover WA:

- Training of the agency's Corporate Executive and managers in 'Accountable and Ethical Decision Making in the WA Public Sector'.
- Training of managers in 'Identifying and Managing Bullying in the Workplace'.
- Discussion and disclosure of 'Conflict of Interest' during performance management discussions.
- Implementation of a revised performance management system, including sessions to raise awareness with staff.

- Training of managers to assist them to develop their people management skills.
- Review of recruitment and selection guidelines including a commitment to the timely advertising and filling of positions.

All transactions within the agency completed under the Public Sector Standards (Human Resources Management) are audited by human resources staff to ensure compliance. Checklists and procedures facilitate this process.

During employee induction, codes and standards are discussed with new staff members. Copies of the *Public Sector Standards (Human Resource Management)*, *Code of Ethics* and the WorkCover WA Code of Conduct are provided to new employees for ongoing reference.

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. In 2008/09, WorkCover WA reviewed and updated its Recordkeeping Plan and submitted it to the State Record Commission for approval.

WorkCover WA is required to demonstrate that the agency and its employees are complying with the plan by providing evidence in the four key areas, outlined below.

Compliance with recordkeeping plan

Key area	Achievements during 2008/09
<p>The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated no less than once every five years.</p>	<ul style="list-style-type: none"> • WorkCover WA reviewed and updated the Recordkeeping Plan to meet current requirements of the <i>State Records Act 2000</i>. The updated plan was submitted to State Records Commission for approval. • An online audit of all WorkCover WA corporate records was completed and a rolling weekly audit of file locations introduced.
<p>The organisation conducts a recordkeeping training program.</p>	<ul style="list-style-type: none"> • WorkCover WA developed and deployed three online records training modules. This training is compulsory for all staff and associated statistics are reported quarterly to the Corporate Executive. • Records awareness is part of the WorkCover WA induction program for new staff. • WorkCover WA generates a quarterly 'On the Record' newsletter, the purpose of which is to inform staff of records management tips and procedures.
<p>The efficiency and effectiveness of the organisation's recordkeeping training program is reviewed from time to time.</p>	<ul style="list-style-type: none"> • 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 in May 2009 to comply with the recommendations of an independent audit.
<p>The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.</p>	<ul style="list-style-type: none"> • Records awareness is part of the WorkCover WA induction program for new staff. • The Coordinator Corporate Information meets with new employees and provides a one-on-one overview of records management responsibilities. • All key points to be covered in the session are itemised on an induction checklist.

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 Commerce for 2009/10.

Expenditure	\$000
Operating costs	
Employee expenses	14,502
Supplies and services	3,707
Accommodation expenses	314
Uninsured claims	519
Other	250
Asset purchases	450
TOTAL EXPENDITURE	19,742
Revenue	\$000
Contributions	18,112
Other	443
Cash balance and other funding sources	1,187
TOTAL REVENUE	19,742

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 the 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.

Government policy requirements: Corruption prevention

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

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

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 2009**

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 2009, 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.

WorkCover Western Australia Authority Financial Statements and Key Performance Indicators for the year ended 30 June 2009

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 www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.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.

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 2009 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 2009.



COLIN MURPHY
AUDITOR GENERAL
25 August 2009

Certification of performance indicators

We hereby certify that the accompanying indicators are based on proper records, are relevant and appropriate for assisting users to access the WorkCover Western Australia Authority's performance, and fairly represent the performance of WorkCover Western Australia Authority for the financial year ended 30 June 2009.



Greg Joyce
Chairman
WorkCover Western Australia Authority
20 August 2009



Michelle Reynolds
A/Chief Executive Officer
WorkCover Western Australia Authority
20 August 2009

Audited key performance indicators

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.

For the current reporting year, WorkCover WA received permission from the Outcome Structure Review Group of the Department of Treasury and Finance to alter the dispute resolution key performance indicators (KPIs). The changes were designed to provide more robust, reliable and valid measures of the work undertaken in the area and the outcomes achieved.

The reporting of these new KPIs has necessitated some changes to the supplementary statistics that have been provided in previous years. To enable valid comparisons of reporting performance across the years, some figures have been recalculated using the new reporting protocols. Some recalculated figures are therefore different to previous years' data, as reported in Annual Reports.

Key effectiveness indicators

Indicator 1.1	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of workers covered by a current workers' compensation policy	95%	95%	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 a focus for our compliance activities as well as an indication of the extent to which subsidisation of uninsured employers by insured employers is occurring.

Indicator 1.2	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of lost-time injuries with an appropriate injury management response	98%	100%	90%	98%

Description

There is a compliance requirement for insurers and self-insurers to advise WorkCover WA within four weeks of a claim being opened that injury management has commenced and the program is consistent with the nature and severity of the injury, implemented to assist the worker to return to work or to undergo vocational rehabilitation.

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.

Analysis

Exceeding the target with a result of 100 per cent represents an excellent result. Performance exceeded this year's target due to the requirement for all insurers and self-insurers to report lost-time injuries exceeding four consecutive weeks to WorkCover WA and for these to be closely monitored by WorkCover WA.

Of the 7,007 responses received for 2008/09, WorkCover WA was advised that:

- 54 per cent had already returned to work or had their claim finalised
- 23 per cent were undergoing rehabilitation
- 12 per cent required further medical treatment
- the remaining 11 per cent did not require injury management intervention for other reasons such as pending settlements, other employment, moved interstate or overseas, withdrawal from the workforce or full-time study.

Notes

One of the roles of the Standards and Monitoring Branch is to operate as a 'safety net' for all injured workers to ensure they receive appropriate assistance and services within the injury management system. The Branch identifies and reviews claims to determine timely injury management action and the need for vocational rehabilitation.

A four-week notification system was specifically designed to identify claims that meet certain criteria. The criteria identifies all accepted claims where a worker's period of incapacity exceeds four consecutive weeks and where there has been no return-to-work, no vocational rehabilitation case commenced, the claim is not a fatality, the common law payment amount is less than \$100, there are no redemption and second schedule payments, or the claim has not been finalised.

An electronic report listing all identified claims is forwarded to the relevant insurers and self-insurers for a response on the worker's current status at the beginning of each month. There is a compliance requirement for insurers and self-insurers to advise WorkCover WA with a response electronically via the insurer on-line reporting system (INO) within five working days. This advice provides assurances on whether injury management has commenced and the program is consistent with the nature and severity of the injury sustained by the worker. The Standards and Monitoring Branch monitors these responses and follows-up claims identified as requiring further investigation and/or vocational rehabilitation assistance.

