



# WorkCover WA Annual Report 2009/10

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## Statement of Compliance

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To The Hon. Bill Marmion BE, MBA, 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 ended 30 June 2010.

The annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006*, and where applicable, a statement acknowledging the incorporation within the report of any special reporting requirements imposed upon WorkCover Western Australia Authority by any other written law.



**Greg Joyce**  
Chair  
WorkCover Western Australia Authority

19 August 2010



**Michelle Reynolds**  
Chief Executive Officer  
WorkCover Western Australia Authority

19 August 2010

This report is presented to the Minister in accordance with a resolution of the governing body of the WorkCover Western Australia Authority on 2 September 2010.

### Availability and accessibility of this report

WorkCover WA's 2009/10 Annual Report is published on the agency's website [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au). The report conforms to State Government requirements for accessibility and ease in downloading and can be viewed in Word or PDF format as a whole, or in PDF format in sections. Alternative formats (such as large font and translated) are available on request.

The report has been produced in line with the Public Sector Commission *Western Australian Public Sector Annual Reporting Framework for the 2009-2010 Reporting Year* and the Department of Treasury and Finance *Model Annual Report Statutory Authorities*. The report meets these guidelines to keep costs as low as possible for production, graphics, photographs, artwork and printing.

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## Overview

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### Executive Summary

#### Chair and CEO report

WorkCover WA's position as regulator of a privately underwritten workers' compensation system was particularly highlighted in 2009/10.

The WA community has every reason to be confident in WorkCover WA's ability to deliver a strong, sustainable and highly resilient scheme - having come through the global financial crisis relatively unscathed and continuing to weather constant shifts in the market.

Our activities reflect yet again the importance of maintaining a stable scheme.

As always we've been resolute in our monitoring and responses to environmental pressures, while seeking new opportunities to improve and strengthen our system. We've intensified our scrutiny of the key factors in a privately underwritten system - predominantly premium rates and data collection - as well as external influences such as claims numbers and wage growth.

Our commitment to the Western Australian community is unchanged:

- Ensure employers protect the rights of their workers in the event of work-related injury or disease
- Regulation with a strong emphasis on awareness, education and compliance
- Be innovative and proactive in the way we engage with our stakeholders.

Our core objective is to make sure every WA business has workers' compensation insurance - and all workers are protected in the event of a workplace injury or disease. In the past year we've lifted our efforts through a balance of proactive education and pursuing enforcement.

A key highlight in 2009/10 has been the **2009 Legislative Review** of the *Workers' Compensation and Injury Management Act 1981*. Following intense stakeholder engagement, Western Australians can look forward to a raft of improvements to our workers' compensation system including:

- the removal of provisions discriminating against older employees
- improving protection for injured workers whose employers unlawfully fail to take out workers' compensation insurance
- a stronger emphasis on conciliation in dispute resolution as an early intervention strategy to divert more cases away from arbitration to achieve speedier negotiation.

With the review completed and delivered to the Minister in December 2009, and approved by Cabinet in March 2010, we're pleased to report the drafting of legislative amendments is now underway for Parliamentary consideration.

In 2009/10 we also announced the lowest average **Recommended Premium Rate** in our system's history - largely due to WA's economic recovery together with continuing wages growth and a steady fall in workers' compensation claims.

As we enter 2010/11 and the second year of our current strategic plan, we look forward to building on the momentum of the previous year.

A priority is to strengthen our profile at the national level. We firmly believe Western Australia's status as a market driven, privately underwritten workers' compensation scheme holds unique benefits that must be considered in debates over harmonising state schemes.

We have represented WA at several key industry forums in the past year. We will progressively step up our commitment in the coming year.

We'll keep collaborating closely with scheme participants to gather intelligence and inform policy - because it's through their knowledge and experience 'on the ground' we learn first-hand what's happening in the market and can identify emerging needs and trends.

We thank our Minister Hon Bill Marmion MLA for his commitment since taking over the portfolio in April 2010 and to the former Minister Troy Buswell MLA for his valued support.

Finally we acknowledge WorkCover WA's tremendous workforce - the people here continue to impress with their diligence and commitment to improving how we deliver our services. In a word, they are exceptional!



**Greg Joyce**  
Chair  
WorkCover Western Australia Authority

19 August 2010



**Michelle Reynolds**  
Chief Executive Officer  
WorkCover Western Australia Authority

19 August 2010

## Performance Highlights

In 2009/10, WorkCover WA commenced implementing its *Strategic Plan 2009-2012*, completing 20 key initiatives throughout the year. Performance highlights - grouped under the Strategic Plan's five strategic goals - included:

### Goal 1: Strategic Positioning

**We are positioned to address changes in the industry and anticipate and meet the future needs of our stakeholders as well as ensure long-term financial integrity and stability for the scheme.**

During 2009/10, WorkCover WA:

- upgraded processes for collecting and distributing data to better identify and analyse emerging trends impacting on the workers' compensation system
- managed the recommended premium rate process through the timely gazettal of rates.

### Goal 2: Stakeholder Engagement

**Relationships with our stakeholders are established and built to maintain a viable and sustainable scheme.**

During 2009/10, WorkCover WA:

- strengthened its engagement with stakeholders, in particular as part of the major review of the workers compensation legislation
- upgraded our feedback system to enable us to better manage and respond to suggestions, compliments and complaints about WorkCover WA.

### Goal 3: Regulatory Compliance

**Stakeholders are educated about and comply with the regulatory scheme.**

During 2009/10, WorkCover WA:

- developed an education and information model to improve stakeholder awareness of their legislative obligations and to identify key stakeholders requiring targeted education or awareness strategies
- developed a framework to facilitate robust monitoring of approved service providers to drive improvements in performance and ensure compliance
- increased enforcement efforts where employers do not comply.

#### **Goal 4: Operational Flexibility and Responsiveness**

**Our systems and processes are enhanced to enable us to provide quality, responsive services and outcomes for our stakeholders.**

During 2009/10, WorkCover WA:

- undertook a major legislative review of the State's workers' compensation legislation
- developed a new contact management system to enable staff to quickly access all previous correspondence relating to a claim or enquiry to provide a better service to workers, employers and other customers. The new system also allows for more accurate reporting of the number of calls and advice provided.

#### **Goal 5: Organisational Excellence**

**We have the culture, people, systems and processes to deliver our outcomes.**

During 2009/10, WorkCover WA:

- undertook a comprehensive, externally benchmarked, review of the Board's and Chief Executive Officer's delegations and governance policies to ensure "best practice" governance and financial management processes.
- WorkCover WA was very pleased to be acknowledged at the annual WS Lonnie Awards for Excellence in Annual Reporting for our 2008/09 Annual Report. WorkCover WA received the Department of Treasury & Finance's Special Award for Performance Reporting and won the Bronze Award in the 100-1000 FTE category.



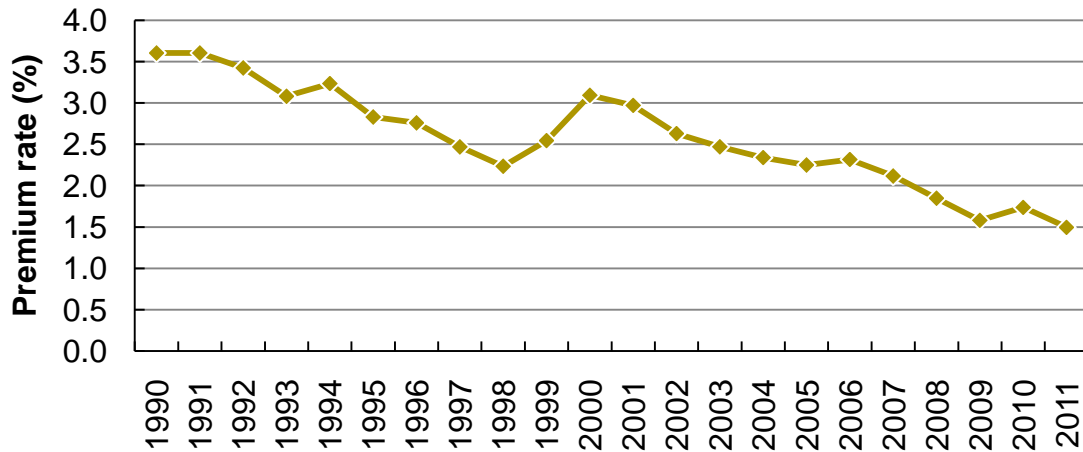
## Scheme Snapshot

The Scheme Snapshot provides a brief overview of the workers' compensation environment in Western Australia, using the most recent data available. Further details are available in the ['Report on Operations' section](#) and from WorkCover WA's website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

### Average Recommended Premium Rate

The average recommended premium rate provides an indication of the average rate for the scheme based on the gazetted recommended premium rates. The 2010/11 recommended premium rates continue a long-term downward trend. The average recommended rate has reduced by 52% since 1999/00 and by 43% since 2001/02. The changes to the *Workers' Compensation and Injury Management Act 1981* in 1999 regarding access to common law, and recent high wages growth are the main drivers of these reductions.

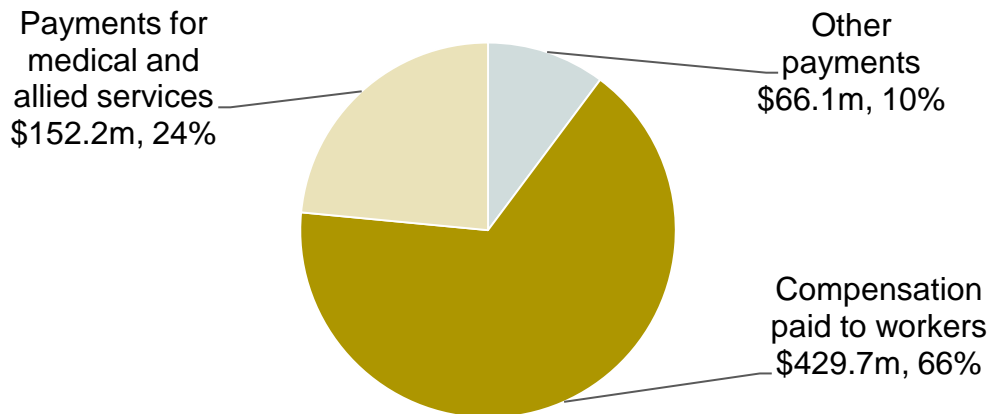
#### Average recommended premium rates 1989/90-2010/11



## Workers' Compensation Scheme Payments

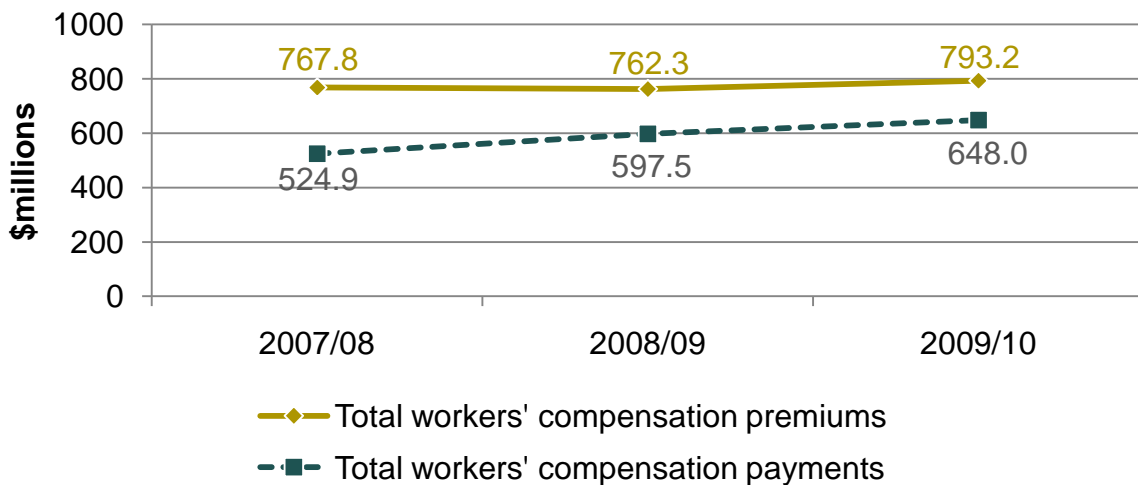
Workers' compensation claim payment data includes actual expenses for all workers' compensation claims. During 2009/10, two-thirds of compensation was paid directly to workers in the form of weekly benefits, settlements and common law payouts. Just under one-quarter of payments were made for medical and allied health services. The "other payments" category includes payments for various specialist items or services such as hearing aids, ambulance travel and wheelchairs.

### Breakdown of 2009/10 WA workers' compensation scheme payments



### Trends in workers' compensation scheme payments and premium income

This graph shows changes in premiums collected and compensation paid over the past three financial years. Increases in claim payments and premium income over time reflect increases in numbers of employees, wage growth and inflationary pressures. Note: the total payments in the graph are not adjusted for inflation.



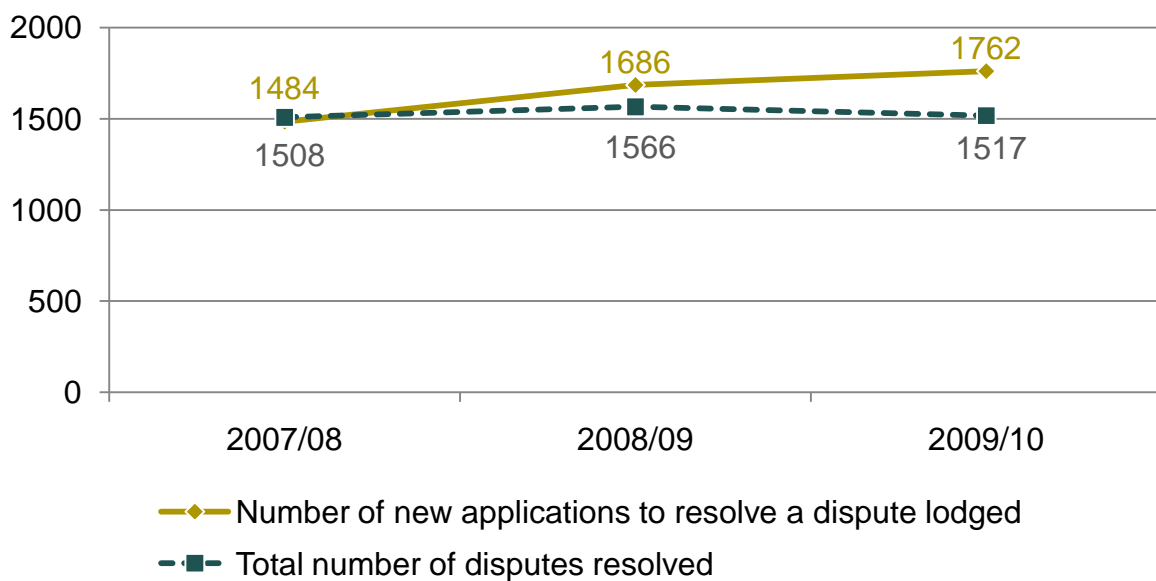
Detailed information regarding payments in the WA workers' compensation scheme is available in the *Workers' Compensation Statistical Report 2005-06 - 2008-09* on the WorkCover WA website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

## Disputes lodged and resolved

The graph below shows that the number of applications lodged for the reporting period remained relatively stable with a continuation of the reduction trend for the 1993 common law scheme applications.

There were 1517 dispute applications lodged in 2009/10, compared with 1762 applications resolved. As an application can be lodged in one reporting year and not resolved until the following year, the number of applications finalised does not correspond with the number lodged. For the current year, 245 additional matters were closed compared with new applications received.

### Comparison between number of disputes lodged and the number resolved



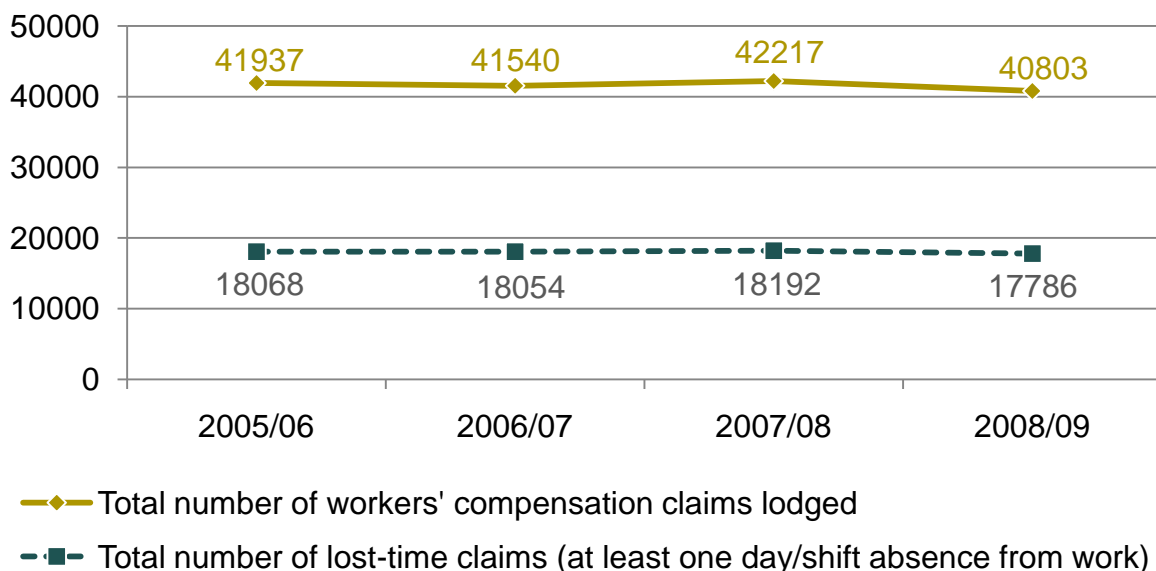
## Claim Statistics

Claim statistics provide detailed information on the number and nature of claims according to the financial year in which claims were 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 information contained within this section of the report is based on a snapshot of claims data extracted in January 2010. Due to the nature of capturing, verifying and analysing claims data, information for claims lodged in 2009/10 was not available at the time of publishing this report.

Further information on claim numbers and costs are reported in the Workers' Compensation in *Western Australia Statistical Report 2005/06 to 2008/09*, available from the WorkCover WA website at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

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



The total number of claims refers to claims lodged with approved insurers, self-insurers and the Insurance Commission of Western Australia, and includes disallowed claims.

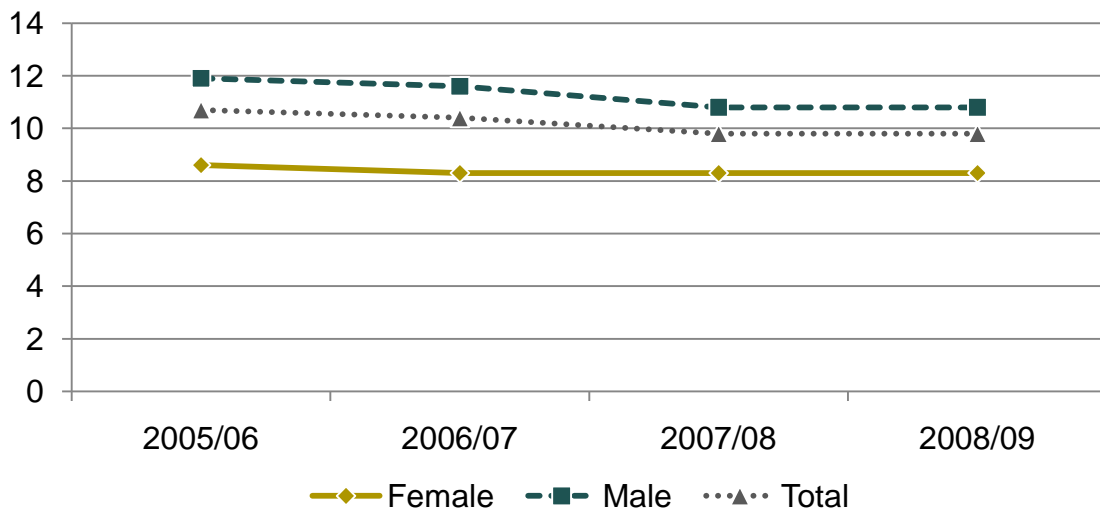
Lost-time claims involve at least one day or shift off work. Lost-time claims as a proportion of total claims have remained stable, at around 43%, over the four years from 2005/06 to 2008/09.

**Frequency rate of lost-time claims (lost-time claims per million hours worked)**

This chart shows the number of lost-time claims per million hours worked. While the total number of claims lodged has remained relatively stable between 2005/06 and 2008/09, the frequency rate of lost-time claims has decreased during this time period.

The frequency rates for males have been decreasing, while the frequency rates for females have been relatively stable.

In 2008/09 the industries with the highest lost-time claim frequencies were manufacturing, cultural and recreational services, and health and community services.



	2005/06	2006/07	2007/08	2008/09
Female	8.6	8.3	8.3	8.3
Male	11.9	11.6	10.8	10.8
Total	10.7	10.4	9.8	9.8

## Financial Snapshot

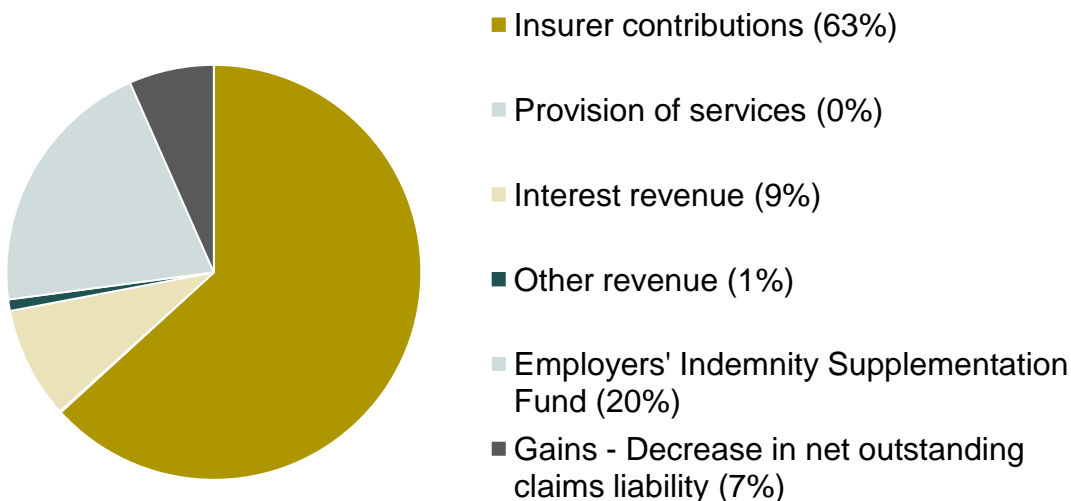
The majority of WorkCover WA's funding (63%) is derived from insurer contributions in the form of an annual levy paid by employers and by a direct levy on employers who are approved by the agency to self-insure.

This snapshot represents a consolidation of both the General and Supplementation Funds. Please refer to the Financial Statements and associated notes for more detailed analysis and disclosure.

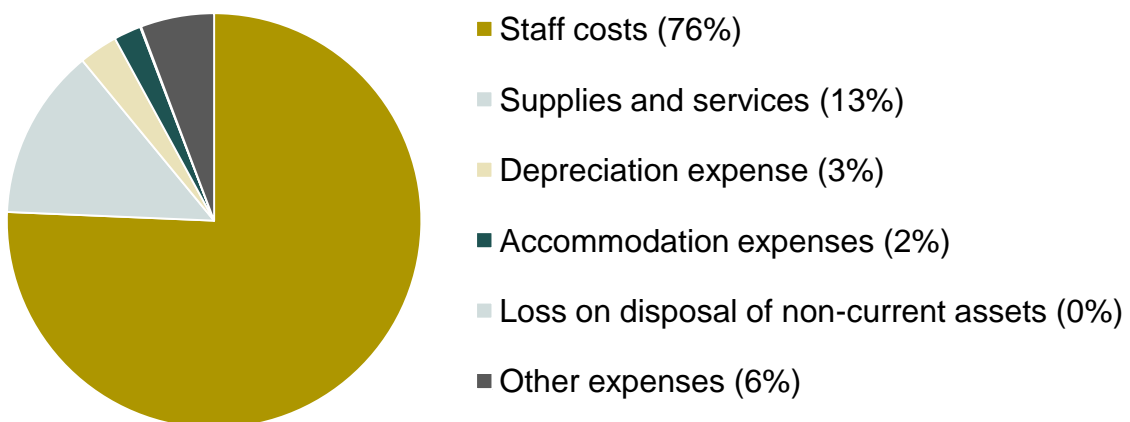
Total WorkCover WA revenue in 2009/10 was \$28.65 million.

Total expenditure was \$18.7 million.

### WorkCover WA income



### WorkCover WA expenditure



Staff costs account for 76 per cent of agency expenditure. The remaining funds were expended on supplies and services, accommodation and other expenses.

## **Outlook for the Future**

2010/11 will see WorkCover WA focus on 15 new strategic initiatives as we continue implementing the *Strategic Plan 2009-12*.

### **Goal 1: Strategic Positioning**

In 2010/11, WorkCover WA will:

- continue its active participation in the Safe Work Australia Strategic Issues Group - Workers Compensation and the Heads of Workers' Compensation Authorities, progressing efforts towards consistent and improved responses to and management of work related injuries
- undertake research to determine the impact of long duration claims on the workers' compensation scheme
- continue building on an improved framework to monitor the health of Western Australia's workers' compensation scheme, increasing the use of business intelligence to manage risks.

### **Goal 2: Stakeholder Engagement**

In 2010/11, WorkCover WA will:

- undertake a survey of injured workers, gathering data on return to work outcomes, as well as worker satisfaction with claim and injury management services
- review communication tools used by WorkCover WA to inform insurers on scheme developments, policies and procedures.

### **Goal 3: Regulatory Compliance**

In 2010/11, WorkCover WA will:

- increase our engagement with insurance brokers by introducing accredited training
- review the information and education we provide on injury management.

### **Goal 4: Operational Flexibility and Responsiveness**

In 2010/11, WorkCover WA will:

- undertake the first phase of the Review of Workers' Compensation Safety Net Funds. The 'safety net' applies to the statutory funds and safeguards which apply to asbestos related disease claimants, liabilities associated with an insolvent insurer, and workers of uninsured employers who are seeking common law damages
- investigate options to improve the efficiencies in the dispute resolution system.

### **Goal 5: Organisational Excellence**

In 2010/11, WorkCover WA will:

- enhance procurement, budgeting and financial reporting capabilities by upgrading WorkCover WA's Financial Management Information System.

## The WA Workers' Compensation System

The Western Australian workers' compensation system is designed to help injured workers return to work successfully.

### When can a worker claim for compensation?

WA's system is based on a 'no-fault' principle - that is, an injured worker does not need to establish the employer was at fault or negligent to make a claim. As such, a claim may be made by a worker if any of the following results in time off work or where the worker has incurred medical costs:

- a personal injury by accident arising out of, or in the course of employment, or while acting on the employer's instructions
- a disabling disease
- a disease contracted in the course of employment, or the recurrence or aggravation of a pre-existing disease where the employment contributed to a significant degree

In many cases, workers do not need time off work and simply claim for compensation of medical and related expenses. However, some claims may be complex - particularly if disputed or if the injury is significant.

### How does a worker make a claim for compensation?

1. If injured in the workplace, the worker immediately seeks first aid and notifies the employer of the injury.
2. As soon as possible, the injured worker attends a doctor and obtains a *First Medical Certificate*. The worker also completes a *Workers' Compensation Claim Form 2B* to submit with the *First Medical Certificate* to their employer.
3. Within three days of receiving the claim form and certificate from the worker, the employer forwards both to the insurer with which they have a workers' compensation policy.
4. The insurer considers the claim, and notifies the worker within 14 days whether the claim has been:
  - accepted - whereby the employer will compensate medical and other expenses, and weekly payments will commence if the injury prevents the worker from working
  - disputed - whereby no compensation will be paid and a reason provided for the decision. If the worker disagrees, they can ask the insurer to re-evaluate the decision. If still unresolved, the worker may apply to WorkCover WA's Dispute Resolution Directorate to resolve the dispute - if they do not, the insurer may consider the claim dismissed
  - held/pended - where the insurer puts the claim on hold pending further information from the worker, employer or treating medical practitioner. The insurer will specify the information they need and the likely timeframes in which enquiries will be completed. If no response is received accepting or denying the claim within a further 10 days, then there is a "deemed dispute" amenable to arbitration.



## **Who needs to have workers' compensation insurance?**

Employers are obliged to maintain current workers' compensation insurance coverage of all their workers, as defined by the Act. WorkCover WA provides advice and assistance to employers to help them understand who to cover and how to obtain cover, as well as how to comply with other obligations under the Act.

Failure to comply with the Act or attempting to avoid workers' compensation obligations will attract significant fines and costs. However, workers remain protected in cases where their employer has failed to maintain workers' compensation insurance, as they may claim compensation against the WorkCover WA General Account.

## **Further information and assistance**

Workers' compensation also covers a range of complex issues such as noise-induced hearing loss, assessment of permanent impairment, and finalising a claim through settlements or by seeking common law damages. It also involves members of various professions such as general practitioners, allied health providers, insurance brokers, legal representatives, and vocational rehabilitation providers.

WorkCover WA's website provides information and resources to help workers, employers, health providers and service providers to understand their roles, rights and obligations in the workers' compensation system. The website is available at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

WorkCover WA also provides an Advisory Service info line for all parties within the workers' compensation system who need guidance or assistance in relation to the Act. The Advisory Service can be contacted on 1300 794 744 or TTY (hearing impaired) 08 9388 5537 between 8:00am to 5:00pm Monday to Friday.

## Operational Structure

### Enabling Legislation

The WorkCover WA Authority is constituted under section 94(1) of the *Workers' Compensation and Injury Management Act 1981* (the Act). WorkCover WA's functions and powers are detailed in sections 100 and 101 of the Act, while the main objectives and constitution of the Dispute Resolution Directorate are detailed in sections 279 and 280 of the Act.

For more information, see the [Legislation Administered section](#).

### Responsible Minister

The Hon. Bill Marmion BE, MBA, MLA, Minister for Commerce.

### 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.

### Role of WorkCover WA

#### Vision

A workers' compensation scheme valued by all.

#### Mission

To lead a contemporary, healthy and integrated workers' compensation scheme that is fair, accessible and cost effective for all participants, through:

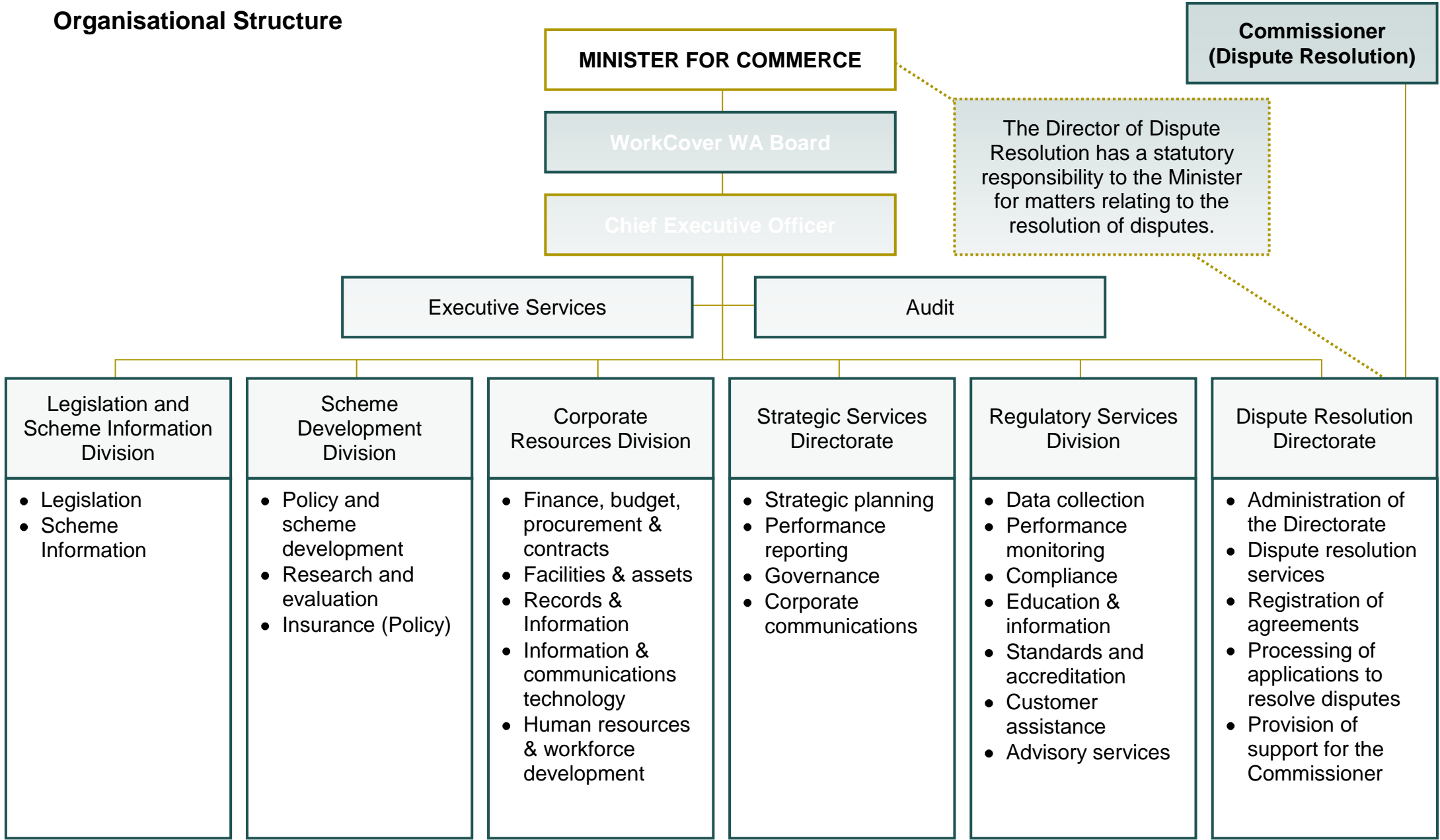
- providing advice and guidance on workers' injury management and return to work practices
- active, responsive and transparent management of the scheme
- focused information, education and compliance activities
- fair and speedy dispute resolution
- a strong customer service focus.

#### Values

WorkCover WA values customer service, innovation, respect, integrity and collaboration.



## Organisational Structure



## WorkCover WA Board

WorkCover WA's Board is responsible for governance of the agency, for providing independent advice to the State Government and for approving certain service providers.

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.

The Chief Executive Officer, who is a member of the Board, directs the operations and day-to-day administration of WorkCover WA 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*.



### **Chairman - appointed by the Governor on the recommendation of the Minister**

**Mr Greg Joyce** has been a member and Chair 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.



### **Member - 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***

**Mr Brian Bradley**, PSM is the Director General of the Department of Commerce. Mr Bradley 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 and the Legal Aid Commission.



### **Member - Experienced in employers' interests**

**Ms Lisa Biglin** was appointed to the 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 UGL since 1995. Ms Biglin holds a Graduate Certificate in Workers' Compensation and Management.



**Member - Experienced in insurance matters**

**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 Intermediary Distribution - WA/NT 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.