The four-week notification system has been operating since 1999 and the electronic system was implemented in 2002.

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 an injury management system in place. WorkCover WA checks for compliance in this area.

Indicator 1.3	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
User satisfaction with the dispute resolution system	68%	71%	70%	65%

Description

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. As with the 2007/08 survey, the Australian Bureau of Statistics (ABS) was contracted to analyse the raw data and provide a report on behalf of WorkCover WA.

The dispute resolution system is designed to provide timely, fair and effective methods to resolve disputes. It is required to meet user expectations in relation to accessibility, approachability and professionalism. The most effective way to measure the success of the system is to engage in a survey of users or parties involved in the dispute resolution process.

The sample is defined as all those who have taken part in a finalised statutory dispute application (Part XI and Part XII) since 1 July 2008. The total sample size in 2008/09 was 1,440, which represents nearly double the sample for the 2007/08 survey. However, only 215 responses were received, which represents a 15 per cent response rate, compared to the 19 per cent response rate in 2007/08. As a result, the overall satisfaction scores calculated from these surveys should be interpreted with care.

WorkCover WA has already taken steps to address the low response rates and data integrity issues by implementing a process whereby stakeholders will be provided a survey approximately

30 days after the resolution of the matter and provides an appropriate length of time for the stakeholder to reflect on their experience with WorkCover WA's Dispute Resolution Directorate (DRD).

The client survey process is being continuously refined to improve the response rate and the quality of information. The questions remained the same as the previous year to enable direct comparison of the qualitative data gathered. However, on the advice of the ABS, the scoring scale was changed this year, resulting in the single user satisfaction percentage figures not being directly comparable with those reported in previous years.

WorkCover WA's intention is to continue to provide all stakeholders with a means to express their level of satisfaction and have their feedback acknowledged.

Analysis

Stakeholder engagement and the speedy and effective resolution of disputes were key priorities for this year. Increased liaison with parties to a dispute, including a concerted effort to resolve minor inconsistencies in lodged paperwork via a phone call and written file note are considered to be contributors to the 71 per cent overall customer satisfaction rate.

It should be noted that the DRD is a jurisdiction of 'last resort' whose dispute resolution services are only called on once less formal attempts to resolve a matter have not worked. In addition, a dispute by definition involves two or more parties who cannot agree and any resolution achieved is likely to not meet the full satisfaction of at least one party to the dispute. With these facts in mind, the customer satisfaction figure is considered a very good achievement.

Indicator 1.4	2008/09 Target	2008/09 Actual
Resolution of disputes:		
a) Percentage of Part XI disputes resolved within 26 weeks from date an application is received	68%	55%
b) Percentage of Part XII disputes resolved within 5 days of referral to arbitrator for a decision	90%	97%
c) Percentage of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received	50%	44%

Description

These new measures of timeliness better reflect the differing complexity involved in each of the three broad areas of dispute resolution undertaken. In evaluating the reported achievements, the following information should be taken into account:

‘Timeliness’ reporting of the dispute resolution processes is problematic because the amount of delay introduced by the need to offer parties time to comply with the requirements at each particular stage of a process.

For Part XI, up to 45 days of statutory waiting periods are built in, should all parties choose to use the maximum allowable time to comply with any particular requirement.

Common law applications for injuries arising prior to 14 November 2005 (1993 scheme) includes up to 91 days of statutory waiting within the standard process.

Analysis

Overall, the figures recorded are considered satisfactory. A new streamlined process for the referral of Part XII disputes to an arbitrator has resulted in a high rate of decisions being made within the five-day benchmark set.

Whilst a large number of Part XI matters were closed within the six-month benchmark, the rate of 55 per cent is below the target, and strategies have been developed to improve this for 2009/10. A new ‘fast track’ process will be trialled in 2009/10, which aims to reduce the overall time taken to resolve Part XI matters and therefore an increase in the percentage of such matters resolved in 26 weeks or less.

Common law matters under the 1993 scheme relate to injuries that occurred prior to 14 November 2005 and are by their nature complex. As many of these injuries are severe and have not yet stabilised, time taken for their resolution is necessarily lengthy. The DRD intends to review the management of these cases with a view to improving the resolution rate against the 12-month benchmark. The appropriateness of this benchmark, in view of the complexity of these matters, will also to be reviewed.

Key efficiency indicators

Indicator 2.1	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Average weighted cost per regulation activity	\$186	\$152	\$178	\$153

Description

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

Analysis

The average weighted cost per regulation activity was 18.3 per cent under the target cost for 2008/09.

There was a small reduction in cost per activity compared to the previous year, which is especially positive considering the total number of activities undertaken, has increased. This increase in regulation activity is attributable to increased performance regarding compliance and investigation activities.

Notes

The methodology used to calculate the average weighted cost per regulation activity has been amended. For comparison purposes, updated targets and actuals have been restated for 2007/08.

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 (\$3.224m), trust administration (\$26,000), uninsured workers' compensation claims (\$443,000), Cocos and Christmas Island expenditure (\$9,000) 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 \$3.952m.

Indicator 2.2	2008/09 Target	2008/09 Actual
1. <u>Average weighted cost to resolve a:</u>		
a) Part XI dispute	\$4,600	\$4,109
b) Part XII dispute	\$950	\$721
c) Common law application relating to an injury occurring prior to 14 November 2005	\$3,600	\$4,627
2. <u>Average weighted cost to process a Memorandum of Agreement</u>	\$430	\$327

Description

These new measures are designed to provide a breakdown of the weighted cost of resolving each of the three key applications to resolve a dispute, and they provide a more accurate and fine-grained efficiency indicator. The weighted cost to process each deed and memorandum of agreement is also provided.

As the cost per dispute resolution activity is a new KPI measure, there was no precedent to establish targets.

In formulating targets the following information was taken into account:

1. The trends associated with the number of any particular disputes resolved.
2. The trends associated with the number of any particular dispute received.
3. For registration of agreements, trends of numbers received during the previous year.
4. Budget costs accrued in the previous financial year.

The targets are based on the interaction between all of these elements.

As the targets are calculated by dividing disputes resolved by the costs to provide the dispute resolution service, a slight change in either or both of these figures can result in a significant change to the outcome. That is the more disputes resolved or agreements processed, the more the unit price per activity, drops.

Analysis

There was an increase in the numbers of Part XI (770 in 2007/08, compared to 918 in 2008/09) and Part XII matters resolved (496 in 2007/08, compared to 594 in 2008/09) during the reporting year as well as an increase in the number of agreements of all kinds registered (3,506 in 2007/08, compared to 3,986 in 2008/09).

Due to similar costs to administer the dispute resolution services over the previous two years, the increase in the number of resolutions has resulted in the cost per resolution to be lower than the set target.

For the fourth measure, costs associated with resolving a dispute under the 1993 scheme (injury date prior to 14 November 2005) exceeded the target. This is explained by a reduction in the number of these matters resolved during the year, while the total costs to administer the services that resolve them, are approximately the same. In addition, setting an appropriate target for this type of dispute is challenging, as the injury must have occurred prior to 14 November 2005, and with the passage of time, the number of these disputes is dropping.

Certification of financial statements

The accompanying financial statements of the WorkCover Western Australia Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

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.



Greg Joyce
Chairman
WorkCover Western Australia Authority
20 August 2009



Michelle Reynolds
A/Chief Executive Officer
WorkCover Western Australia Authority
20 August 2009

Audited financial statements

WorkCover Western Australia Authority - Income Statement for the year ended 30 June 2009

	NOTES	2009 \$000	2008 \$000
INCOME			
Revenue			
Insurer contributions		17,837	17,067
Provision of services	8	31	23
Interest revenue	9	3,004	3,067
Other revenue	10	106	407
Employers' Indemnity Supplementation Fund	11	2,929	12,834
Total revenue		23,907	33,398
Gains			
Gains on disposal of non-current assets	12	-	5
Total gains		-	5
Total income		23,907	33,403
EXPENSES			
Expenses			
Employee benefits expense	13	12,619	11,431
Supplies and services	14	2,800	3,075
Depreciation expense	15	545	602
Accommodation expenses	16	359	458
Workers' compensation claims	17	3,162	3,722
Uninsured claims	17	943	971
Loss on disposal of non-current assets	12	7	-
Other expenses	18	964	1,048
Total expenses		21,399	21,307
Profit/(Loss) before grants and subsidies from State Government		2,508	12,096
Grants and subsidies from State Government	19	38	48
Profit/(Loss) for the period		2,546	12,144

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

WorkCover Western Australia Authority - Balance Sheet as at 30 June 2009

	NOTES	2009 \$000	2008 \$000
ASSETS			
Current assets			
Cash and cash equivalents	20	4,267	4,474
Restricted cash and cash equivalents	21	43,994	39,177
Receivables	22	893	1,196
Other financial assets	23	9,119	7,787
Other current assets	24	26	462
Total current assets		58,299	53,096
Non-current assets			
Property, plant, equipment and vehicles	25	21,595	22,055
Total non-current assets		21,595	22,055
Total assets		79,894	75,151
LIABILITIES			
Current liabilities			
Payables	27	2,116	2,769
Provisions	28	5,687	5,947
Total current liabilities		7,803	8,716
Non-current liabilities			
Provisions	28	35,821	32,711
Total non-current liabilities		35,821	32,711
Total liabilities		43,624	41,427
NET ASSETS		36,270	33,724
EQUITY			
Reserves	29	17,697	17,697
Retained earnings/(accumulated losses)		18,573	16,027
Total equity		36,270	33,724

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

WorkCover Western Australia Authority - Statement of Changes in Equity for the year ended 30 June 2009

	NOTES	2009 \$000	2008 \$000
Balance of equity at start of period		33,724	36,779
RESERVES	29		
Asset revaluation reserve			
Balance at start of period		17,697	17,697
Gains/(Losses) from asset revaluation		-	-
Changes in accounting policy			
Balance at end of period		17,697	17,697
RETAINED EARNINGS			
Balance at start of period		16,027	19,082
Changes in accounting policy ^(b)			(75)
Correction of Prior Period Omission ^(c)	3	-	(15,124)
Restated balance at start of period		16,027	3,883
Profit/(loss) for the period		2,546	12,144
Balance at end of period		18,573	16,027
Balance of equity at end of period		36,270	33,724
Total income and expense for the period ^(a)		2,546	12,144

(a) The aggregate net amount attributable to equity is profit for 2009 of \$2,546.

(b) The change in accounting policy relates to the increase in the asset capitalisation threshold.

(c) Recognition of additional liabilities in respect to future claim payments.

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

WorkCover Western Australia Authority - Cash Flow Statement for the year ended 30 June 2009

	NOTES	2009 \$000	2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Supplementation Fund receipts		3,362	12,885
Insurer contributions		17,837	17,067
Provision of services		31	23
Interest received		3,377	2,738
GST receipts on sales		59	102
GST receipts from taxation authority		402	559
Other receipts		67	558
Payments			
Workers' compensation claim payments		(1,119)	(3,216)
Employee benefits		(12,975)	(10,962)
Supplies and services		(2,801)	(3,095)
GST payments on purchases		(449)	(547)
GST payments to taxation authority		(39)	(132)
Other payments		(1,716)	(1,856)
Net cash provided by/(used in) operating activities	30	6,036	14,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets	12	42	157
Purchase of non-current physical assets		(136)	(653)
Proceeds from sale of investments		-	-
Purchase of investments		-	-
Net cash provided by/(used in) investing activities		(94)	(496)
Net increase/(decrease) in cash and cash equivalents		5,942	13,628
Cash and cash equivalents at the beginning of the period		51,438	37,810
Cash and cash equivalent assets at the end of period	30	57,380	51,438

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 2009

1. Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2009 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 Treasurer's Instruction 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 2009.

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 2000* 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, except for certain assets and liabilities, which are at valuation. Land and buildings have been measured at fair value and provisions have been actuarially assessed, except where stated.

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 5 '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 6 'Key sources of estimation uncertainty'.

c) Reporting entity

The reporting entity comprises WorkCover Western Australia Authority.

The financial statements represent transactions of the Workers' Compensation and Injury Management General Account established under section 106 of the *Workers' Compensation and Injury Management Act 1981*, and the Supplementation Fund established under section 5 of the *Employers' Indemnity Supplementation Fund Act 1980*.

Trust Accounts under section 110 of the *Workers' Compensation and Injury Management Act 1981* are administered independently of the General Account and Supplementation Fund. See note 39 'Workers' Compensation and 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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 vehicles

Capitalisation/Expensing of assets

Items of property, plant and equipment and vehicles costing \$5,000 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 vehicles costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

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

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

The revaluation of land and buildings is an independent valuation provided on a triennial basis by Jones Lang LaSalle.

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

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

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 25 'Property, plant, equipment and vehicles'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 26 '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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

h) Financial instruments

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

- Loans and receivables
- Longer term investments
- Financial liabilities measured at amortised cost.