**Member - Experienced in workers' interests**

**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 WorkSafe WA Commission for Occupational Safety and Health as well as their Legislative Advisory Committee. She is also a junior committee member of WheelchairsportWA.



**Member - Chief Executive Officer of WorkCover WA**

**Ms Michelle Reynolds** has been a member of the Board since December 2008, as the WorkCover WA Chief Executive Officer. She has 25 years' experience in the Western Australian public sector. Ms Reynolds' full profile is available in the [Senior Officers section](#).



**Member - Experienced in accounting and financial management**

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 Associate Director, Treasury and Investment Financial Services at the University of Western Australia. Mrs Wilmot is a member of the Institute of Chartered Accountants (CA) in Australia, a Fellow of the Financial Services Institute of Australasia and is on the Board of the University Credit Society Ltd.

**Board meetings and attendance**

<b>Member</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Mr Greg Joyce (Chairman)	13	13
Mr Brian Bradley	13	11
Ms Lisa Biglin	13	12
Mr Steve Burns	13	11
Ms Linda Morich	13	12
Ms Michelle Reynolds	13	13
Mrs Victoria Wilmot	13	12

## Senior Officers

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

### Chief Executive Officer

**Ms Michelle Reynolds** was appointed as Chief Executive Officer on 22 September 2009 after acting in the role from 25 December 2008. Prior to WorkCover WA, Ms Reynolds spent 12 years in senior management with the Department of the Premier and Cabinet, reaching the level of Assistant Director General heading the Public Sector Management Division. She has over 25 years' experience in the Western Australian public sector and has played a key role in shaping public sector management policy. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration (UWA).

### Director, Legislation and Scheme Information

**Mr Chris White** has been the Director of Legislation and Scheme Information at WorkCover WA since May 2009. He has been involved in WA's workers' compensation and occupational safety and health policy for the past 30 years. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe. He has represented WA on many national policy development forums. Mr White holds a Master of Arts (Public Policy) from Murdoch University.

### General Manager, Scheme Development

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

### 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.



## **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 Occupational Safety & Health journal *Safety WA* for ten years and in 2003 completed his doctorate on the topic of workplace culture and communication as they affect safety. He also has degrees in Law and Arts. Dr Leith is a Board Member of the not-for-profit OSH organisation IFAP.

## **General Manager, Regulatory Services**

**Ms Lyn Anderson** joined WorkCover WA in June 2008, and was the Acting General Manager Regulatory Services until April 2010. 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.

**Mr Tim Roach** was appointed General Manager, Regulatory Services on 14 April 2010. Mr Roach has worked in senior regulatory and business services roles in federal and state departments, including the Australian Taxation Office, the Department of Commerce and Department of Indigenous Affairs. Mr Roach is a CPA and has Bachelor Degrees in Communications and Accounting as well as a Masters Degree in Taxation.

## **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.

**Mr Shane Melville** has been the Acting Director, Dispute Resolution Directorate since January 2010, and had acted in the position for several separate periods prior. Mr Melville commenced at WorkCover WA as an Arbitrator in the Dispute Resolution Directorate in November 2005. Mr Melville holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, accreditation from the Institute of Arbitrators and Mediators Australia and has more than 25 years experience as a legal practitioner in workers' compensation litigation.

## 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.



**From left:**

David Leith, Wendy Attenborough, Chris White, Michelle Reynolds,  
Jeff McDonough, Tim Roach, Shane Melville

**Absent:**

Su Lloyd, Lyn Anderson, Kevin Wilson

## Legislation Administered

In the performance of its functions, 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

- *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*
- *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 - Second Edition*

## Key legislation impacting on WorkCover WA's activities

- *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*
- *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*
- *Superannuation Act 2000*
- *State Supply Commission Act 1991*
- *State Records Act 2000*

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

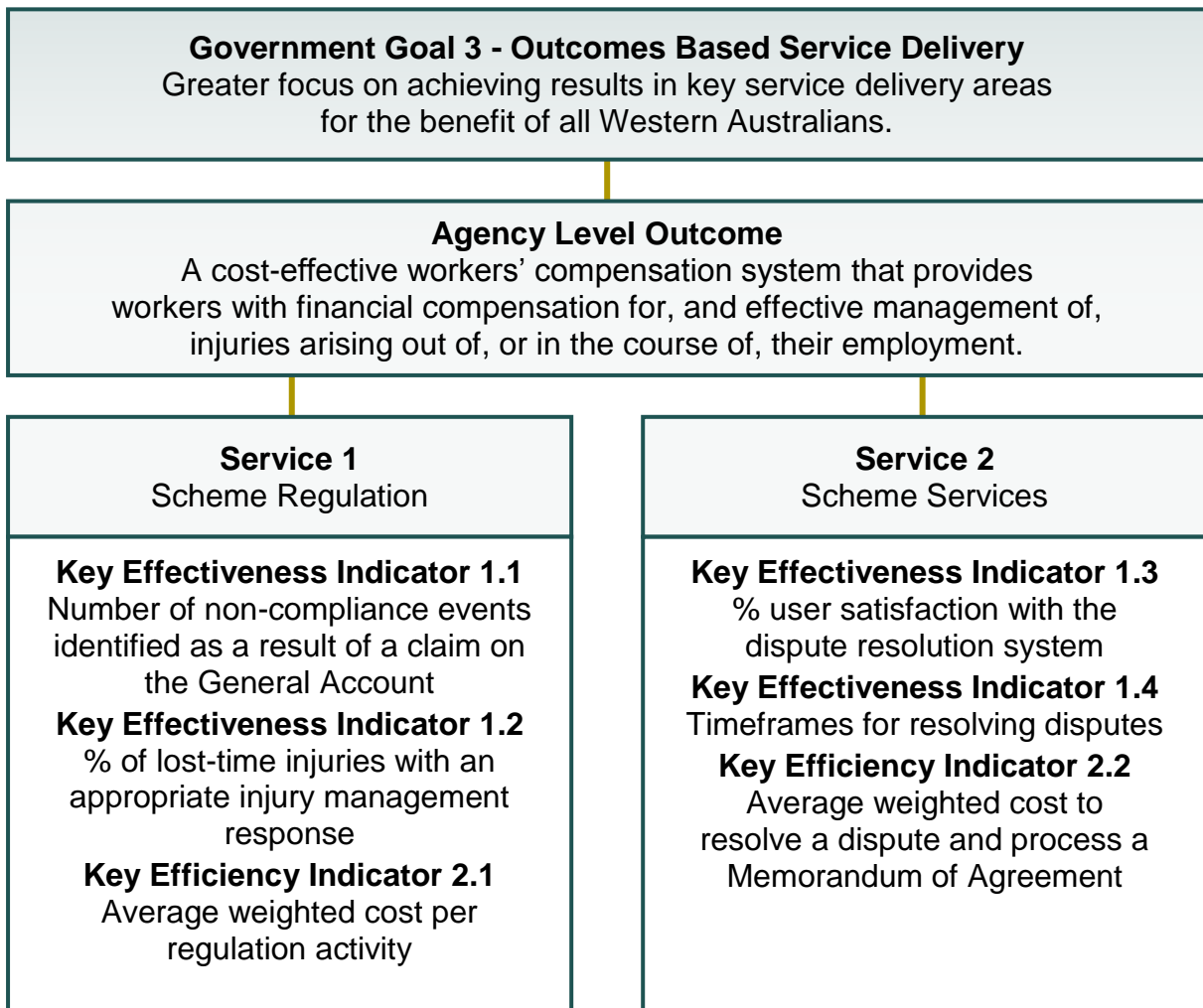
- *Competition Policy Reform (WA) Act 1996*
- *Constitution Act 1889*
- *Constitution Acts Amendment Act 1899*
- *Coroners' Act 1996*
- *Criminal Code Act Compilation Act 1913*
- *Defence Act 1903*
- *Evidence Act 1906*
- *Interpretation Act 1984*
- *State Administrative Tribunal Act 2004*
- *Statutory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

## Performance Management Framework

WorkCover WA delivers services that are aimed at minimising the social and economic impact of work related injury and disease on workers and the Western Australian community. In striving for this outcome, WorkCover WA contributes to government goals.

WorkCover WA's most significant contributions to the government goals relate to **Goal 3: 'Outcomes Based Service Delivery'**. WorkCover WA also contributes to:

- Goal 2 'Financial and Economic Responsibility' through its work in maintaining the cost/benefit balance as part of managing a viable workers' compensation system
- Goal 4 'Stronger Focus on the Regions' through an ongoing program of providing information, education and services to employers in regional and remote areas, including visits in 2009/10 to Kununurra, Wyndham, Halls Creek, Fitzroy Crossing, Derby and Broome
- Goal 5 'Social and Environmental Responsibility' by ensuring that the workers' compensation system is managed in a socially responsible manner for the long-term benefit of the State.



## Agency Level Outcome and Services

The two services delivered by WorkCover WA - Scheme Regulation and Scheme Services - directly support the achievement of WorkCover WA's agency level outcome: "a cost-effective workers' compensation system that provides workers with financial compensation for, and effective management of, injuries arising out of, or in the course of, their employment". A brief overview follows - for more information, see the [Report on Operations section](#).

WorkCover WA also provides a range of other services which support these key service outcomes, including our Corporate, Finance and Policy Activities. For more information, see the [Report on Corporate Activities section](#).

### Service 1: Scheme regulation

Scheme regulation focuses on WorkCover WA's proactive activities:

- providing education and information services 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.

### Service 2: Scheme Services

Scheme Services is involved with 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 has responsibility for the provision of other scheme services such as audiometric tests, certifying the calibration of hearing testing equipment and the development of specialised retraining programs as required.

## 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 WorkCover WA achieved its agency level outcome.
- Efficiency indicators represent the cost of the services delivered.

For more information on WorkCover WA's performance in 2009/10, see the [Additional Key Performance Indicator Information section](#).

**Key effectiveness indicators**

<b>Indicator 1.1 (new from 2009/10)</b>
Number of non-compliance events identified as a result of a claim on the General Account
<b>Indicator 1.2</b>
Percentage of lost-time injuries with an appropriate injury management response
<b>Indicator 1.3</b>
User satisfaction with the dispute resolution system
<b>Indicator 1.4 (new from 2008/09)</b>
Resolution of Disputes:
1) Percentage of Part XI disputes resolved within 26 weeks of the date the application was received
2) Percentage of Part XII disputes resolved within 5 working days of referral to Arbitrator for a decision
3) 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**

<b>Indicator 2.1</b>
Average weighted cost (\$) per regulation activity
<b>Indicator 2.2 (new from 2008/09)</b>
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) Average weighted cost (\$) to process a Memorandum of Agreement

**Changes to Outcomes Based Management Framework**

During the year, WorkCover WA received approval from the Department of Treasury and Finance to discontinue the previous KPI 1.1 'Percentage of workers covered by a current workers' compensation policy' due to concerns regarding the reliability of the calculation methodology. A replacement KPI 1.1, 'Number of non-compliance events identified as a result of a claim on the General Account', was developed.

The new KPI measures the outcome of an employer not maintaining a current workers' compensation insurance policy and thereby provides information on the exposure of the scheme to uninsured claims having to be met by the WorkCover WA General Account. It also provides an indication of the extent that insured employers subsidise the levies that would otherwise have been paid by uninsured employers.

While this measure does not capture all uninsured injured workers (e.g. the magnitude of the injury suffered by some injured workers may not prompt or trigger a claim being made on the General Account), it still provides useful information as to the success of WorkCover WA's compliance strategies.

## Shared Responsibilities with other Agencies

WorkCover WA did not share any responsibilities under the Act with other agencies in 2009/10.

## Collaborations

WorkCover WA collaborates with WorkSafe to encourage the prevention or minimising of accidents and injuries through co-funding of the ThinkSafe Small Business Program. The program aims to introduce small business to hazard identification, risk reduction, safety and health policies and safe work systems and to improve the capacity of small business operators in high-risk industries to manage OSH effectively. It also provides information regarding workers' compensation and injury management obligations for employers. The program is delivered through on-site safety assessments and group information seminars.

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 a member of the public sector 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.

WorkCover WA and the Tourism Council WA are working together to increase awareness amongst Tourism Council WA members about workers' compensation and injury management obligations. This collaborative relationship aims to provide information and advice, WorkCover WA publications and other workers' compensation and injury management information to Tourism Council WA members. The Tourism Council WA has also amended its member accreditation criteria to incorporate important legislative obligations for employers.



## Agency Performance

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### Report on Operations

#### Legislative Review

In 2009/10, WorkCover WA completed a review of Western Australia's workers' compensation legislation. The aim of the review was to create more flexible, responsive and modern workers' compensation and injury management legislation. The review did not involve a broad ranging examination of benefits and entitlements, or other fundamental aspects of the design of the scheme. A Stakeholder Reference Group was established to provide advice over the course of the review.

A report containing 66 recommendations for legislative amendment was presented to the Minister in December 2009. The recommendations included:

- changes to the overall structure of the legislation through a two stage redrafting of the statute
- technical amendments to address legislative anomalies and inefficiencies
- policy based changes covering age discrimination, access to common law damages for injured workers employed by uninsured employers, the role of WorkCover WA, and medical assessment processes
- significant change to dispute resolution arrangements including:
  - separation of conciliation and arbitration functions
  - a focus on early conciliation in all matters
  - introduction of fixed timelines for conciliation and arbitration processes
  - reduction in initial documentation requirements
  - enhanced case management.

Cabinet considered the report and, in March 2010, endorsed all recommendations, with one exception: WorkCover WA had recommended that - in the first stage of the legislative reform - the current age threshold be retained, but with an increase to the entitlement for weekly payments from one to two years. The Government resolved to remove all age based limitations on entitlements, meaning all workers - regardless of their age - would have access to exactly the same entitlements.

The Government approved implementation of the changes in a two stage process:

1. The first stage will involve the drafting and promulgation of amendment legislation to address current legislative anomalies and a small number of policy issues. The preparation of drafting instructions commenced in April 2010 with a view to introduce the amendments to Parliament in 2010/11
2. The second stage will see the development of a new workers' compensation statute which preserves the intent of the current legislation, but is based on contemporary language and drafting conventions. This will involve a complete redraft and restructure of the *Workers' Compensation and Injury Management Act 1981* and will require implementation over a number of years.

## **Scheme Regulation (Service 1)**

### **Education and Information**

WorkCover WA provides education and information services to enhance knowledge among scheme participants of their roles, responsibilities and entitlements. Ongoing analysis of stakeholder education and information needs helps WorkCover WA identify priority messages and targeted opportunities.

Key initiatives and activities in 2009/10 included:

- distribution of more than 56,917 publications to stakeholders such as injured workers, employers, medical practitioners, allied health providers and insurers
- delivery of 40 education sessions to stakeholders, covering topics such as the role of WorkCover WA, the rights and obligations of key parties, the claim process, injury management and dispute resolution. This included visiting Broome and Kununurra to provide education sessions to employers
- increasing awareness of injury management responsibilities among small business owners through the ThinkSafe Small Business Program' (co-funded by WorkCover WA and WorkSafe WA)
- establishing a relationship with the Tourism Council of WA to provide information and support to their members about workers' compensation legislative obligations as employers.

### **Advice and assistance**

WorkCover WA's Advisory Service team provides guidance to scheme participants about their rights, responsibilities and entitlements. The Customer Assistance Unit gives assistance and high-level advice with a focus on early intervention and prompt resolution of issues that could otherwise lead to an application to resolve a dispute.

Key initiatives and activities in 2009/10 included:

- responding to 23,328 enquiries, most from injured workers and from employers, covering such topics as the claims process, injury management, return to work, weekly wage rates and entitlements, vocational rehabilitation entitlements and dispute resolution
- providing detailed advice and direct assistance to a further 1714 stakeholders, predominantly injured workers
- developing a new customer contact reporting system to improve records of enquiries and service to workers, employers and other customers.

## Standards and monitoring

WorkCover WA approves and monitors service providers to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service.

The providers monitored are:

- approved insurers and self-insurers
- approved vocational rehabilitation providers
- registered agents
- approved audiometric officers and audiologists
- approved medical specialists, including interstate medical specialists approved to undertake impairment assessments under the Western Australian workers' compensation system.

Ongoing initiatives and activities included:

- capturing data and undertaking quality assurance for all workers' compensation policies and claims, vocational rehabilitation case details, and audiometric test results
- managing complaints against providers in relation to compliance, conditions of approval and performance
- providing online training applications specifically for vocational rehabilitation providers, audiometric officers and audiologists. This is in addition to the guidance notes and other resources made available for providers through the website
- assessing notifications lodged by employers of their intention to dismiss a worker who has made a workers' compensation claim, to ensure compliance with the relevant sections of the Act.

In relation to injury management, WorkCover WA has a four-week notification system to ensure injured workers receive appropriate assistance and services to support their return to work. For more information, see [KPI 1.2](#).

Key initiatives and activities in 2009/10:

- In October 2009, WorkCover WA became a signatory to the Nationally Consistent Approval Framework for Workplace Rehabilitation Providers (WRPs) - referred to in the Western Australian system as 'vocational rehabilitation providers'. The Framework, to be in place from 1 July 2010, enables WRPs to operate across jurisdictions under a consistent set of minimum standards and requirements. To be recognised across jurisdictions, WRPs were required to seek approval in their home jurisdictions by demonstrating conformity to the National Framework. As at 30 June 2010, 23 Western Australian and five interstate applications were approved.

## Approval of providers

	Approvals in 2009/10	Total at 30 June 2010
Approved Insurers	0	9
Approved Self-Insurers	0	27
Approved Vocational Rehabilitation Providers	28	28
Registered Agents	221	196 <sup>(a)</sup>
Approved Medical Specialists	10	182
Approved Audiometric Officers and Audiologists	108	497
<b>Total approvals</b>	<b>367</b>	<b>939</b>

(a) not all agents remain registered for the full 12 month period.