These have been disaggregated in the following classes:

Financial assets

- Cash and cash equivalents
- Restricted 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 not material.

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'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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, longer term 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 longer term 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 27 '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 28 'Provisions'.

i) Provisions - employee benefits

Annual leave and long service leave

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 GESB 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 PricewaterhouseCoopers 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, 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 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'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 28 'Provisions'.

iii) Provisions – Employer Indemnity Supplementation Fund and General Account

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.

The effect of changes in the discount rate is included in the income statement under workers compensation claims.

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 27 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

p) Comparative figures

The comparative information presented in these financial statements have been restated to correct a material omission to recognise additional liabilities classified under provisions totalling \$15.308 million. The correction has been accounted for retrospectively and the comparative statements for 2008 have been restated. (Refer note 3 'Corrections of prior period omission').

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 Account by balance sheet date.

3. Corrections of prior period omission

A full actuarial assessment of estimated claim liabilities conducted during the year has identified a material omission in relation to the amount of the liability recognised.

The full assessment was commissioned due to WorkCover WA's concerns about the potential impact of the global economic crisis on the solvency of both the Employer Indemnity Supplementation Fund and the Workers' Compensation and Injury Management General Account.

The omission resulted in an understatement in 2007/08 and prior years of both the liability in the balance sheet and the movement in the estimate through the profit and loss in the Income Statement.

The liabilities principally relate to projected asbestos claims whose pattern of future claim is inherently uncertain and have therefore been projected over a long period of time, with the final asbestos related diseases claims projected to arise by 2045.

The omission has resulted in overstating the profit by \$184,000 for the year ended 30 June 2008, and understating the liability by \$15.124 million as at 30 June 2008.

The omission has been corrected by restating each of the affected comparative amounts in these financial statements in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The restated 2008 comparatives include an adjustment to the opening balance at 1 July 2007.

The above actions taken by WorkCover WA have considerably broadened its evaluation of estimated future claim liabilities.

In past years, annual actuarial assessments of the liability for estimated future claim payments have been limited to liabilities arising from the failure of HIH Insurance. These assessments have assisted in the management of the Employer Indemnity Supplementation Fund, particularly in relation to any surcharge on employers' insurance policies paid pursuant to section 14 of the *Employer Indemnity Supplementation Fund Act 1980*.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

The restated liabilities therefore include all types of liabilities for estimated future claim payments arising against the Employers' Indemnity Supplementation Fund and the Workers' Compensation and Injury Management General Account; that is liabilities:

- that arises as a result of approved insurer collapses prior to the balance date including HIH related claims
- for claims incurred and reported plus incurred but not reported (IBNR) for workers' compensation to waterfront workers suffering from asbestos-related diseases under the *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986*
- for uninsured claims incurred up to balance date (where the employer has not maintained a workers' compensation policy, or where the employer is not able to be identified or located or an employer is in breach of the insurance contract). The liability allows for reported and IBNR claims.

4. Segment information

The Authority operates within one industry segment as per AASB 1005 however, for information purposes a summary is provided at note 44 for each of the Authority's services and the two funds.

5. 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 for asbestos and non-asbestos claims for the General Account and Supplementation Funds.
- ii) The Authority has adopted a policy of obtaining actuarial assessment of employee entitlements.

6. 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 28 'Provisions'.

Assessment of Supplementation Fund and General Account future claims liability

The Authority's risk in relation to outstanding claims liability arising from future claims liability in respect to the Supplementation Fund and General Account has been determined by actuarial assessment. The principal actuarial assumptions used are disclosed in note 28 'Provisions'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

7. 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 2008 that impacted on the Authority:

- 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, AAS 29 and AAS 31
- AASB 1004 'Contributions'
- AASB 1050 'Administered Items'
- AASB 1051 'Land Under Roads'
- AASB 1052 'Disaggregated Disclosures'
- AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AAS 27, 29 and 31[AASB 3, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]'
- Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise, there is no financial impact.

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:

	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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

	Operative for reporting periods beginning on/after
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]'. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Authority does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

8. Provision of services

	2009 \$000	2008 \$000
Other	31	23
	31	23

9. Interest revenue

	2009 \$000	2008 \$000
<u>General Account</u>	745	691
<u>Employers' Indemnity</u>	2,259	2,376
<u>Supplementation Fund (see note 31)</u>		
	3,004	3,067

10. Other revenue

	2009 \$000	2008 \$000
<u>General Account</u>		
Recoveries from uninsured employers	68	196
Other	38	211
	106	407

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

11. Employers' Indemnity Supplementation Fund

	2009 \$000	2008 \$000
Surcharge (i)	1,454	7,093
Recovery (ii)	1,475	5,741
	2,929	12,834

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

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

12. Net gain/(loss) on disposal of non-current assets

	2009 \$000	2008 \$000
<u>Costs of disposal of non-current assets</u>		
Equipment	-	-
Vehicles	49	152
	49	152

	2009 \$000	2008 \$000
<u>Proceeds from disposal of non-current assets</u>		
Equipment	-	-
Vehicles	42	157
	42	157
Net gain/(loss)	(7)	5

13. Employee benefits expenses

	2009 \$000	2008 \$000
Wages and salaries ^(a)	11,149	10,005
Superannuation-defined benefit plans (see note 28)	1,043	806
Annual leave ^(b)	(110)	119
Long service leave ^(b)	410	367
Superannuation	127	134
	12,619	11,431

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

(b) Reflect the adjustment for annual leave and long service leave provision.