## Complaints against providers

	2008/09	2009/10
Approved Insurers	37	17
Approved Self-Insurers	1	8
Approved Vocational Rehabilitation Providers	3	8
Registered Agents	2	4
Approved Medical Specialists	0	3
Approved Audiometric Officers and Audiologists	0	0
<b>Total complaints</b>	<b>43</b>	<b>40</b>

## Noise-induced hearing loss claims

There were 931 workers identified with potential noise-induced hearing loss claims. As part of this process, arrangements were made for 148 full audiological and 108 otorhinolaryngological (ENT) assessments and there were 68 successful claims for work-related gradual onset noise-induced hearing loss, consisting of 59 first election (10%) claims and nine subsequent election (5%) claims.

## Compliance

WorkCover WA's compliance activities ensure employers comply with their obligations under the workers' compensation and injury management legislation.

Employers' principal obligations are to maintain workers' compensation insurance for all their workers, to have an injury management policy setting out their organisation's approach to injury management, and to have a return to work program describing the steps to be followed if a workplace injury occurs. Good injury management is critical to a successful return to work by an injured worker.

Key initiatives and activities in 2009/10 included:

- undertaking a regional compliance visit to the Kimberley, focusing on lapsed insurance policies and workplace inspections. This activity coincided with education and information sessions held in the region
- publishing the outcomes of WorkCover WA's successful prosecutions of non-compliant employers on the WorkCover WA website
- improvements to compliance processes including:
  - better targeting of compliance activities, based on risk, to maximise the efficient use of resources
  - expansion of compliance inquiries to include coverage of injury management and return to work obligations
  - an increase in the number of investigations and prosecutions.

	2008/09	2009/10
Inquiries - lapsed policies, cancellations, new business and new owner checks	24172	7285 <sup>(a)</sup>
Investigations - complaints, enquiries and reporting	148	182
Prosecutions - completed	1	13
Prosecutions - referred to the State Solicitor's Office	9	11

(a) In 2008/9 an initiative involved WorkCover WA following up on all 'new businesses' based on business name data collected by the Department of Commerce. A review of the initiative identified this approach as resource intensive when new businesses may not employ staff or the 'new' business name is simply a change of name made by an existing business. A revised approach to better target new businesses that employ staff is now underway.

## Report on Dispute Resolution (Service 2)

The Dispute Resolution Directorate (DRD) hears and determines disputes between parties in the workers' compensation system. The DRD 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 DRD is established under section 278 of the Act. 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:
  - is timely and ensures workers' entitlements are paid promptly
  - is accessible, approachable and professional
  - is effective in settling matters
  - leads to durable agreements between the parties
- 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 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 may also refer a question as to the degree of a worker's disability or impairment to a medical assessment panel for assessment.

There five main areas of operation of the DRD are:

1. resolution of minor claims and interim orders (Part XII applications)
2. resolution of more complex disputes where, for example, liability is disputed (Part XI applications)
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
4. registration of agreements entered into by parties in respect of compensation
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).

Key initiatives and activities in 2009/10 included:

- aligning processes, services and reporting with the objectives for the Directorate as detailed in the Act
- commencing a program to enhance workload management, including:
  - broadening skill-sets through regular and continuing audits of “open files” to ensure active case management
  - quality assurance processes to identify and address systemic errors
- conducting professional development for Arbitrators
- completing an extensive review of the DRD rules, resulting in a number of amendments including the prohibition of indefinite adjournments
- completing a series of advocacy workshops for legal practitioners and registered agents. Up to 200 people attended each of the three sessions and feedback was overwhelmingly positive
- presenting workshops to key stakeholders, and the engagement of stakeholders through meetings and the DRD e-Link online newsletter
- engaging university students as vacation research officers, providing them with opportunities to participate in the work of the DRD
- surveying key stakeholders, revealing a 75 per cent user satisfaction rate (for more information, see [KPI 1.3](#))

## Policy Activities

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

In addition to the substantial work carried out in relation to the [Legislative Review](#), WorkCover WA has worked with insurers and other service providers on initiatives to improve scheme performance including:

- the development of a Treatment Management Plan for use by physiotherapists
- improvements in the workers’ compensation claim form 2B
- investigation of the increased use of settlements under section 92f of the *Workers’ Compensation and Injury Management Act 1981*.

Additionally, WorkCover WA participated in cross-jurisdictional activities through the Heads of Workers’ Compensation Authorities and Safe Work Australia. Activity in the 2009/10 year has focused on developing a National Workers’ Compensation Action Plan (for implementation from 2010) to guide Safe Work Australia’s workers’ compensation policy development. A strong contribution has been made to the Heads of Workers’ Compensation Authorities’ review of the cross border legislative provisions. Providing timely and accurate data for cross jurisdictional comparison purposes is an important WorkCover WA activity. WorkCover WA has been an active participant in the Safe Work Australia Research and Data Evaluation Group and has led process improvements in the provision of data.

WorkCover WA produced a range of statistical reports on key trends in the performance of the WA workers' compensation scheme, including:

- movements in workers' compensation claims experience
- trends in medical and allied health services and costs
- performance of approved insurers and self insurers in the Western Australian workers' compensation scheme.

These reports are available on the WorkCover WA website on the publications page at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

## **Scheme Management**

WorkCover WA actively manages the workers' compensation scheme in Western Australia.

Key initiatives and activities in 2009/10 included:

- the development of a reporting framework for monitoring and managing scheme health
- improvements in the collection of data for the calculation of the recommended premium rates (insurers now provide earned premium and wages information to improve the basis upon which the recommended premium rates are calculated)
- a review of the minimum premium rate cap to improve equity across industry groups and minimise cross subsidisation
- timely gazettal of the recommended premium rates for the underwriting year commencing 1 July 2010
- calculation and gazettal of the Variations in the Prescribed Amount and other Workers' Compensation Payments scheduled for the financial year commencing 1 July 2010
- indexation of medical and allied health service fees, resulting in a 4.6 per cent increase.

## **Report on 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**

In 2009/10, WorkCover WA's initiatives and activities included:

- finalising a People Plan, articulating a series of outcomes, objectives and measures to promote contemporary and innovative human resources practices
- developing and implementing an enhanced performance management system, better aligned to strategic goals and resulting in increased staff participation
- developing and implementing a Succession Framework, a strategic and systematic approach to developing and recruiting for key roles



- developing and implementing a new induction program to better guide and inform staff new to WorkCover WA
- completion of Certificate IV in Frontline Management by 11 staff via the WorkCover WA Frontline Management Program. The program was designed to improve the confidence, skills, knowledge and practical experience of current or aspiring supervisors and managers
- completion of Certificate IV in Government (Statutory Compliance) by seven staff. The course enabled participants to advance their investigative skills to implement case management systems, monitor statutory compliance, identify breaches, conduct investigations and prepare investigation reports
- updating the WorkCover WA Code of Conduct in line with the updated Code of Ethics from the Commissioner for Public Sector Standards
- maintaining the WorkCover WA wellness program, supporting employees in gaining control of their health and wellbeing
- redesigning job description forms and recruitment applicant guidelines as part of WorkCover WA's attraction strategy.

### **Administration and Finance activities**

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, including property, hardware, software and office equipment.

In 2009/10, WorkCover WA's initiatives and activities included:

- completing the tender specifications and advertising the tender for a new financial management information system, to be implemented in 2010/11
- upgrading of facilities
- reviewing and where appropriate, removing corporate policies to reduce unnecessary red tape.

### **Information technology activities**

In 2009/10, WorkCover WA's continued to implement the five-year IT Strategic Plan approved by the Board in 2008/09, including:

- an infrastructure upgrade
- commencing work on the replacement of the WorkCover WA external website
- gathering of business requirements for a replacement of WorkCover WA's core business systems.

## **Consultation in the workplace**

WorkCover WA is committed to improved and effective consultation in the workplace. In 2009/10, WorkCover WA redeveloped its intranet to provide staff with better access to news and information.

Also, in October 2009, WorkCover WA staff were given the opportunity to respond to a survey to assess staff satisfaction levels. As a result of the survey, WorkCover WA has focused on:

- promoting our values across the organisation
- regularly monitoring workload trends
- reviewing the performance development process
- enhancing communications by introducing quarterly divisional briefings and CEO briefings to all staff.

WorkCover WA also operates two formal consultative employee committees:

- The Joint Consultative Committee (JCC) consists of management and union representatives and provides a forum for both parties to work collaboratively to seek solutions to the workplace environment and issues affecting employee conditions of employment. In 2009/10, the JCC considered a range of organisational issues including a number of corporate policies, an organisational climate survey tool and arrangements for communication of updates on the WorkCover WA organisational structure.
- The Occupational Safety and Health (OSH) Committee provides a forum for staff and management to examine issues affecting the health and wellbeing of staff and a mechanism to develop and implement strategies that prevent workplace accidents and injuries occurring. In 2009/10, the OSH Committee reviewed the WorkCover WA Security Procedures and Guidelines, and facilitated the training of managers and supervisors in the Occupational Safety and Health obligations.

## **Report on 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. WorkCover WA 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 Dispute Resolution Directorate (DRD) to order compensation to be paid in trust to WorkCover WA when it cannot immediately be paid to a person or the 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 4.01 per cent for all trust accounts.

## Uninsured claims management (General Account)

WorkCover WA manages specific funds to provide a source of compensation for workers of uninsured employers, pursuant to section 174 of the Act. Funds paid to workers from the General Account are recovered from uninsured employers by WorkCover WA.

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 15 claims made on the General Account pursuant to section 174, compared with 16 last year. There were five new claims this year and 22 continuing claims from previous financial years. The cost of new claims was \$84,970 and ongoing claims amounted to \$1,081,281.

At 30 June 2010, the total outstanding debt from uninsured employers was approximately \$1,166,251.11. Recovery action against these employers is ongoing and during the year WorkCover WA successfully finalised recovery against one employer. The WorkCover WA Board approved the write-off of approximately \$159,460 of uninsured outstanding claims and approximately a further \$438,717 of claims was approved for write-off by the Minister.

## 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.

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 2009/10 were nil. Since its inception (February 1987), a total of \$2,800,567 has been paid.
- Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2009/10 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

	HIH Insurance (\$)	National Employers' Mutual General Insurance Co. (\$)
Value of outstanding claims in Western Australia	1,334,122	448,412
Received from liquidators in 2009/10	5,234,383	-
Claim payments for 2009/10	3,781,826	114,932
Claim payments since liquidation commenced	73,508,955	5,784,085

## Debts and investments

At 30 June 2010, there were 13 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act, with debts outstanding of \$56,593. In 2009/10, the weighted average rate of return on General Account investments was 6.03 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. In early 2010, the Commonwealth government announced that the scheme would be discontinued on 31 March 2010. Following this announcement, the WorkCover WA Board endorsed the removal of the guarantee levy on existing deposits post 31 March 2010.

## Actual Results vs. Budget Results

	2009/10 Target \$000	2009/10 Actual \$000	Variation \$000
<b>Total Revenue</b> (sourced from <a href="#">Statement of Comprehensive Income</a> )	23,255	26,756	3,501 <sup>(a)</sup>
<b>Total Expenses</b> (sourced from <a href="#">Statement of Comprehensive Income</a> )	23,104	18,701	(4,403) <sup>(b)</sup>
<b>Total equity</b> (sourced from <a href="#">Statement of Financial Position</a> )	42,110	48,336	6,226 <sup>(c)</sup>
<b>Net increase/(decrease) in cash held</b> (sourced from <a href="#">Statement of Cash Flows</a> )	(22)	3,651	3,673 <sup>(d)</sup>
<b>Approved full-time equivalent (FTE) staff level</b>	151.5	148.68	(2.82)

Further explanations are also contained in [Note 35 'Explanatory statement'](#) to the financial statements.

- (a) The variation is mainly due to higher interest earnings from increased investment balances and higher than expected liquidation recoveries for the Supplementation fund.
- (b) The variation was mainly due to a decrease in the net outstanding claims liability for the General and Supplementation funds as per actuarial assessment, resulting in a gain of \$1,897,000. Refer to notes [11](#), [17](#) and [28](#) of the financial statements.
- (c) The variation is a result of a combination of factors including a \$2,035,000 increment in the asset revaluation reserve, a decrease in the net outstanding claims liability for the General and Supplementation funds as noted above and higher than expected liquidation recoveries for the Supplementation fund.
- (d) As noted above, this variance predominantly reflects higher than expected liquidation recoveries for the Supplementation Fund. Refer [note 10](#) and [note 35](#).

## Summary of Key Performance Indicators

### Key Performance Indicators of Effectiveness

	2006/07	2007/08	2008/09	2009/10 Target	2009/10
<b>Indicator 1.1 (new from 2009/10)</b>					
Number of non-compliance events identified as a result of a claim on the General Account			7	8	5
<b>Indicator 1.2</b>					
Percentage of lost-time injuries with an appropriate injury management response	100%	98%	100%	96%	100%
<b>Indicator 1.3</b>					
User satisfaction with the dispute resolution system	70%	65%	71%	68%	75%
<b>Indicator 1.4 (new from 2008/09)</b>					
Resolution of Disputes:					
1) Percentage of Part XI disputes resolved within 26 weeks of the date the application was received		61%	55%	68%	60%
2) Percentage of Part XII disputes resolved within 5 working days of referral to Arbitrator for a decision		93%	97%	90%	96%
3) 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		48%	44%	50%	39%

## Key Performance Indicators of Efficiency

	2006/07	2007/08	2008/09	2009/10 Target	2009/10
<b>Indicator 2.1</b>					
Average weighted cost (\$) per regulation activity	\$177	\$153	\$152	\$214	\$193
<b>Indicator 2.2 (new from 2008/09)</b>					
1) Average weighted cost (\$) to resolve a:					
a) Part XI dispute		\$4567	\$4109	\$4600	\$4594
b) Part XII dispute		\$826	\$721	\$950	\$758
c) Common law application relating to an injury occurring prior to 14 November 2005		\$3112	\$4627	\$3600	\$3404
2) Average weighted cost (\$) to process a Memorandum of Agreement					
		\$370	\$327	\$430	\$332

For more information, see the [Additional Key Performance Indicator Information section](#).

## Significant Issues Impacting the Agency

A range of external and internal influences are expected to impact on the workers' compensation insurance scheme (the Scheme) and on WorkCover WA itself.

Continuing economic and population growth is likely to see:

- increased numbers in the workforce with a consequent increase in the number of workers covered by the Scheme
- increasing numbers of employers and service providers requiring increased compliance attention.

Current and emerging issues identified as likely to impact on WorkCover WA in 2009/10 include:

- legislative amendments arising out of the review of the *Workers' Compensation and Injury Management Act 1981*
- national developments, including discussions around cross jurisdictional initiatives to improve consistency in workers compensation arrangements
- the impact of economic growth on WorkCover WA's capacity to recruit and retain staff
- the ageing WorkCover WA workforce.

## Changes in Written Law

In 2009/10, 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 2009* (the Amendment Regulations) came into effect on 30 October 2009. The Amendment Regulations applied a 4.6 per cent increase to medical and allied health fees
- The *Workers' Compensation and Injury Management Amendment Regulations 2010* (the Amendment Regulations) came into effect on 20 March 2010. The Amendment Regulations aligned the definition of "mine" and "mining operation" in section 5(1) of the Act with the defined terms used in the *Mines Safety and Inspection Act 1994*.

## Disclosures and Legal Compliance

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### Certification of Financial Statements

The accompanying financial statements of 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 ended 30 June 2010 and the financial position as at 30 June 2010.