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'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

14. Supplies and services

	2009 \$000	2008 \$000
Communications	152	182
Consultants and contractors	1,523	1,545
Consumables	675	1,037
Insurance	78	44
Training	184	125
Travel	60	69
Other	128	73
	<u>2,800</u>	<u>3,075</u>

15. Depreciation expense

	2009 \$000	2008 \$000
Buildings	448	443
Plant, equipment and vehicles	97	159
	<u>545</u>	<u>602</u>

16. Accommodation expenses

	2009 \$000	2008 \$000
Outgoings	159	188
Repairs and maintenance	184	186
Other	16	84
	<u>359</u>	<u>458</u>

17. Workers' compensation claims

	2009 \$000	2008 \$000
<u>Employers' Indemnity</u>		
<u>Supplementation Fund (see note 31)</u>	1,230	3,192
Workers' compensation claims	1,932	530
Movement in provision	<u>3,162</u>	<u>3,722</u>
General Account (see note 28)	427	553
Uninsured claims	516	418
Movement in provision	<u>943</u>	<u>971</u>

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

18. Other expenses

	2009 \$000	2008 \$000
<u>General Account</u>		
Joint initiative with WorkSafe	250	250
Employment on-costs ^(a) (see note 13)	613	474
Seminars	7	85
Doubtful debts	(47)	66
Sitting fees	79	100
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Administration fee paid to Insurance Commission of WA	62	73
	<u>964</u>	<u>1,048</u>

(a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

19. Grants and subsidies from State Government

	2009 \$000	2008 \$000
Revenue received during the year:		
Resources received free of charge from the State Solicitors Office	38	48
	<u>38</u>	<u>48</u>

20. Cash and cash equivalents

	2009 \$000	2008 \$000
Bank account	247	1,720
Cash on hand	2	2
Term deposits (a)	4,018	2,752
	<u>4,267</u>	<u>4,474</u>

(a) Term deposits are held in order to fund payments as they become due and payable. The term deposits range from 30 days to 3 months.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

21. Restricted cash and cash equivalents

	2009 \$000	2008 \$000
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Cash balance at Treasury	43,969	39,143
<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	25	34
	<u>43,994</u>	<u>39,177</u>

22. Receivables

	2009 \$000	2008 \$000
Current		
<u>General Account</u>		
Receivables	310	266
Allowance for impairment of receivables	(59)	(106)
Fines and penalties	49	100
Accrued revenue - Trust Fund	1	1
Accrued interest	103	87
GST receivable	114	89
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Accrued interest	354	743
GST receivable	21	16
	<u>893</u>	<u>1,196</u>
Non-current		
<u>General Account</u>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
	<u>-</u>	<u>-</u>

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

	2009 \$000	2008 \$000
<u>Reconciliation of changes in allowance for impairment of receivables</u>		
Balance at the start of the year	106	40
Doubtful debts expense recognised in the income statement	(47)	66
Amounts written-off against the allowance account during the year	-	-
Amount recovered during the year	-	-
Balance at the end year	59	106

Credit risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 1 month	154	152
Not more than 3 months	22	85
More than 3 months but less than 6 months	96	1
More than 6 months but less than 1 year	3	58
More than 1 year	79	66
	354	362

	2009 \$000	2008 \$000
<u>Receivables individually determined as impaired at the balance sheet date:</u>		
Carrying amount, before deducting any impairment loss	-	-
Impairment loss	-	-
	-	-

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'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

23. Other financial assets

	2009 \$000	2008 \$000
<u>Current</u>		
At cost:		
Term deposits ^(a)	9,119	7,787
	<u>9,119</u>	<u>7,787</u>

(a) The term deposits range from 90 days to 365 days.

24. Other financial assets

	2009 \$000	2008 \$000
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Sundry debtors	26	462
	<u>26</u>	<u>462</u>

25. Property, plant, equipment and vehicles

	2009 \$000	2008 \$000
<u>Land</u>		
At fair value ^(a)	13,985	13,985
	<u>13,985</u>	<u>13,985</u>
<u>Buildings</u>		
At fair value ^(a)	7,932	7,932
Accumulated depreciation	(892)	(443)
	<u>7,040</u>	<u>7,489</u>
<u>Buildings under construction</u>		
Construction costs	25	-
	<u>25</u>	<u>-</u>
<u>Plant, equipment and vehicles</u>		
At cost	1,081	1,258
Accumulated depreciation	(536)	(677)
	<u>545</u>	<u>581</u>
	<u>21,595</u>	<u>22,055</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 have been determined by reference to recent market transactions. Refer note 2(e) 'Property, plant and equipment and infrastructure'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 and vehicles \$000	Total \$000
2009					
Carrying amount at start of year	13,985	7,489	-	581	22,055
Additions	-	-	25	110	135
Transfers	-	-	-	-	-
Disposals	-	-	-	(49)	(49)
Revaluation increments/(decrements)	-	-	-	-	-
Depreciation	-	(449)	-	(97)	(546)
Carrying amount at end of year	13,985	7,040	25	545	21,595
2008					
Carrying amount at start of year	13,985	7,415	105	631	22,136
Additions	-	-	536	221	757
Transfers	-	517	(556)	40	1
Disposals	-	-	(85)	(152)	(237)
Revaluation increments/(decrements)	-	-	-	-	-
Depreciation	-	(443)	-	(159)	(602)
Carrying amount at end of year	13,985	7,489	-	581	22,055

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

26. Impairment of assets

There were no indications of impairment to property, plant and equipment assets at 30 June 2009.

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 2009 have been written-off.

27. Payables

	2009 \$000	2008 \$000
Current		
<u>General Account</u>		
Trade payables	375	154
Accrued expenses	463	730
Accrued salaries	1,018	1,437
GST payable	-	-
Other payables	83	382
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Claim payments	173	63
GST payable	-	-
Other creditors	4	3
	<u>2,116</u>	<u>2,769</u>

See also note 2(l) 'Payables' and note 36 'Financial instruments'.

28. Provisions

	2009 \$000	2008 \$000
Current		
<u>General Account</u>		
Employee benefits provision		
Annual leave ^(a)	937	1,087
Long service leave ^(b)	1,365	1,019
	<u>2,302</u>	<u>2,106</u>
Superannuation ^(d)	200	200
Uninsured workers	615	289
	<u>3,117</u>	<u>2,595</u>
Other provisions		
Employment on-costs ^(c)	129	118
	<u>129</u>	<u>118</u>
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Liability for estimated future claim payments	2,441	3,234
	<u>5,687</u>	<u>5,947</u>
Non-current		
<u>General Account</u>		
Employee benefits provision		
Long service leave ^(b)	554	627
Superannuation ^(d)	3,889	3,617
Uninsured workers	4,369	4,179
	<u>8,812</u>	<u>8,423</u>
Other provisions		
Employment on-costs ^(c)	31	35
	<u>8,843</u>	<u>8,458</u>
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Liability for estimated future claim payments	26,978	24,253
	<u>35,821</u>	<u>32,711</u>

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

(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:

	2009 \$000	2008 \$000
Within 12-months of Balance Sheet date	584	625
More than 12-months after Balance Sheet date	353	462
	<u>937</u>	<u>1,087</u>

(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:

	2009 \$000	2008 \$000
Within 12-months of Balance Sheet date	1,185	1,019
More than 12-months after Balance Sheet date	734	627
	<u>1,919</u>	<u>1,646</u>

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

(d) Defined benefit superannuation plans

The amounts recognised in the income statement are as follows:

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Current service cost	29	34	-	-
Interest cost (unwinding of the discount)	87	186	49	62
Net actuarial losses/(gains) recognised	360	(144)	61	7
Past service cost	-	-	-	-
Total, included in 'Employee benefits expense' (see note 13)	576	76	110	69

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	3,358	2,944	731	873
Liability in the balance sheet	3,358	2,944	731	873

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

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

Liability at start of year	2,944	3,055	873	1,119
Current service cost	29	34	-	-
Interest cost (unwinding of the discount)	187	186	49	62
Net actuarial losses/(gains) recognised	360	(144)	61	7
Benefits paid	(162)	(187)	(252)	(315)
Liability at end of year	3,358	2,944	731	873

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

Fair value of plan assets at start of year	-	-	-	-
Employer contributions	162	171	252	319
Benefits paid	(162)	(171)	(252)	(319)
Fair value of plan asset at end of year	-	-	-	-

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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

	2009	2008	2007
Discount rate	5.50%	6.50%	6.25%
Future salary increases	4.50%	4.50%	4.50%
Future pension increases	3.00%	3.00%	3.00%

	2009 \$000	2008 \$000	2007 \$000
--	---------------	---------------	---------------

Historic summary

Pension scheme:

Present value of unfunded obligation	3,358	2,944	3,055
Fair value of plan assets	-	-	-
Surplus/(Deficit)	3,358	2,944	3,055

Pre-transfer benefit - Gold State Superannuation Scheme:

Present value of unfunded obligation	731	873	1,119
Fair value of plan assets	-	-	-
Surplus/(Deficit)	731	873	1,119

Experience adjustments arising on plan liabilities:

Pension Scheme	(33)	(68)	256
Pre-transfer benefit - Gold State Superannuation Scheme	11	31	(12)

Employer funding arrangements for the defined benefit plans

Employer contributions of \$175,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2010.

Employer contributions of \$211,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2010.

- (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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

	2009 \$000	2008 \$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	27,487	26,957
Additional provisions recognised	1,223	1,661
Unwinding of the discount	1,939	2,061
Payments/other sacrifices of economic benefits	(1,230)	(3,192)
Carrying amount at the end of year	29,419	27,487
<u>Employment on-costs provision</u>		
Carrying amount at the start of year	153	167
Additional provisions recognised	7	-
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	-	(14)
Carrying amount at the end of year	160	153

29. EquityReserves

	2009 \$000	2008 \$000
<u>Asset revaluation reserve⁽ⁱ⁾:</u>		
Opening balance	17,697	17,697
Net revaluation increments/ (decrements):		
Land	-	-
Buildings -	-	-
Closing balance	17,697	17,697
<u>Retained earnings/(accumulated losses)</u>		
Balance at start of year	16,027	19,082
Change in accounting policy ⁽ⁱⁱ⁾	-	(75)
Correction of prior period error	-	(15,124)
Result for the period	2,546	12,144
Transfer (to reserve)/from asset replacement reserve	-	-
Balance at end of year	18,573	16,027
	36,270	33,724

(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) The change in Accounting policy relates to the increase in the asset capitalisation threshold.

(iii) Management has decided to report the asset replacement reserve as part of retained earnings.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

30. Notes to the Cash Flow Statement

	2009 \$000	2008 \$000
<u>Reconciliation of cash</u>		
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	57,380	51,438
Interest-bearing liability	-	-
	<u>57,380</u>	<u>51,438</u>
<u>Reconciliation of profit/loss to net cash flows provided by/(used in) operating activities</u>		
Profit/(loss)	2,546	12,144
Non-cash items:		
Depreciation and amortisation expense	545	520
Net (gain)/loss on sale of property, plant and equipment	7	(5)
(Increase)/decrease in assets:		
Current receivables	396	202
Other current assets	373	(329)
Non-current assets	-	-
Increase/(decrease) in liabilities:		
Current payables	(654)	1,225
Current provisions	402	(625)

Non-current provisions	2,448	1,011
Net GST receipts/(payments) ^(a)	(27)	(19)
Change in GST receivables/ (payables) ^(b)	-	-
Net cash provided by/(used in) operating activities	<u>6,036</u>	<u>14,124</u>

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

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

31. Employers' Indemnity Supplementation Fund (EISF)

The EISF was established by the *Employers' Indemnity Supplementation Fund Act 1980* 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 1986*.

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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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

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

EISF Act liabilities

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

Workers' compensation - Asbestos-related claims

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

Workers' compensation - non Asbestos-related claims

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

Actuarial assumptions

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

EISF Act: Asbestos-related claims	2009	2008
Inflation rate	4% for 2010 and later	4.75% for 2009 and later
Discount rate	3.4% for 2010, 4.8% for 2011, 6.0% for 2012, 6.2% for 2013 to 2015 and 6.1% for 2016 onwards	7.1% for 2009, 6.8% for 2010, 6.6% for 2011, 6.4% for 2012 and 6.3% for 2013 onwards
Claims managements expenses	10.5% 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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

EISF Act: non Asbestos-related claims	2009	2008
Inflation rate	4% for 2010 and later	4.75% for 2009 and later
Discount rate	3.4% for 2010, 4.8% for 2011, 6.0% for 2012, 6.2% for 2013 to 2015 and 6.1% for 2016 onwards	7.1% for 2009, 6.8% for 2010, 6.6% for 2011, 6.4% for 2012 and 6.3% for 2013 onwards
Claims managements expenses	10.5% of claim payments	5% of claim payments
Superimposed inflation	4.00%	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.*

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	26,957
2008	27,487
2009	29,419

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

From 2005, the actuarial assessment makes allowance for current known asbestos related claims and for claims incurred but not reported claims. Prior to 2007, the estimates do not include provision for Non-HIH liabilities.

In accordance with Accounting Standard AASB 1023 General Insurance Contracts the outstanding claims liability at 30 June 2009 was assessed at \$29,419,000 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. From the 25 June 2008, the surcharge was discontinued. The revenue collected previously from the surcharge will be used to pay this liability.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

32. Commitments

	2009 \$000	2008 \$000
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	468	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>468</u>	<u>-</u>
The capital commitments include amounts for:		
Air conditioning plant upgrade	<u>468</u>	<u>-</u>

33. Contingent liabilities and contingent assetsContingent liabilities

A contingent liability has been identified against the General Account of approximately \$100,000.

Contingent assets

There are no contingent assets.

34. Events occurring after Balance Sheet date

No events occurred after Balance Sheet date.