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



**Victoria Wilmot**  
Board Member  
WorkCover Western Australia Authority

31 August 2010



**Michelle Reynolds**  
Chief Executive Officer  
WorkCover Western Australia Authority

31 August 2010



**John Hull**  
Chief Finance Officer  
WorkCover Western Australia Authority

31 August 2010



**Statement of Comprehensive Income**

	Note	2010 \$000	2009 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Insurer contributions		18,112	17,837
Provision of services	<a href="#">7</a>	28	31
Interest revenue	<a href="#">8</a>	2,495	3,004
Other revenue	<a href="#">9</a>	254	106
Employers' Indemnity Supplementation Fund	<a href="#">10</a>	5,867	2,929
<b>Total Revenue</b>		<b>26,756</b>	<b>23,907</b>
<b>Gains</b>			
Decrease in net outstanding claims liability	<a href="#">11</a>	1,897	-
<b>Total Gains</b>		<b>1,897</b>	<b>-</b>
<b>Total Income</b>		<b>28,653</b>	<b>23,907</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Employee benefits expense	<a href="#">13</a>	14,151	12,619
Supplies and services	<a href="#">14</a>	2,501	2,800
Depreciation expense	<a href="#">15</a>	565	545
Accommodation expenses	<a href="#">16</a>	399	359
Increase in net outstanding claims liability	<a href="#">17</a>	-	4,105
Loss on disposal of non-current assets	<a href="#">12</a>	14	7
Other expenses	<a href="#">18</a>	1,071	964
<b>Total Expenses</b>		<b>18,701</b>	<b>21,399</b>
Profit/(Loss) before grants and subsidies from State Government		9,952	2,508
Grants and subsidies from State Government	<a href="#">19</a>	79	38
<b>Profit/(Loss) for the period</b>		<b>10,031</b>	<b>2,546</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus	<a href="#">29</a>	2,035	-
<b>Total other comprehensive income for the period</b>		<b>2,035</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>12,066</b>	<b>2,546</b>

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

**Statement of Financial Position**

	Note	2010 \$000	2009 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	<a href="#">20</a>	2,621	4,267
Restricted cash and cash equivalents	<a href="#">21</a>	47,614	43,994
Receivables	<a href="#">22</a>	1,003	893
Other financial assets	<a href="#">23</a>	10,796	9,119
Other current assets	<a href="#">24</a>	23	26
<b>Total Current Assets</b>		<b>62,057</b>	<b>58,299</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	<a href="#">25</a>	23,547	21,595
<b>Total Non-Current Assets</b>		<b>23,547</b>	<b>21,595</b>
<b>Total Assets</b>		<b>85,604</b>	<b>79,894</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	<a href="#">27</a>	1,011	2,116
Provisions	<a href="#">28</a>	6,915	5,687
<b>Total Current Liabilities</b>		<b>7,926</b>	<b>7,803</b>
<b>Non-Current Liabilities</b>			
Provisions	<a href="#">28</a>	29,342	35,821
<b>Total Non-Current Liabilities</b>		<b>29,342</b>	<b>35,821</b>
<b>Total Liabilities</b>		<b>37,268</b>	<b>43,624</b>
<b>NET ASSETS</b>		<b>48,336</b>	<b>36,270</b>
<b>EQUITY</b>			
Reserves	<a href="#">29</a>	19,732	17,697
Retained earnings/(accumulated losses)		28,604	18,573
<b>Total Equity</b>		<b>48,336</b>	<b>36,270</b>

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

<b>Statement of Changes in Equity</b>	<b>Note</b>	<b>Reserves \$000</b>	<b>Accumulated surplus / (deficit) \$000</b>	<b>Total equity \$000</b>
<b>Balance at 1 July 2008</b>	<a href="#">29</a>	<b>17,697</b>	<b>16,027</b>	<b>33,724</b>
<b>Restated balance at 1 July 2008</b>		<b>17,697</b>	<b>16,027</b>	<b>33,724</b>
Total comprehensive income for the year		-	2,546	2,546
<b>Balance at 30 June 2009</b>		<b>17,697</b>	<b>18,573</b>	<b>36,270</b>
<b>Balance at 1 July 2009</b>		<b>17,697</b>	<b>18,573</b>	<b>36,270</b>
Total comprehensive income for the year		2,035	10,031	12,066
<b>Balance at 30 June 2010</b>		<b>19,732</b>	<b>28,604</b>	<b>48,336</b>

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

**Statement of Cash Flows**

	Note	2010 \$000	2009 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Supplementation Fund receipts		5,872	3,362
Insurer contributions		18,112	17,837
Provision of services		28	31
Interest received		2,187	3,377
GST receipts on sales		30	59
GST receipts from taxation authority		443	402
Other receipts		326	67
<b>Payments</b>			
Workers' Compensation claim payments		(3,914)	(1,119)
Employee benefits		(13,978)	(12,975)
Supplies and services		(2,500)	(2,801)
GST payments on purchases		(385)	(449)
GST payments to taxation authority		-	(39)
Other payments		(2,075)	(1,716)
<b>Net cash provided by/(used in) operating activities</b>	<a href="#">30</a>	<b>4,146</b>	<b>6,036</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets	<a href="#">12</a>	93	42
Purchase of non-current physical assets		(588)	(136)
<b>Net cash provided by/(used in) investing activities</b>		<b>(495)</b>	<b>(94)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,651</b>	<b>5,942</b>
Cash and cash equivalents at the beginning of the period		57,380	51,438
<b>Cash and cash equivalent assets at the end of period</b>	<a href="#">30</a>	<b>61,031</b>	<b>57,380</b>

**The Statement of Cash Flows should be read in conjunction with the accompanying notes.**

## Notes to the Financial Statements

### 1. Australian Accounting Standards

#### General

The Authority's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

#### Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by *TI 1101 Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2010.

### 2. Summary of significant accounting policies

#### (a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian 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.

The financial statements are 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 disclosed at [note 4 'Judgements made by management in applying accounting policies'](#).

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at [note 5 'Key sources of estimation uncertainty'](#).

## **(c) Reporting entity**

The reporting entity comprises WorkCover Western Australia Authority.

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

Trust Accounts under section 110 of the *Workers' Compensation and Injury Management Act 1981* are administered independently of the General and Supplementation Fund. See [note 39 'Workers' Compensation & Injury Management Trust Account'](#) for transactions relating to the Trust Account.

## **(d) Income**

### **Revenue recognition**

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

- **Insurer contributions and supplementation fund levies**  
Revenue is recognised when the amount becomes due and payable.
- **Provision of services**  
Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

- **Grants, donations, gifts and other non-reciprocal contributions**  
Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.
- **Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value.**  
Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.
- **Interest**  
Revenue is recognised as the interest accrues.

## Gains

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

The effect of an Actuarial assessed decrease in the outstanding claims liability is included in the [Statement of Comprehensive Income](#) as a Gain. Refer [Provisions - Employers' Indemnity Supplementation Fund and General Fund](#).

## (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 immediately expensed to the [Statement of Comprehensive Income](#) (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

Subsequent to initial 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 stated at historical 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. The current report as at 30 June 2010 is provided by the Western Australian Land Information Authority (Valuation Services) and recognised to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

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.

### **Derecognition**

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

### **Asset revaluation surplus**

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

### **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 20 years
- Plant and equipment 10 to 15 years
- Information technology - Hardware 3 to 5 years
- Motor vehicles 6 to 7 years



#### **(f) Impairment of assets**

Property, plant and equipment assets are tested for any indication of impairment at the end of each reporting period. 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 the end of each reporting period.

#### **(g) Leases**

The Authority has not entered into any finance lease arrangements.

The Authority has not entered into any operating lease arrangements.

#### **(h) Financial instruments**

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

- Loans and receivables;
- Longer term investments; and
- 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.

#### **(i) Cash and cash equivalents**

For the purpose of the [Statement of Cash Flows](#), cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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.

#### **(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 [Statement of Comprehensive Income](#) 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.

## **(m) Provisions**

Provisions are liabilities of uncertain timing or 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 a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

### **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 reporting period 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 reporting period 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 end of the reporting period.

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 using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

#### ***Superannuation***

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes.

The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

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

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

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

## **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'.

## **Provisions - Employers' Indemnity Supplementation Fund and General Fund**

### ***Liability for future claims***

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

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

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims such as claims administration costs. The expected future payments are discounted to present value using a risk free rate.

The effect of an Actuarial assessed increase in the outstanding claims liability or changes in the discount rate are included in the [Statement of Comprehensive Income](#) under workers' compensation claims. The effect of an Actuarial assessed decrease in the outstanding claims liability is included in the [Statement of Comprehensive Income](#) under Gains.

#### **(n) Superannuation expense**

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

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

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the [Statement of Comprehensive Income](#).

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

#### **(o) Accrued salaries**

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

#### **(p) Comparative figures**

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

#### **(q) Resources received free of charge or for nominal cost**

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

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the [Statement of Comprehensive Income](#).

### **(r) Provision for uninsured claims pursuant to section 174**

Provision is made to meet payments required under section 174 of the *Workers' Compensation and Injury Management Act 1981* where the Dispute Resolution Directorate has made an order and the worker has not received the compensation due from the General Fund at the end of the reporting period.

### **3. 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.

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

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

- i) The Authority uses the services of an actuary for the purpose of determining the liability for workers' compensation claims for asbestos and non-asbestos claims for the General and Supplementation Funds.
- ii) The Authority has adopted a policy of obtaining actuarial assessment of employee entitlements.

### **5. Key sources of estimation uncertainty**

#### **Defined benefit superannuation plans**

In determining the Authority's ultimate cost of its defined superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in [note 28 'Provisions'](#).

#### **Assessment of supplementation fund and general fund 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 fund has been determined by actuarial assessment. The principal actuarial assumptions used are disclosed in [note 28 'Provisions'](#).

## 6. Disclosure of changes in accounting policy and estimates

### Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority:

- AASB 101** *Presentation of Financial Statements (September 2007).* This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the [Statement of Changes in Equity](#) and the [Statement of Comprehensive Income](#). It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.
- AASB 2007-10** *Further Amendments to Australian Accounting Standards arising from AASB 101.* This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.
- 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. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Authority does not expect any financial impact when the Standard is first applied prospectively.
- 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. There is no financial impact resulting from the application of this Standard.

### 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 that have been issued but are not yet effective. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

Title	Operative for reporting periods beginning on/after
<p><b>AASB 2009-11</b></p> <p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</i></p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 January 2013
<p><b>AASB 1053</b></p> <p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
<p><b>AASB 2010-2</b></p> <p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013



	2010 \$000	2009 \$000
<b>7. Provision of services</b>		
Other	28	31
	<b>28</b>	<b>31</b>
<b>8. Interest revenue</b>		
General Account	603	745
Employers' Indemnity Supplementation Account (see <a href="#">note 31</a> )	1,892	2,259
	<b>2,495</b>	<b>3,004</b>
<b>9. Other revenue</b>		
<b>General Account</b>		
Recoveries from uninsured employers	170	68
Other	84	38
	<b>254</b>	<b>106</b>
<b>10. Employers' Indemnity Supplementation Fund</b>		
Surcharge <sup>(i)</sup>	633	1,454
Recovery <sup>(ii)</sup>	5,234	1,475
	<b>5,867</b>	<b>2,929</b>
(i) Represents funds collected from the Supplementation Fund Levy.		
(ii) Dividends received from the liquidation of HIH, CIC and FAI Insurance		
<b>11. Decrease in net outstanding claims liability</b>		
Workers' compensation claims - Employers' Indemnity Supplementation Fund (see <a href="#">note 28</a> & <a href="#">note 31</a> ) <sup>(i)</sup>	1,788	-
Uninsured claims - General Fund (see <a href="#">note 28</a> ) <sup>(i)</sup>	109	-
Total Decrease in net outstanding claims liability	<b>1,897</b>	-
(i) In 2009 there was a net increase in the outstanding claims liability. Refer <a href="#">note 17</a> .		

	2010 \$000	2009 \$000
<b>12. Net gain/(loss) on disposal of non-current assets</b>		
<b>Costs of Disposal of Non-Current Assets</b>		
Equipment	13	-
Vehicles	94	49
	107	49
<b>Proceeds from Disposal of Non-Current Assets</b>		
Equipment	-	-
Vehicles	93	42
	93	42
Net gain/(loss)	<b>(14)</b>	<b>(7)</b>
<b>13. Employee benefits expense</b>		
Wages and salaries <sup>(a)</sup>	12,191	11,149
Superannuation - defined contribution plans <sup>(b)</sup>	1,075	1,043
Superannuation - defined benefit plans (see <a href="#">note 28</a> )	363	127
Annual leave <sup>(c)</sup>	52	(110)
Long service leave <sup>(c)</sup>	470	410
	<b>14,151</b>	<b>12,619</b>
(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.		
(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).		
(c) Includes a superannuation contribution component.		
Employment on-costs such as workers' compensation insurance are included at <a href="#">note 18 'Other expenses'</a> . The employment on-costs liability is included at <a href="#">note 28 'Provisions'</a> .		
<b>14. Supplies and services</b>		
Communications	152	152
Consultants and contractors	1,278	1,523
Consumables	664	675
Insurance	78	78
Training	147	184
Travel	71	60
Other	111	128
	<b>2,501</b>	<b>2,800</b>

	2010 \$000	2009 \$000
<b>15. Depreciation expense</b>		
Buildings	464	448
Plant, equipment and vehicles	101	97
	<b>565</b>	<b>545</b>
<b>16. Accommodation expenses</b>		
Outgoings	182	159
Repairs and maintenance	189	184
Other	28	16
	<b>399</b>	<b>359</b>
<b>17. Increase in net outstanding claims liability</b>		
Workers' compensation claims - Employers' Indemnity Supplementation Fund (see <a href="#">note 28</a> & <a href="#">note 31</a> )	-	3,162
Uninsured claims - General Fund (see <a href="#">note 28</a> )	-	943
Total Increase in net outstanding claims liability	-	<b>4,105</b>
<b>18. Other expenses</b>		
<b>General Account</b>		
Joint initiative with WorkSafe	250	250
Employment on-costs <sup>(a)</sup>	701	613
Seminars	19	7
Doubtful debts expense	-	(47)
Sitting fees	86	79
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Administration fee paid to Insurance Commission of WA	15	62
	<b>1,071</b>	<b>964</b>
(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 <a href="#">note 28 'Provisions'</a> . Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
<b>19. Grants and subsidies from State Government</b>		
Revenue received during the reporting period:		
Resources received free of charge from the State Solicitors Office	79	38
	<b>79</b>	<b>38</b>

	2010 \$000	2009 \$000
<b>20. Cash and cash equivalents</b>		
Bank account	611	247
Cash on hand	1	2
Term deposits <sup>(a)</sup>	2,009	4,018
	<b>2,621</b>	<b>4,267</b>
(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.		
<b>21. Restricted cash and cash equivalents</b>		
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Cash balance at Treasury	47,596	43,969
<b>Commonwealth Funding - Christmas &amp; Cocos-Keeling Islands</b>		
The Commonwealth Government provides funding in accordance with the Service Delivery Arrangement. Under the arrangement the Authority provides a range of workers' compensation related services.		
Unspent funds for Christmas & Cocos-Keeling Islands	18	25
	<b>47,614</b>	<b>43,994</b>

	2010 \$000	2009 \$000
<b>22. Receivables</b>		
<b>Current</b>		
<b>General Account</b>		
Receivables	158	310
Allowance for impairment of receivables	(23)	(59)
Fines and penalties	57	49
Accrued revenue - Trust Fund	2	1
Accrued interest	206	103
GST receivable	24	114
	424	518
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Accrued interest	557	354
GST receivable	22	21
	579	375
<b>Total current receivables</b>	<b>1,003</b>	<b>893</b>
<b>Non-current</b>		
<b>General Account</b>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
Total non-current receivables	-	-
<b>Total receivables</b>	<b>1,003</b>	<b>893</b>
<b>Reconciliation of changes in allowance for impairment of receivables</b>		
Balance at start of year	59	106
Doubtful debts expense recognised in the income statement	-	(47)
Amounts written off against the allowance account during the year	(36)	-
Amounts recovered during the year	-	-
<b>Balance at end of year</b>	<b>23</b>	<b>59</b>
The Authority does not hold any collateral as security or other credit enhancements relating to receivables.		

	2010 \$000	2009 \$000
<b>23. Other financial assets</b>		
<b>Current</b>		
At Cost:		
Term deposits <sup>(a)</sup>	10,796	10,796
	<b>10,796</b>	<b>10,796</b>
(a) The term deposits range from 90 days to 365 days.		
<b>24. Other current assets</b>		
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Sundry debtors	23	26
	<b>23</b>	<b>26</b>
<b>25. Property, plant, equipment and vehicles</b>		
<b>Land</b>		
At fair value <sup>(a)</sup>	15,384	13,985
	15,384	13,985
<b>Buildings</b>		
At fair value <sup>(a)</sup>	7,617	7,932
Accumulated depreciation	-	(892)
	7,617	7,040
<b>Buildings under construction</b>		
Construction costs	9	25
	9	25
<b>Plant, equipment and vehicles</b>		
At cost	982	1,081
Accumulated depreciation	(445)	(536)
	537	545
	<b>23,547</b>	<b>21,595</b>

(a) Land and buildings were re-valued as at 30 June 2010 by Landgate. The valuations were performed on 24 June 2010 and recognised at 30 June 2010. The fair value of all land and buildings have been determined by reference to recent market transactions.

## Reconciliations

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

	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment & vehicles \$000	Total \$000
<b>2010</b>					
Carrying amount at start of year	13,985	7,040	25	545	21,595
Additions	-	-	387	201	588
Transfers	-	403	(403)	-	-
Disposals	-	-	-	(107)	(107)
Revaluation Increments / (Decrements)	1,398	637	-	-	2,035
Depreciation	-	(464)	-	(101)	(565)
<b>Carrying amount at end of year</b>	<b>15,383</b>	<b>7,616</b>	<b>9</b>	<b>538</b>	<b>23,546</b>
<b>2009</b>					
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)
<b>Carrying amount at end of year</b>	<b>13,985</b>	<b>7,040</b>	<b>25</b>	<b>545</b>	<b>21,595</b>

## 26. Impairment of assets

There were no indications of impairment to Property, plant and equipment as at 30 June 2010.

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

All surplus assets at 30 June 2010 have been written-off.

## 27. Payables

### Current

#### General Account

	2010 \$000	2009 \$000
Trade payables	36	375
Accrued expenses	422	463
Accrued salaries	419	1,018
GST payable	-	-
Other payables	109	83
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Claim payments	24	173
GST payable	-	-
Other creditors	1	4
	<b>1,011</b>	<b>2,116</b>



	2010 \$000	2009 \$000
<b>28. Provisions</b>		
<b>Current</b>		
<b>General Account</b>		
<b>Employee benefits provision</b>		
Annual leave <sup>(a)</sup>	1,074	937
Long service leave <sup>(b)</sup>	1,658	1,365
Superannuation <sup>(d)</sup>	400	200
	<b>3,132</b>	<b>2,502</b>
<b>Uninsured Workers</b>	1,131	615
	<b>1,131</b>	<b>615</b>
<b>Other provisions</b>		
Employment on-costs <sup>(c)</sup>	159	129
	<b>159</b>	<b>129</b>
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Liability for estimated future claim payments	2,493	2,441
	<b>2,493</b>	<b>2,441</b>
<b>Total current provisions</b>	<b>6,915</b>	<b>5,687</b>
<b>Non-current</b>		
<b>General Account</b>		
<b>Employee benefits provision</b>		
Long service leave <sup>(b)</sup>	704	554
Superannuation <sup>(d)</sup>	3,890	3,889
	<b>4,594</b>	<b>4,443</b>
<b>Uninsured Workers</b>	3,332	4,369
	<b>3,332</b>	<b>4,369</b>
<b>Other provisions</b>		
Employment on-costs <sup>(c)</sup>	42	31
	<b>42</b>	<b>31</b>
<b>Employers' Indemnity Supplementation Fund</b> (see <a href="#">note 31</a> )		
Liability for estimated future claim payments	21,374	26,978
	<b>21,374</b>	<b>26,978</b>
<b>Total non-current provisions</b>	<b>29,342</b>	<b>35,821</b>

	2010 \$000	2009 \$000
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months after the reporting period	699	584
More than 12 months after the reporting period	375	353
	<b>1,074</b>	<b>937</b>
(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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months after the reporting period	1,403	1,185
More than 12 months after the reporting period	959	734
	<b>2,362</b>	<b>1,919</b>
(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 <a href="#">note 18 'Other expenses'</a> .		
(d) Defined benefit superannuation plans		

The amounts recognised in the [Statement of Comprehensive Income](#) are as follows:

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Current service cost	33	29	-	-
Interest cost (unwinding of the discount)	180	187	40	49
Net actuarial losses/(gains) recognised	93	360	22	61
Total, included in 'Employee benefits expense' (see <a href="#">note 13</a> )	<b>306</b>	<b>376</b>	<b>62</b>	<b>110</b>

The amounts recognised in the [Statement of Financial Position](#) are as follows:

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Present value of unfunded obligations	3,497	3,358	793	731
Liability in the statement of financial position	<b>3,497</b>	<b>3,358</b>	<b>793</b>	<b>731</b>

Reconciliation of the unfunded liability recognised in the [Statement of Financial Position](#) is as follows:

Liability at start of year	3,358	2,944	731	873
Current service cost	33	29	-	-
Interest cost (unwinding of the discount)	180	187	40	49
Net actuarial losses/(gains) recognised	93	360	22	61
Benefits paid	(167)	(162)	-	(252)
Liability at end of year	<b>3,497</b>	<b>3,358</b>	<b>793</b>	<b>731</b>

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

Fair value of plan assets at start of year	-	-	-	-
Employer Contributions	167	162	-	252
Benefits Paid	(167)	(162)	-	(252)
Fair value of plan asset at end of year	-	-	-	-

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

	2010	2009	2008	2007
Discount rate	5.50%	5.50%	6.50%	6.25%
Future salary increases	4.50%	4.50%	4.50%	4.50%
Future pension increases	3.00%	3.00%	3.00%	3.00%

**Historic summary**

	2010 \$000	2009 \$000	2008 \$000	2007 \$000
<b>Pension scheme:</b>				
Present value of unfunded obligation	3,497	3,358	2,944	3,055
Fair value of plan assets	-	-	-	-
Surplus/(Deficit)	<b>3,497</b>	<b>3,358</b>	<b>2,944</b>	<b>3,055</b>
<b>Pre-transfer benefit - Gold State Superannuation Scheme:</b>				
Present value of unfunded obligation	793	731	873	1,119
Fair value of plan assets	-	-	-	-
Surplus/(Deficit)	<b>793</b>	<b>731</b>	<b>873</b>	<b>1,119</b>
<b>Experience adjustments arising on plan liabilities:</b>				
Pension Scheme	92	(33)	(68)	256
Pre-transfer benefit - Gold State Superannuation Scheme	22	11	31	(12)

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

Employer contributions of \$179k (2009: \$175k) are expected to be paid to the Pension Scheme for the year ended 30 June 2010.

Employer contributions of \$222k (2009: \$211k) are expected to be paid to the Gold State Superannuation Scheme for the year ended 30 June 2010.

**Movement in other provisions**

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

	2010 \$000	2009 \$000
<b>Employers' Indemnity Supplementation Fund Liability for estimated future claim payments</b>		
Carrying amount at start of year	29,419	27,487
Additional increase/(decrease) in provisions recognised	(2,716)	1,223
Unwinding of the discount	928	1,939
Payments/other sacrifices of economic benefits	(3,765)	(1,230)
Carrying amount at end of year	<b>23,866</b>	<b>29,419</b>

	2010 \$000	2009 \$000
<b>Uninsured claims</b>		
Carrying amount at start of year	4,984	4,468
Additional increase/(decrease) in provisions recognised	(268)	464
Unwinding of the discount	159	284
Payments/other sacrifices of economic benefits	(412)	(232)
Carrying amount at end of year	<b>4,463</b>	<b>4,984</b>
<b>Employment on-costs provision</b>		
Carrying amount at start of year	160	153
Additional increase/(decrease) in provisions recognised	701	613
Unwinding of the discount	31	21
Payments/other sacrifices of economic benefits	(691)	(627)
Carrying amount at end of year	<b>201</b>	<b>160</b>

## 29. Equity

Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

	2010 \$000	2009 \$000
<b>Reserves</b>		
Asset revaluation surplus:		
Balance at start of year	17,697	17,697
Net revaluation increments/(decrements):	-	-
Land	1,398	-
Buildings	637	-
Balance at end of year	19,732	17,697
<b>Retained earnings/(accumulated losses)</b>		
Balance at start of year	18,573	16,027
Result for the period	10,031	2,546
Balance at end of year	28,604	18,573
<b>Total Equity</b>	<b>48,336</b>	<b>36,270</b>

### 30. Notes to the Statement of Cash Flows

#### Reconciliation of cash

Cash at the end of the reporting period as shown in the [Statement of Cash Flows](#) is reconciled to the related items in the [Statement of Financial Position](#) as follows:

	2010 \$000	2009 \$000
Cash and cash equivalents and restricted cash	61,031	57,380
	<b>61,031</b>	<b>57,380</b>
<b>Reconciliation of profit/loss to net cash flows provided by/(used in) operating activities</b>		
Profit/(loss)	10,031	2,546
<b>Non-cash items:</b>		
Depreciation & amortisation expense	565	545
Net (gain)/loss on sale of property, plant and equipment	14	7
<b>(Increase)/decrease in assets:</b>		
Current receivables	112	396
Other current assets	(308)	373
<b>Increase/(decrease) in liabilities:</b>		
Current payables	(1,104)	(654)
Current provisions	1,028	402
Non-current provisions	(6,279)	2,448
Net GST receipts/(payments) <sup>(a)</sup>	175	(27)
Change in GST receivables/(payables) <sup>(b)</sup>	(88)	-
<b>Net cash provided by/(used in) operating activities</b>	<b>4,146</b>	<b>6,036</b>
(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* (the Act) to provide for payment of workers' compensation claims in Western Australia:

- in the event an approved insurer collapses.
- to waterfront workers suffering from asbestos related diseases under the *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986*.

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

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

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

#### **EISF Act Liabilities**

The outstanding liabilities for claims in run-off (including 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. <sup>(1)</sup>

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

#### **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:

<b>EISF Act: Asbestos-Related Claims</b>	<b>2010</b>	<b>2009</b>
Inflation Rate	4.25% for 2011 and later	4% for 2010 and later
Discount Rate	4.5% for 2011, 4.7% for 2012, 5.0% for 2013, 5.3% for 2014, 5.5% for 2015, 5.6% for 2016, 5.7% for 2017-18, 5.8% for 2019-20 Onwards	3.4% for 2010, 4.8% for 2011, 6.0% for 2012, 6.2% for 2013 to 2015 and 6.1% for 2016 Onwards
Claims Managements Expenses	10.5% for claim payments	10.5% of claim payments
Superimposed Inflation	2%	2%
Risk Margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

<b>EISF Act: Non Asbestos-Related Claims</b>	<b>2010</b>	<b>2009</b>
Inflation Rate	4.25% for 2011 and later	4% for 2010 and later
Discount Rate	4.5% for 2011-12, 4.7% for 2013, 5.0% for 2014, 5.3% for 2015, 5.5% for 2016, 5.6% for 2017, 5.7% for 2018-19 Onwards	3.4% for 2010, 4.8% for 2011, 6.0% for 2012, 6.2% for 2013 to 2015 and 6.1% for 2016 Onwards
Claims Managements Expenses	10.5% of claim payments	10.5% of claim payments
Superimposed Inflation	4.0%	4.0%
Risk Margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level



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
2010	23,866

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 did not include provision for Non-HIH liabilities.

In accordance with Accounting Standard AASB 1023 General Insurance Contracts the outstanding claims liability at 30 June 2010 was assessed at \$23,866,000 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 may be recovered from HIH's liquidator.

For the purpose of addressing the outstanding claims liability, a surcharge was 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.

**32. Commitments**

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

Within 1 year

705 468

Later than 1 year and not later than 5 years

- -

Later than 5 years

- -

**705 468**

The capital commitments include amounts for:

Electronic Data Management System (Scoping Only)

75 468

IT Infrastructure Upgrade

390 -

Car Park Upgrade

240 -

**705 468**

**33. Contingent liabilities and contingent assets****Contingent Liabilities**

There were no contingent liabilities in existence at 30 June 2010 and up to the date of this report.

**Contingent Assets**

An insurance claim of \$37,000 for storm damage to buildings has been submitted to the insurer awaiting approval.

**34. Events occurring after the end of the reporting period**

No events occurred after balance sheet date.

### 35. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the [Statement of Comprehensive Income](#) are shown below.

Significant variations are considered to be those greater than 10% and \$200,000.

#### Significant variances between estimate and actual results for the financial year

	2010 Actual \$000	2010 Estimate \$000	Variation \$000
<b>Income</b>			
Interest Revenue	2,495	1,804	691
Employers' Indemnity Supplementation Fund	5,867	3,200	2,667
<b>Expenses</b>			
Employee Benefits Expense	14,151	14,999	848
Supplies and Services	2,501	4,093	1,592
Workers' Compensation Claims	3,765	2,062	(1,703)

#### Interest Revenue

The increase reflects higher than expected recoveries which increased investment balances and therefore interest earnings.

#### 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 Expense

There was a more rapid than expected increase in vacant positions filled, resulting in a corresponding increase in employee benefits expense.

#### Supplies & Services

Lower program related expenditure due to the deferral of some capital works programs.

#### Workers' Compensation Claims

The rise in workers compensation claims is largely due to the settlement of a large claim in the month of April.

**Significant variances between actual results for actual and prior year actual**

	2010 \$000	2009 \$000	Variation \$000
<b>Income</b>			
General Fund Contributions	18,112	17,837	275
Interest Revenue	2,495	3,004	(509)
Employers' Indemnity Supplementation Fund	5,867	2,929	2,938
<b>Expenses</b>			
Employee Benefits Expense	14,151	12,619	(1,532)
Supplies and Services	2,501	2,800	299
Workers' Compensation Claims	3,765	3,162	(603)

**General Fund Contributions**

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

**Interest Revenue**

The decrease in interest revenue from the prior year reflects the lower average interest rates available to investment balances in the 2010 financial year.

**Employers' Indemnity Supplementation Fund**

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

**Employee Benefits Expense**

There has been an increase in vacant positions filled, resulting in a higher FTE count and corresponding increase in employee benefits expense.

**Supplies and Services**

The reduction largely reflects the timing of various business projects and in this instance relates to a decrease in expenditure relating to IT costs.

**Workers' Compensation Claims**

The rise in workers compensation claims is largely due to the settlement of a large claim in the month of April.

## 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.

### (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 end of the reporting period are as follows:

	2010 \$000	2009 \$000
<b>Financial Assets</b>		
Cash and cash equivalents	2,621	4,267
Restricted cash	47,614	43,994
Receivables <sup>(i)</sup>	957	759
Other financial assets	10,796	9,119
Other current assets	23	26
<b>Financial Liabilities</b>		
Payables	1,011	2,116
Provisions	36,257	41,508
(i) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).		

**(c) Financial instrument disclosures**

**a) Credit risk and interest rate exposures**

The following table discloses the Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

*Interest rate exposure and ageing analysis of financial assets <sup>(1)</sup>*

	Interest Rate Exposure					Past Due But Not Impaired					Impaired Financial Assets (\$000)
	Weighted Average Effective Interest Rate %	Carrying Amount (\$000)	Variable Interest Rate (\$000)	Fixed Interest Rate Maturity Less than 1 Year (\$000)	Non Interest Bearing (\$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)	
<b>2010</b>											
<b>Financial Assets</b>											
Cash and cash equivalents	5.08	2,621	-	2,621	-	-	-	-	-	-	-
Restricted cash	3.99	47,614	47,614	-	-	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	957	-	-	957	151	699	98	9	-	-
Other financial assets	6.03	10,796	-	10,796	-	-	-	-	-	-	-
Other current assets	-	23	-	-	23	-	-	-	-	-	-
		<b>62,011</b>	<b>47,614</b>	<b>13,417</b>	<b>980</b>	<b>151</b>	<b>699</b>	<b>98</b>	<b>9</b>	-	-
<b>2009</b>											
<b>Financial Assets</b>											
Cash and cash equivalents	3.44	4,267	-	4,267	-	-	-	-	-	-	-
Restricted cash	3.21	43,994	43,994	-	-	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	759	-	-	759	154	22	96	3	79	-
Other financial assets	4.13	9,119	-	9,119	-	-	-	-	-	-	-
Other current assets	-	27	-	-	27	-	-	-	-	-	-
		<b>58,166</b>	<b>43,994</b>	<b>13,386</b>	<b>786</b>	<b>154</b>	<b>22</b>	<b>96</b>	<b>3</b>	<b>79</b>	-

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

## b) Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities.

*Interest rate exposure and ageing analysis of financial assets <sup>(1)</sup>*

	Interest Rate Exposure					Maturity Date				
	Weighted Average Effective Interest Rate %	Carrying Amount (\$000)	Variable Interest Rate (\$000)	Fixed Interest Rate Maturity Less than 1 Year (\$000)	Non Interest Bearing (\$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)
<b>2010</b>										
<b>Financial Liabilities</b>										
Payables	-	1,011	-	-	1,011	1,011	-	-	-	-
		<b>1,011</b>	-	-	<b>1,011</b>	<b>1,011</b>	-	-	-	-
<b>2009</b>										
<b>Financial Liabilities</b>										
Payables	-	2,116	-	-	2,116	2,116	-	-	-	-
		<b>2,116</b>	-	-	<b>2,116</b>	<b>2,116</b>	-	-	-	-

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.



## c) 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 end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$000s	-1% change		+1% change	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2010</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	2,621	(26)	(26)	26	26
Receivables	957	-	-	-	-
Other financial assets	10,796	(108)	(108)	108	108
<b>Financial Liabilities</b>					
Payables	1,011	-	-	-	-
Total Increase/(Decrease)		<b>(134)</b>	<b>(134)</b>	<b>134</b>	<b>134</b>

	Carrying amount \$000	-1% change		+1% change	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2009</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	4,267	(43)	(43)	43	43
Receivables	759	-	-	-	-
Other financial assets	9,119	(91)	(91)	91	91
<b>Financial Liabilities</b>					
Payables	2,116	-	-	-	-
Total Increase/(Decrease)		<b>(134)</b>	<b>(134)</b>	<b>134</b>	<b>134</b>

## d) Fair value

All financial assets and liabilities recognised in the [Statement of Financial Position](#), 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.

**37. Remuneration of members of the accountable authority and senior officers****Remuneration of members of the accountable authority**

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

\$	2010 \$000	2009 \$000
0 - 10,000	1	3
10,001 - 20,000	4	3
20,001 - 30,000	1	1
80,001 - 90,000	-	-
140,001 - 150,000	-	-
The total remuneration of members of the accountable authority	<b>88</b>	<b>84</b>

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:

\$	2010 \$000	2009 \$000
0 - 10,000	-	-
10,001 - 20,000	1	-
20,001 - 30,000	1	-
30,001 - 40,000	-	1
80,001 - 90,000	1	2
90,001 - 100,000	1	1
100,001 - 110,000	2	1
120,001 - 130,000	1	1
140,001 - 150,000	3	1
170,001 - 180,000	-	1
180,001 - 190,000	1	-
470,001 - 480,000 <sup>(i)</sup>	-	1
The total remuneration of senior officers	<b>1170</b>	<b>1352</b>

(i) Includes the termination payment for the previous CEO in the last financial year.

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

No senior officers are members of the Pension Scheme.

### 38. Remuneration of auditor

Remuneration payable to the Auditor General for the reporting period is as follows:

	2010 \$000	2009 \$000
Auditing the accounts, financial statements and performance indicators	76	76
	<b>76</b>	<b>76</b>

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

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

	2010 \$000	2009 \$000
Income		
Amounts paid to the custody of the Authority	334	214
Interest on Investments	31	57
	<b>365</b>	<b>271</b>
Expenditure		
Payments by the Authority	254	496
Administration Fee	8	8
	<b>262</b>	<b>504</b>
Surplus/(Deficit)	103	(233)
Balance July 1	716	951
Balance June 30	<b>819</b>	<b>718</b>
Balance of funds held represents:		
Cash and cash equivalents	816	716
Add Accrued interest	3	2
Less Accrued expenses	-	-
	<b>819</b>	<b>718</b>

#### 40. Supplementary financial information

##### Potential Claims Recoveries Written Off

In relation to the General Fund, 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 [Statement of Comprehensive Income](#). The General Fund debt write-offs outlined below for the 2010 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:

	2010 \$000	2009 \$000
<b>Write-Offs</b>		
Debts written off by the Authority during the financial year		
Uninsured claims	598	1,481
General Account	36	-
	<b>634</b>	<b>1,481</b>
Amounts Written Off by the Board	195	685
Amounts Written Off by the Minister	439	796
	<b>634</b>	<b>1,481</b>

	2010 \$000
Number of Individual Recover Write-offs with Values Between:	
\$	
0 - 100,000	20
100,001 - 250,000	3

	2010 \$000	2009 \$000
<b>Losses Through Theft, Defaults And Other Causes</b>		
Losses of public money and public and other property through theft, default and other causes	-	-
Amount recovered	-	-
	-	-
<b>Gifts of Public Property</b>		
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 Island and Cocos-Keeling Island.