35. Explanatory statement

This statement provides details of any significant variation between estimates and actual results for 2009, and between the actual results for 2008 and 2009

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.

	2009 Actual \$000	2009 Estimate \$000	Variation \$000
Income			
Interest revenue	3,004	3,104	(100)
Employers' Indemnity Supplementation Fund	2,929	500	2,429
Expenses			
Employee benefits expenses	12,619	13,832	1,213
Suppliers and services	2,800	4,612	1,812
Workers' compensation claims	3,162	2,361	(801)

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Interest revenue

The reduction largely reflects lower return on Supplementation Fund Treasury account as a result of lower cash rates.

Employers' Indemnity Supplementation Fund

The increase largely reflects higher than expected Liquidator's dividends received for HIH, FAI and CIC insurers and levies received from insurers regarding prior year policy adjustments.

Employee benefits expenses

The reduction largely reflects general vacancies across the organisation.

Supplies and services

The reduction largely represents not meeting projected expenditure for Business Plan Initiatives and other projects.

Workers' compensation claims

The rise in workers compensation claims is largely due to the recognition of Supplementation Fund HIH and Non-HIH liabilities and movements.

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

	2009 \$000	2008 \$000	Variation \$000
Income			
General Account contributions	17,837	17,067	770
Employers' Indemnity Supplementation Fund	2,929	12,834	(9,905)
Expenses			
Employee benefits expense	12,619	11,431	(1,188)
Supplies and services	2,800	3,075	275
Workers' compensation claims	3,162	3,722	560

General Account contributions

The increase reflects the higher contributions collected from insurers and self-insurers.

Employers' Indemnity Supplementation Fund

The reduction largely reflects discontinued Supplementation Fund surcharge from insurers and self-insurance and the lower Liquidator's dividends received for HIH, FAI and CIC insurers.

Employee benefits expenses

The increase largely reflects the EBA backpayment, increase in superannuation and leave entitlements.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Supplies and services

The reduction largely reflects a decrease in expenditure on consumables, printing and IT costs.

Workers' compensation claims

The reduction is largely due to lower than expected claims payments.

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 Authority'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 Authority's earnings, however, movements in interest rates are beyond the Authority'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:

	2009 \$000	2008 \$000
Financial assets		
Cash and cash equivalents	4,267	4,474
Restricted cash	43,994	39,177
Receivables ⁽ⁱ⁾	759	1,091
Other financial assets	9,119	7,787
Other current assets	27	462
Financial liabilities		
Payables	2,116	2,769
Provisions	41,508	38,658

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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:

	Interest Rate Exposure					Past Due But Not Impaired				
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total \$000	Up to 1 Month \$000	1 to 3 Months \$000	3 to 6 Months \$000	6 to 12 Months \$000	More than 1 Year \$000
2009										
Financial assets										
Cash and cash equivalents	3.44	-	4,267	-	4,267					
Restricted cash	3.21	43,994	-	-	43,994					
Receivables ^(a)	-	-	-	759	759	154	22	96	3	79
Other financial assets	4.13	-	9,119	-	9,119					
Other current assets	-	-	-	27	27					
		43,994	13,386	786	58,166	154	22	96	3	79
Financial liabilities				2,116	2,116					
Payables				41,508	41,508					
Provisions				43,624	43,624					

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

	Interest Rate Exposure					Past Due But Not Impaired				
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total \$000	Up to 1 Month \$000	1 to 3 Months \$000	3 to 6 Months \$000	6 to 12 Months \$000	More than 1 Year \$000
2008										
Financial assets										
Cash and cash equivalents	6.14	-	4,474	-	4,474					
Restricted cash	7.63	39,177	-	-	39,177					
Receivables ^(a)	-	-	-	1,091	1,091	152	85	1	58	66
Other financial assets	8.11	-	7,787	-	7,787					
Other current assets	-	-	-	462	462					
		39,177	12,261	1,553	52,991	152	85	1	58	66
Financial liabilities										
Payables				2,769	2,769					
Provisions				38,658	38,658					
				41,427	41,427					

(a) The amount of Receivables excludes GST recoverable from the ATO.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 1 per cent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2009	Carrying amount \$000	-1% change Profit \$000	Equity \$000	+1% change Profit \$000	Equity \$000
Financial assets					
Cash and cash equivalents	4,267	-43	-43	43	43
Receivables	759	-	-	-	-
Other financial assets	9,119	-91	-91	91	91
Financial liabilities					
Payables	2,116	-	-	-	-
Borrowings					
Other financial liabilities					
Total increase/ (decrease)		-134	-134	134	134

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

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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

37. Remuneration of members of the accountable authority and senior officersRemuneration 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:

	2009 \$000	2008 \$000
\$0 - \$10,000	3	2
\$10,001 - \$20,000	3	4
\$30,001 - \$40,000	1	1
\$80,001 - \$90,000	1	-
\$200,001 - \$210,000	-	1
\$470,001 - \$480,000 ⁽ⁱ⁾	1	-
The total remuneration of members of the accountable Authority is:	642	297

(i) Includes the termination payment for a member during the financial year.

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:

	2009 \$000	2008 \$000
\$0 - \$10,000	3	1
\$20,001 - \$30,000	-	1
\$30,001 - \$40,000	1	-
\$80,001 - \$90,000	1	1
\$90,001 - \$100,000	1	-
\$100,001 - \$110,000	1	-
\$110,001 - \$120,000	-	2
\$120,001 - \$130,000	1	-
\$130,001 - \$140,000	-	2
\$140,001 - \$150,000	1	-
\$170,001 - \$180,000	1	-
The total remuneration of senior officers is:	794	618

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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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

73	67
73	67

39. Workers' compensation and Injury Management Trust Account

The purpose of the Trust Account 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.

	2009 \$000	2008 \$000
Income		
Amounts paid to the custody of the Authority	214	188
Interest on investments	57	72
	271	260
Expenditure		
Payments by the Authority	496	236
Administration fee	8	10
	504	246
Surplus/(Deficit)	(233)	14
Balance 1 July	951	945
Balance 30 June	718	959
Balance of funds held represents:		
Cash and cash equivalents	716	951
Add accrued interest	2	8
Less accrued expenses	-	-
	718	959

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

40. Supplementary financial information**Potential claims recoveries written off**

In relation to the General Account, WorkCover WA may have a statutory obligation to pay a workers' compensation claim. For uninsured claims where the employer has not maintained a workers' compensation insurance policy, or the employer is not able to be identified or located or an employer is in breach of the insurance contract, WorkCover WA seeks to recover the costs of the claims from the employer.

Potential recoveries receivable are assessed with regard to the ability of the debtors to meet their obligation. These recoveries have not been recognised as income because the amount to be recovered could not be reliably measured and consequently the write-off of these debts have not been charged as an expense in the Income Statement. The General Account debt write-offs outlined below for the 2009 financial year are net of recoveries received from employers.

In accordance with section 48(2) of the *Financial Management Act 2006*, potential recoveries were written-off from the following fund:

	2009 \$000	2008 \$000
<u>Write-offs</u>		
Debts written off by the Authority during the financial year:		
Uninsured claims	1,481	61
General account	-	-
	<u>1,481</u>	<u>61</u>
Amounts written-off by the Board	685	61
Amounts written-off by the Minister	796	-
	<u>1,481</u>	<u>61</u>

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Number of individual recovery write-offs with values between:

\$0 - 100,000	19
\$100,001 - 250,000	6

	2009 \$000	2008 \$000
<u>Losses through theft, defaults and other causes</u>		
Losses of public money and public and other property through theft or default	-	-
Amount recovered	-	-
	-	-
	2009 \$000	2008 \$000
<u>Gifts of public property</u>		
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. Indian Ocean Territories

The Commonwealth Government has a service delivery arrangement with the Authority for the provision of services to Christmas and Cocos-Keeling Islands.

	2009 \$000	2008 \$000
Opening balance	34	67
Funding received from the Commonwealth	-	-
	34	67
Payments by program	-	-
Statistical database	5	1
Scheme development	-	3
Dispute resolution	-	-
Compliance	2	21
Support	2	8
Total payments	9	33
Balance carried forward	25	34

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

44. Schedule of income and expenses by service

	General Account								Employers' Indemnity Supplementation Fund			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenues from ordinary activities	8,467	8,784	7,097	7,187	3,155	2,222	18,719	18,193	5,188	15,210	23,907	33,403
Expenses from ordinary activities	9,222	8,887	7,717	7,285	1,236	872	18,175	17,044	3,224	4,029	21,399	21,073
Grants and subsidies from Government	-	-	-	-	38	48	38	48	-	-	38	48
Net profit/(loss)	(755)	(103)	(620)	(98)	1,957	1,398	582	1,197	1,964	11,181	2,546	12,378

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

45. Schedule of income and expenses by service

	General Account								Employers' Indemnity Supplementation Fund			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenues from ordinary activities	8,467	8,784	7,097	7,187	3,155	2,222	18,719	18,193	5,188	15,210	23,907	33,403
Expenses from ordinary activities	9,222	8,887	7,717	7,285	1,236	872	18,175	17,044	3,224	4,029	21,399	21,073
Grants and subsidies from Government	-	-	-	-	38	48	38	48	-	-	38	48
Net profit/(loss)	(755)	(103)	(620)	(98)	1,957	1,398	582	1,197	1,964	11,181	2,546	12,378

Other financial disclosures

Capital works

The replacement of the air conditioning plant was initiated during the year. The contract will see the replacement of the larger of two chillers and the expansion of the plant compound. The contract has been awarded and work on constructing the new chiller has commenced. Installation of the new chiller is expected to commence in the second half of 2009.

WorkCover WA has commenced an information technology infrastructure replacement program that includes the replacement of obsolete computers, laptops, printers and associated software throughout the agency. The rollout of new equipment and software will be completed within the first quarter of 2009/10.

Employment and industrial relations

Employees at WorkCover WA staff are employed under the provisions of the Public Service Award 1992 and the Public Service General Agreement 2008.

Staff profile

At 30 June 2009, WorkCover WA employed 144 full-time and part-time staff members representing 137.17 full-time equivalent.

Employee occupancy at 30 June 2009

Employment type	FTE
Full-time permanent	106.00
Full-time contract	15.00
Part-time	11.17
On secondment	5.00
Total	137.17

Occupational safety, health 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 (OSH) 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 WorkCover WA OSH management system includes a range of strategies that address the obligations outlined in the WorkSafe Plan.

The OSH Committee, including the employee representatives, forms the key to OSH consultation within WorkCover WA. An election was held during the year and WorkCover WA OSH representatives were elected for a two-year term. The committee members' appointment, location and details are communicated to all employees via the agency intranet and via all-of-staff emails. The OSH Committee meets quarterly to discuss and resolve OSH issues, and review hazard and incident reports.

Managers are responsible for integrating OSH into all aspects of the workplace, promoting communication and consultation on OSH issues and taking effective action to promote and maintain a safe and healthy workplace.

The OSH and injury management policies are accessible and clearly identify employer and employee OSH responsibilities.

Workers' compensation and injury management for WorkCover WA employees

	2008/09 Target	2008/09 Actual
Number of fatalities	0	0
Lost-time injury/diseases incidence rate	0	2.08
Lost-time injury/disease severity rate	0	0
Percentage of injured workers returned to work within 28 weeks	100%	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	>/= 50%	18%

WorkCover WA Publications

New or amended in 2008/09

- **Customer first feedback**
- A guide to Noise Induced Hearing Loss
- Important Information for Workers
- **Contractors and Workers' Compensation – Are you a worker under the Act?**
- Important Information for Employers
- How do I manage work injuries?
- Guidance Notes for the Code of Practice (Injury Management) 2005
- How do I take out workers' compensation insurance?
- When do I need an Approved Medical Specialist: Information for Workers
- How does the claim process work?
- The role of an Approved Medical Specialists: A Guide for Medical Practitioners
- What is a return to work program?
- A Guide to Common Law
- Who covers my interstate and overseas employees for workers' compensation?
- A Guide to Dispute Resolution
- Who do I need to cover for workers' compensation?
- Exceptional Circumstances Medical Payments
- **Specialised Retraining Programs**
- WorkCover WA Guide for the Evaluation of Permanent Impairment (2nd Ed)
- Assessment of permanent injuries before and after 14 November 2005
- A Guide for the Treating Doctor
- Understanding dispute resolution (DVD)
- **Advisory Services/Customer Assistance Unit**
- **Guidance Notes for Approved Medical Specialists: Procedures for the permanent impairment assessment process**
- **2007/08 WorkCover WA Annual Report**



The WorkCover WA Annual Report 2007/08 won the W.S. Lonnie Memorial Trophy for Excellence in Annual Reporting, Gold in the 101-1,000 FTE agency category and the Allan Skinner Trophy for the "best annual report submitted by an agency from the general government sector".



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