	2010 \$000	2009 \$000
Opening balance	25	34
Funding received from the Commonwealth	7	-
Revenue received from insurers	9	-
	41	34
<b>Payments by Program</b>		
Community Awareness Program	13	-
Statistical Database	5	5
Scheme Development	-	-
Dispute Resolution	1	-
Compliance	2	2
Support	2	2
Total Payments	23	9
Balance carried forward	<b>18</b>	<b>25</b>

## 44. Schedule of income and expenses by service

	GENERAL ACCOUNT								EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND		Total	
	Market Regulation <sup>(i)</sup>		Resolution of Disputes		Not Attributed		Total		Total			
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Revenues from ordinary activities	9,842	8,467	8,250	7,097	1,390	3,155	19,481	18,719	13,312	5,188	32,793	23,907
Expenses from ordinary activities	9,229	9,222	8,442	7,717	1,390	1,236	19,061	18,175	3,780	3,224	22,841	21,399
Grants and subsidies from Government	-	-	-	-	79	38	79	38	-	-	79	38
Net profit/(loss)	613	(755)	(192)	(620)	79	1,957	499	582	9,532	1,964	10,031	2,546

## 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 2010/11.

<b>Expenditure</b>	<b>\$000</b>
Operating costs	
Employee expenses	15,201
Supplies and services	2,520
Accommodation expenses	365
Uninsured claims	519
Other	250
Asset purchases	450
<b>Total expenditure</b>	<b>19,305</b>

<b>Revenue</b>	<b>\$000</b>
Contributions	18,808
Other	497
Cash balance and other funding sources	-
<b>Total revenue</b>	<b>19,305</b>

## Additional Key Performance Indicator Information

### Certification of KPIs

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess WorkCover WA's performance, and fairly represent the performance of WorkCover WA for the financial year ended 30 June 2010.



**Victoria Wilmot**  
Board Member  
WorkCover Western Australia Authority

31 August 2010



**Michelle Reynolds**  
Chief Executive Officer  
WorkCover Western Australia Authority

31 August 2010



## 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 2010**

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

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.

**WorkCover Western Australia Authority**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

**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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



COLIN MURPHY  
AUDITOR GENERAL  
2 September 2010

## Detailed Information in Support of Key Performance Indicators

WorkCover WA contributes to government goals by delivering services aimed at minimising the social and economic impact of work related injury and disease on workers and the Western Australian community.

WorkCover WA's mission is to lead a contemporary, healthy and integrated workers' compensation scheme that is fair, accessible and cost effective for all participants, through:

- providing advice and guidance on workers' injury management and return to work practices
- active, responsive and transparent management of the scheme
- focused information, education and compliance activities
- fair and speedy dispute resolution
- a strong customer service focus.

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

### Changes to Outcome Based Management Framework

For the current reporting year, the Department of Treasury and Finance approved WorkCover WA to alter [Key Performance Indicator \(KPI\) 1.1](#) to provide more meaningful information on workers' compensation insurance compliance.

## Key Performance Indicators of Effectiveness

### Indicator 1.1 Number of non-compliance events identified as a result of a claim on the General Account (new from 2009/10)

	2008/09	2009/10 Target	2009/10
Number of non-compliance events identified as a result of a claim on the General Account	7	8	5

#### Description

KPI 1.1 shows the number of new uninsured claims met by the General Account, measuring the impact of employers who fail to maintain workers' compensation insurance policies.

A non-compliance event is defined as "an occupational safety and health incident to a worker or workers of an uninsured employer, which has a financial impact on WorkCover WA's General Account by way of an uninsured claim payment". Given the long tail for claims relating to workplace incidents involving asbestos and industrial disease, these are excluded from the definition of an 'event'. For example, the four main diseases associated with the inhalation of asbestos fibres (i.e. asbestosis, mesothelioma, asbestos related lung cancer and diffuse pleural fibrosis) generally take many years, if not decades, to develop after a worker has been exposed to asbestos. Thus, the inclusion of uninsured workers for these types of work-related disease as an event would not reflect the current level of uninsured workers.

The performance target was established by considering the ratio of the total number of uninsured claims against insured claims for each of the previous four years. The figure is two uninsured claims payments per 10,000 insured claims. The total number of insured claims for 2009/10 is estimated to be approximately 40,000; hence a performance target of eight events.

#### Analysis

During 2009/10 there were five new claims on the General Account; three fewer than the 2009/10 target. This reflects the success of WorkCover WA's focus on information, education and compliance activities, ensuring employers comply with their workers' compensation insurance obligations. Notwithstanding these activities, some employers will avoid the legal requirement to take out workers' compensation insurance and, consequently, claims may be made on WorkCover WA's General Account.

**Indicator 1.2 Percentage of lost-time injuries with an appropriate injury management response**

	2006/07	2007/08	2008/09	2009/10 Target	2009/10
Percentage of lost-time injuries with an appropriate injury management response	100%	98%	100%	96%	100%

**Description**

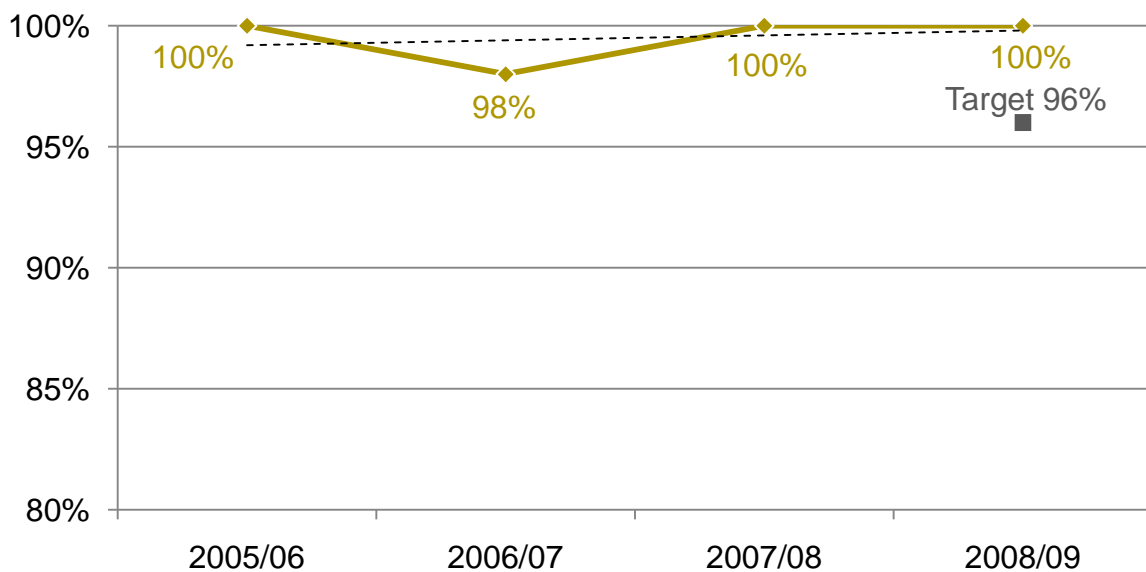
A lost-time claim results from at least one day/shift absent from work. Insurers and self-insurers must report to WorkCover WA when they become aware that an injured worker's:

- period of incapacity exceeds four consecutive weeks or
- total periods of incapacity exceed 12 weeks in 12 months or less.

The target is the average percentage of notifications responded to for the first quarter (July-September).

In these reports, insurers and self-insurers are required to demonstrate that injury management has commenced, the program is consistent with the nature and severity of the injury, and it is intended to assist the worker to return to work or to undergo vocational rehabilitation.

KPI 1.2 measures the percentage of lost-time claims with an appropriate injury management response.

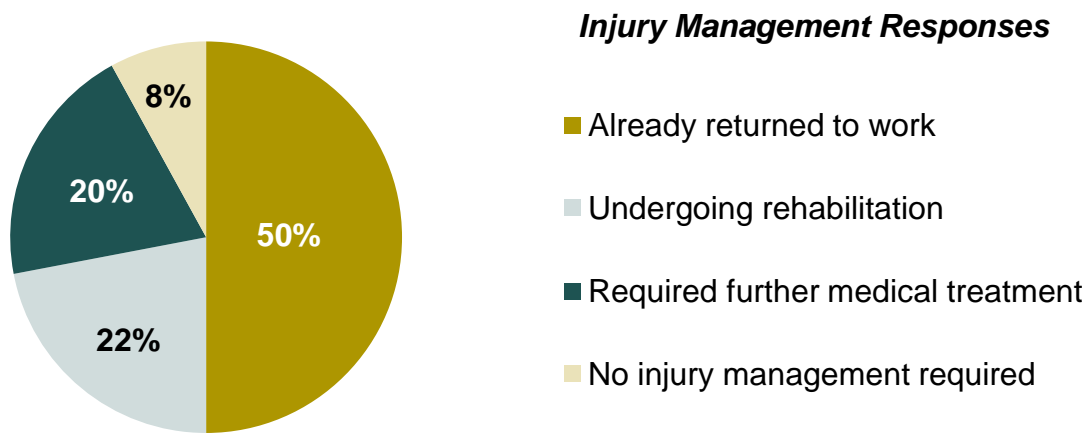


## Analysis

The result of 100 per cent represents an excellent outcome that can be attributed to the requirement for all insurers and self-insurers to report lost-time injuries with an appropriate injury management response to WorkCover WA, as well as close monitoring of these reports by WorkCover WA.

WorkCover WA's analysis of the 8833 responses found that:

- 50 per cent of workers had already returned to work or had their claim finalised
- 22 per cent of workers were undergoing rehabilitation
- 20 per cent of workers required further medical treatment
- 8 per cent did not require injury management intervention for other reasons such as pending settlements, other employment, they had moved interstate or overseas, withdrawal from the workforce or full-time study.



## Notes

One of the roles of WorkCover WA is to ensure injured workers receive appropriate injury management assistance and service. The agency identifies and reviews claims to determine timely injury management action and the need for vocational rehabilitation.

A 'four-week notification system' identifies claims that meet a set of criteria, namely:

- the claim is accepted
- the worker's period of incapacity exceeds four consecutive weeks or total periods of incapacity exceed 12 weeks in 12 months or less
- the worker has not returned to work
- the worker has not commenced vocational rehabilitation
- the claim is not a fatality
- common law payment is less than \$1000
- there are no redemption or second schedule payments
- the claim has not been finalised.

For each claim that meets these criteria, an electronic report is forwarded at the beginning of each month to the relevant insurers or self-insurers for a response on the worker's status.

Any responses requiring further information from insurers, employers, workers or treating medical practitioners are identified and followed up as required to clarify injury management status prior to processing of the data.

The KPI target is the average percentage of notifications responded to for the first quarter (July to September).

### Indicator 1.3 User satisfaction with the dispute resolution system

	2006/07	2007/08	2008/09	2009/10 Target	2009/10
User satisfaction with the dispute resolution system	70%	65%	71%	68%	75%

#### Description

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

The Dispute Resolution Directorate uses a client satisfaction survey annually to measure user satisfaction with the dispute resolution system. The survey results assist WorkCover WA to make service delivery and process improvements.

#### Analysis

The overall user satisfaction score of 75 per cent represented an increase of 4 per cent over the 2008/09 survey result. The 2009/10 client survey received a 93 per cent response rate; a 69 per cent increase from 2008/09. The increase was attributed to WorkCover WA's decision to outsource the client survey, which had previously been conducted in-house. For 2009/10, the survey was conducted independently by the Edith Cowan University Survey Research Centre through phone interviews.

#### Notes

There were 364 respondents to the survey from a total of 391 eligible contacts. A sample of 364 was calculated as the number required to achieve 95% confidence that the sample truly reflected the total population of 1300. This is a response rate of 93%. There were 219 (60.2%) workers and 145 (39.8%) employers.

**Indicator 1.4 Resolution of disputes (new from 2008/09)**

	2007/08	2008/09	2009/10 Target	2009/10
1) Percentage of Part XI disputes resolved within 26 weeks of the date the application was received	61%	55%	68%	60%
2) Percentage of Part XII disputes resolved within 5 working days of referral to Arbitrator for a decision	93%	97%	90%	96%
3) 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	48%	44%	50%	39%

**Description**

KPI 1.4 measures are designed to reflect each of the Dispute Resolution Directorate's three broad areas of activity:

- Complex statutory claims (Part XI applications): these claims are most commonly for determination of liability and other such complex disputes related to an injury sustained by a worker. They generally involve determination of a substantive dispute by way of conciliation and / or arbitration.
- Minor statutory claims (Part XII applications): these are minor claims for interim relief usually to do with weekly payments, up to 12 weeks in duration or up to 5% of the prescribed amount for statutory expenses.
- Common law claims for injuries under the 1993 Scheme (occurring prior to 14 November 2005): these claims involve the determination of degree of disability under the 1993 Scheme. Such a determination is required prior to any pursuit by a worker in a relevant civil court of a claim of negligence.

As an application can be lodged in one reporting year and not resolved until the following year, the number of applications finalised do not correspond with the number lodged.



## Analysis

### Part XI disputes

There has been a continuing increase in the resolution of Part XI disputes within 26 weeks, however, achievement for 2009/10 remains below the 68% target. Factors that have contributed to this include:

- Statutory timeframes embedded in legislation which contribute waiting periods of up to 45 days should parties choose to use the maximum allowable time
- the complexity of Part XI disputes which means that injuries often need to stabilise before medical reports can be finalised and a dispute can be resolved
- the ability and willingness of parties to participate in the dispute resolution process
- the practice of including in the statistics collected for KPI purposes those applications in which the dispute has been resolved, but for which the file remains open until the parties register either a memorandum of agreement or section 92 (f) deed. This aspect of the data collection is under review for this coming year.

Notwithstanding these factors the resolution rate for resolving Part XI disputes increased by 5% compared with the previous year. In order to maintain this trend the Dispute Resolution Directorate is implementing new business processes relevant to the resolution of Part XI disputes with a specific focus on case management procedures and timeline measures. The streamlining of administrative processes within the Dispute Resolution Directorate is expected to further improve resolution rates.

In an effort to determine the factors impacting on the resolution of long-term outstanding claims, the Dispute Resolution Directorate in 2009-10 undertook a file audit of 42 long-term, outstanding Part XI and common law applications. This process resulted in the finalisation of 30 outstanding applications.

A 'fast track' (low document) process was also trialled in 2009/10 as part of the effort to improve the dispute resolution rate. Eight matters were resolved through the 'fast track' process. Time taken to resolve those matters was on average 17.8 days compared with 73 days for the 136 non fast-track matters resolved during the same period. However the contribution of 'fast track' to an overall improvement in the dispute resolution rate was limited, despite initial high expectations.

The 2009 review of the *Workers Compensation and Injury Management Act 1981* recommends the dispute resolution framework be amended, in part to achieve improved timeliness in the resolution of Part XI matters. The recommendations arising from the Review will be implemented in 2010/11.

### Part XII disputes

The continued early referral of Part XII disputes to an Arbitrator has maintained a high rate of decisions being made within the five-day benchmark set.

## Common law applications

Common law matters under the 1993 scheme relate to injuries which occurred prior to 14 November 2005 and are by their nature complex. Many of these injuries are severe and the time taken for their resolution can be lengthy.

There is a diminishing number of common law matters managed under the 1993 scheme. This is due to the resolution of existing matters and smaller numbers of new applications brought each year. As fewer new applications are lodged, an increasing proportion of the remaining claims are likely to be problematic to resolve. This trend will continue.

At the start of the reporting year there were 115 open common law matters and 45 new applications were lodged. By the end of the reporting year 109 cases had been finalised, 43 of which were closed within the 52 week benchmark. The remaining 66 cases closed exceeded 52 weeks. Closure of claims of this nature can be delayed due to the complexity of injuries and delay in the finalisation of medical reports.

In addition, common law applications for injuries arising prior to 14 November 2005 include up to 91 days of statutory delay within the standard process.

File audits continue to be undertaken to ensure all matters are actively case managed and resolved as early as possible.

### Note

2007/08 data was retrospectively calculated as part of the analysis for a new KPI 1.4 implemented in 2008/09 and is shown for comparison only. This figure was **not** reported in the WorkCover WA 2007/08 Annual Report.

## Key Performance Indicators of Efficiency

### Indicator 2.1 Average weighted cost (\$) per regulation activity

	2006/07	2007/08	2008/09	2009/10 Target	2009/10
Average weighted cost (\$) per regulation activity	\$177	\$153	\$152	\$214	\$193

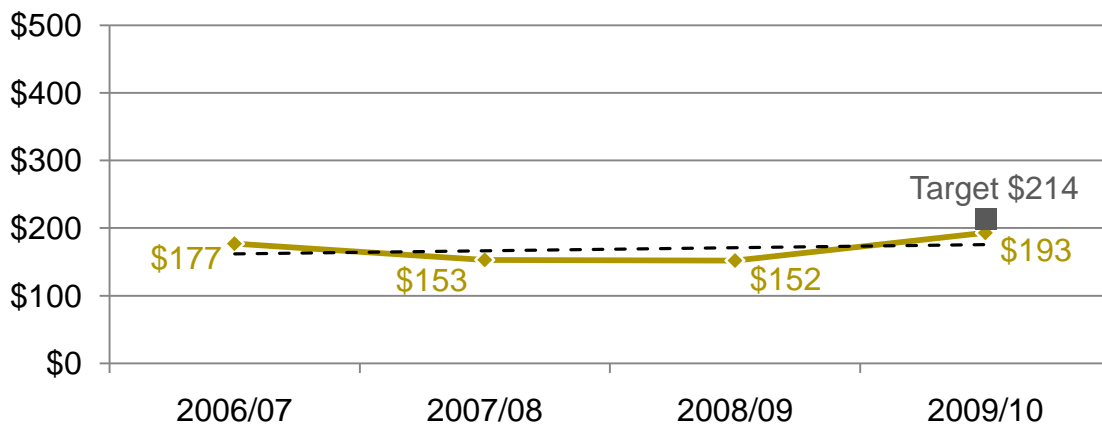
#### Description

This indicator measures regulation activities that ensure workers' compensation participants are educated about and comply with legislative requirements and standards including:

- initial accreditations
- subsequent reviews and monitoring
- compliance inspections
- policy cancellations
- information, education, training and advice
- prosecutions.

The target is the average cost of regulation activity based on the first quarter (July-September).

#### Average weighted cost (\$) per regulation activity



#### Analysis

The average weighted cost per regulation activity was under the target cost for 2009/10. This is a positive result given increased regulatory activity in areas of higher complexity including investigations leading to prosecution (13 prosecutions in 2009/10 compared with nil in 2008/09).

## Notes

In calculating this indicator, certain costs have been excluded as they make no contribution to the provision of services. These include workers' compensation claims from the supplementation account (\$3.787 million), trust administration (\$26,000), uninsured workers' compensation claims (\$451,000), Cocos and Christmas Island expenditure (\$9000) and the WorkSafe contribution (\$250,000). The total value of exclusions in calculating the costs of services for the purposes of this indicator was \$4.514 million. After making these exclusions, the total regulatory cost used to calculate this indicator was \$9.232 million.

**Indicator 2.2 Average weighted cost to resolve disputes (new from 2008/09)**

	2007/08	2008/09	2009/10 Target	2009/10
1) Average weighted cost (\$) to resolve a:				
a) Part XI dispute	\$4567	\$4109	\$4600	\$4594
b) Part XII dispute	\$826	\$721	\$950	\$758
c) Common law application relating to an injury occurring prior to 14 November 2005	\$3112	\$4627	\$3600	\$3404
2) Average weighted cost (\$) to process a Memorandum of Agreement	\$370	\$327	\$430	\$332

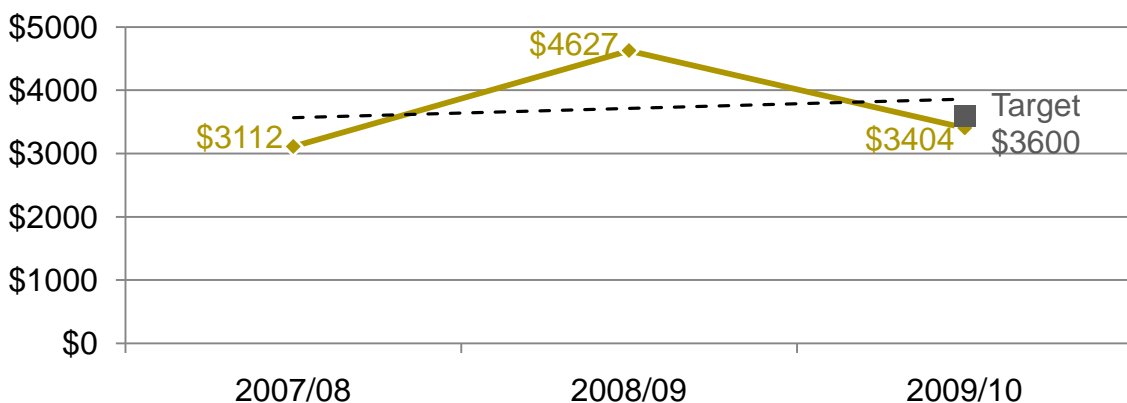
**Description**

These measures provide a breakdown of the weighted cost of resolving a dispute across the three different processes managed by the Dispute Resolution Directorate (DRD), namely the resolution of Part XI applications, Part XII applications, and common law claims for injuries under the 1993 Scheme (see explanations in [KPI 1.4](#)).

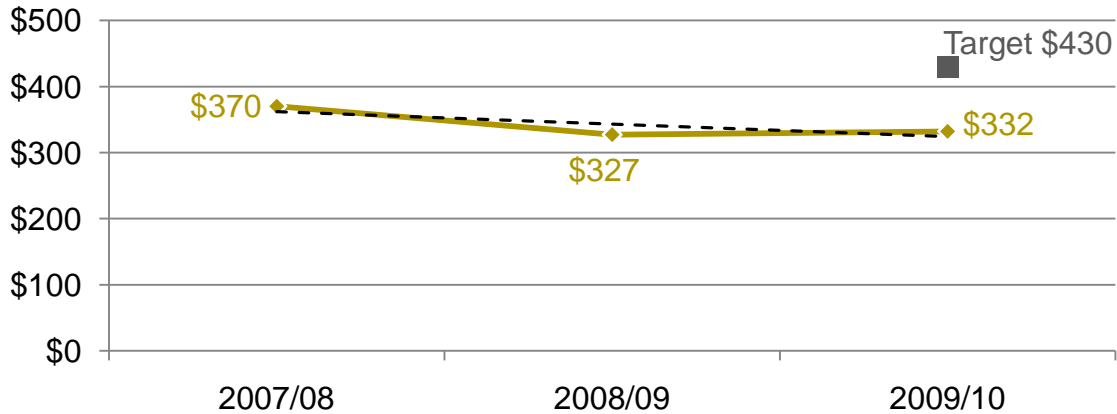
The weighted cost to process each memorandum of agreement and deed is provided under this KPI.

The average cost per application type was introduced in the 2007/08 Annual Report. As there are now three sets of data available, trending analysis was applied and consequently the formula for calculating the average weighted cost was reviewed and adjusted accordingly to provide a more accurate reflection of the number of cases resolved. The impact of these adjustments is reported in the analysis section below.

**Average weighted cost (\$) to resolve a common law application relating to an injury occurring prior to 14 November 2005**



## Average weighted cost (\$) to process a Memorandum of Agreement



### Analysis

Targets for the cost of resolving disputes were met. On a yearly basis, the reported figures for the weighted costs of each activity rise and fall in line with increases and decreases in the number of new applications received and subsequently resolved. Costs for the operation of the DRD are expected to rise in line with salary increases awarded and this in turn can contribute to changes in the weighted costs for the activities undertaken.

For 2009/10, there was an increase in the number of resolved statutory disputes and the processing of workers' elections to pursue common law claims under the 2004 Scheme. There was also a significant increase in the number of agreements registered in 2009/10 (4913 in 2009/10 compared with 3986 in 2008/09 and 3506 in 2007/08). The increased workload in these three areas was counterbalanced by the continuing long-term decrease in new common law claims under the 1993 Scheme.

The average weighted cost for each of these activities reflects the above changes to the balance of work undertaken by the DRD. Accordingly they provide an accurate representation of the actual costs for each activity undertaken in the 2009/10 reporting year.

### Note

2007/08 data was calculated retrospectively as part of the analysis for a new KPI 2.2 implemented in 2008/09 and is shown for comparison only. This figure was **not** reported in the WorkCover WA 2007/08 Annual Report.

## **Ministerial Directives**

No Ministerial directives were received during the financial year.

## Other Financial Disclosures

### Capital Works Projects

#### Capital Projects Completed

As part of the air conditioning plant upgrade program, a more energy efficient and environmentally conscious chiller was commissioned in November 2009, replacing the existing chiller.

As part of the information technology infrastructure replacement program, WorkCover WA replaced obsolete computers, laptops, and printers throughout the agency. The new server infrastructure will be completed within the first quarter of 2010/11.

### Employment and Industrial Relations

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

#### Staff Profile

For 2009/10, WorkCover WA had an approved budgeted FTE of 151.5 full-time equivalent employees.

#### Employee occupancy at 30 June 2010

Employment type	2008/09	2009/10
Full-time permanent	106.00	126.00
Full-time contract	15.00	14.00
Part-time measured on an FTE basis	11.17	8.68
<b>Total</b>	<b>132.17</b>	<b>148.68</b>
Staff on secondment	5	5



## **Staff Development**

WorkCover WA is committed to the continued development of its employees. Strategies are in place to build a highly skilled and competent workforce with the ability to adapt to changing technology and business demands.

Through the performance management process training requirements are identified and incorporated into training programs offered to staff.

In 2009/10, WorkCover WA employees received 4,528 hours of in-house and external training. The key focus for training in 2009/10 centred around:

- Accountable and ethical decision making
- Occupational safety and health (OSH) for managers and supervisors
- Certificate IV in Frontline Management
- Certificate IV Government (Statutory Compliance)
- Lead auditor training
- Pathway to leadership training
- Personal Injury Education Foundation programs.

## **Workers Compensation**

In 2009/10, no new workers' compensation claims were recorded by the agency. This compares with five workers' compensation claims recorded in 2008/09.

## Governance Disclosures

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
- 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 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.

## Conflicts of Interest

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 2009/10, Mr Bradley declared that he is the Director General of the Department that includes WorkSafe. WorkCover WA funds the ThinkSafe prevention program managed by WorkSafe.

Board member Mr Steven Burns is the Regional Manger Intermediary Distribution - WA/NT of QBE Insurance (Australia) Ltd. In 2009/10, Mr Burns declared that he is an "employee of a licensed insurer".

## 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.

For the 2009/10 financial year, the Minister fixed the remuneration at \$27,300 per annum for the Chairman and \$13,600 per annum for Board members.

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 covering the members of the former Workers' Compensation and Rehabilitation Commission 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 2010 to 16 May 2011, was \$18,150 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, and provides stewardship by promoting discussion with internal and external auditors ensuring effective systems and policies are in place.

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

## Corporate Governance Committee

At the 15 October 2009 Board meeting, the Board agreed to discontinue the Corporate Governance Committee. Corporate governance issues will now be included as a standing item at Board meetings.

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chair)	1	1
Mr Steve Burns	1	1
Ms Michelle Reynolds	1	1

## Medical Committee

The Medical Committee is an advisory committee established under section 100A of the Act. The Committee provides guidance on matters of a medical nature within the Western Australian workers' compensation scheme and advises the Board on medical matters, such 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

Member	No. of meetings held	No. of meetings attended
Ms Michelle Reynolds (Chair)	2	2
Ms Lisa Biglin	2	0
Dr Marcus Adonis	2	2
Dr Heather Campbell	2	2
Dr Alan Home	2	2
Mr Barrie Slinger	2	2
Dr Neil Ozanne	2	2

## 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.

## 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.

In 2009/10, the panel convened on 26 occasions and made 46 determinations. All determinations were associated with asbestos exposure at work. The number of claims decreased in 2009/10 for pneumoconiosis, mesothelioma and lung cancer, and, as a result, total determinations were marginally lower in comparison with the previous year.

### 2009/10 Panel Members

#### Chairman (rotating)

- Dr K C Wan
- Dr E Gabbay
- Dr M K Tandon
- Dr Q Summers

#### Members

- Dr D Bucens
- Dr M Musk
- Dr A E Tribe
- Dr P Psaila-Savona

### Number of determinations where disease is present with a level of impairment >0%

	2007/08	2008/09	2009/10
Pneumoconiosis	22	19	18
Mesothelioma	22	21	22
Lung cancer	10	6	6
Sub-total	54	46	46
Determinations where disease not present or disease present but a 0% level of impairment	0	4	0
<b>Total</b>	<b>54</b>	<b>50</b>	<b>46</b>

### Number of applications

	2007/08	2008/09	2009/10
New	48	45	40
Reviewed	6	5	6
<b>Total</b>	<b>54</b>	<b>50</b>	<b>46</b>

## Other Legal Requirements

### Advertising

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 for the 2009/10 financial year.

	Expenditure (\$)	Organisation
Advertising agencies	14,615.66	AdCorp Australia Limited
Direct mail organisations	7,612.75	Lasermail Pty Ltd
	2,891.59	Quickpack Holdings Pty Ltd T/AS Quick Mail
Market research organisations	Nil	
Media advertising organisations	620.00	Gee Wizz Unit Trust T/AS Cambridge Media
	2,647.82	Medical Forum Magazine T/AS Healthbooks
Polling organisations	Nil	
<b>Total</b>	<b>28,387.82</b>	

### Disability Access and Inclusion Plan

#### Outcomes

WorkCover WA's *Disability Access and Inclusion Plan (DAIP)* outlines how the agency contributes to an accessible and inclusive community for people with disabilities, their families and carers. These include ensuring that, in their interaction with WorkCover WA, people with disabilities:

- have the same opportunities as other people to access to WorkCover WA services and events
- have the same opportunities as other people to access the buildings and other facilities
- receive information in a format that will enable them to access the information as readily as other people
- receive the same level and quality of service from the staff
- have the same opportunities as other people to make complaints
- have the same opportunities as other people to participate in any public consultation.

## Achievements

In 2009/10:

- a disability access audit of the WorkCover WA building and surrounds was conducted by JMG Building Surveyors. The audit recommended a range of improvements that will be included in a new DIAP Plan
- information about functions, facilities and services are provided in formats that meet the communication needs of people with disabilities, including alternative formats such as large print, audio or Braille on request
- work started on the development of a new DAIP Plan 2011-15, commencing with a review of the existing plan.

## 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 via the WorkCover WA intranet.

In 2009/10, there were three breach of standard claims against the Recruitment, Selection and Appointment Standard. Two of these claims were referred to the Office of the Public Sector Standards Commissioner (OPSSC). The third claim was withdrawn by the applicant. Both claims referred were dismissed as the investigation determined that the selection process undertaken did not breach the standard.

During the same reporting period, one breach of standard claim against the Grievance Resolution Standard - also referred to the OPSSC - was similarly dismissed.

There were no claims lodged in 2009/10 relating to the *WA Public Sector Code of Ethics* or the *WorkCover WA Code of Conduct*.

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

In addition, WorkCover WA completed the Office of Public Sector Standards (OPSSC) annual agency survey in July 2009 and conducted its own survey which examined staff's understanding of the Standards. Survey results rated staff understanding as "reasonably high".

In response to *PSC Circular 2009-03 - Training on Accountable and Ethical Decision Making in the Western Australian Public Sector*, an additional six training programs were delivered on Accountable and Ethical Decision Making in the WA Public Sector. At 30 June 2010, 91 per cent of staff had completed the training.

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

## Recordkeeping Plan

One of the requirements of the *State Records Act 2000* is for government agencies to have a recordkeeping plan in place, outlining how records are managed within the organisation and including details of the agency's recordkeeping systems, disposal arrangements, policies and practices.

### Demonstrating compliance with the plan

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:

#### **The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated no less than once every five years.**

In 2009/10, WorkCover WA reviewed and updated the Recordkeeping Plan to meet current requirements of the *State Records Act 2000*. The amended plan was approved by State Records Commission in October 2009, for a period of five years.

#### **The organisation conducts a recordkeeping training program.**

In 2009/10, 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. The requirement to undertake the on-line Records Management training modules has also been included in the Performance Development Agreement process for all staff.

#### **The efficiency and effectiveness of the organisation's recordkeeping training program is reviewed from time to time.**

WorkCover WA annually reviews training initiatives to ensure information provided to WorkCover WA staff meets their requirements and complies with relevant legislation and standards. WorkCover WA also monitors and reviews the online training modules to identify and address gaps.

#### **The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.**

Records awareness is part of the WorkCover WA induction program for new staff. The Senior Corporate Information Officer meets with new employees one-on-one to provide an overview of records management responsibilities. All key points to be covered in the session are itemised on an induction checklist.



## Government Policy Requirements

### 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. The Occupational Safety and Health (OSH) Committee examines issues affecting the health and wellbeing of staff and develops and implements strategies that prevent workplace accidents and injuries. The OSH Committee meets quarterly to discuss and resolve OSH issues, and review hazard and incident reports.

Management of workplace injuries and rehabilitation solutions are undertaken in accordance with the provisions of the *Workers' Compensation and Injury Management Act 1981*.

Managers are responsible for integrating OSH into all aspects of the workplace, promoting communication and consultation on OSH issues and taking effective action to maintain a safe and healthy workplace. In 2009/10, 27 managers and supervisors undertook OSH training.

The OSH and injury management policies are advertised across the organisation.

#### Workers' compensation and injury management for WorkCover WA employees

	2008/09	2009/10 Target	2009/10
Number of fatalities	0	0	0
Lost-time injury/diseases incidence rate	2.08	0	0
Lost-time injury/disease severity rate	0	0	0
Percentage of injured workers returned to work within 28 weeks	100%	100%	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	18%	>= 50%	78%

## WorkCover WA Publications

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### New or significantly updated publications for 2009/10:

- *Contractors and workers' compensation: technical note 1*
- *Information on finalising your claim*
- *Receiving workers' compensation entitlements*

### Other WorkCover WA publications include:

#### Brochures

- *A guide to common law*
- *A guide to resolving disputes*
- *Important information for workers*
- *Important information for employers*
- *Information on finalising your claim*
- *Receiving workers' compensation entitlements*
- *The role of an approved medical specialist: A guide for medical practitioners*
- *When do I need an approved medical specialist: Information for workers*

#### Fact sheets

- *A guide to noise induced hearing loss*
- *Assessment of permanent injuries before and after 14 November 2005: A guide for the treating doctor*
- *Contractors and workers' compensation - are you a worker under the Act?*
- *Exceptional circumstances medical payments*
- *How do I manage work injuries?*
- *Who do I need to cover for workers' compensation?*
- *How do I take out workers' compensation insurance?*
- *How does the claim process work?*
- *Specialised retraining programs*
- *What is a return to work program?*
- *Who covers my interstate and overseas employees for workers' compensation?*

#### Guidance material

- *Guidance notes for the Code of Practice (Injury Management) 2005*
- *Guidance notes for approved medical specialists: Procedures for the permanent impairment assessment process*
- *WorkCover WA guide for the evaluation of permanent impairment (2nd Ed)*

#### Other

- *Customer first feedback*
- *Understanding dispute resolution (DVD)*