

annual report 2011/12



 **WorkCoverWA**

**WorkCover WA Annual
Report 2011/12
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Government of Western
Australia 2012**

**ISSN 1839-1281
ISSN 1839-129X**

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WorkCover WA.**

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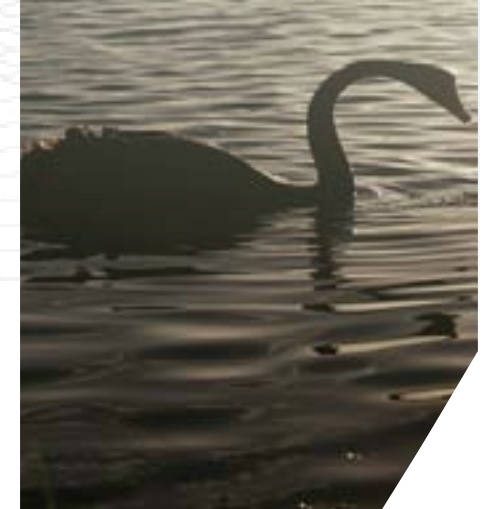
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WorkCoverWA

A workers' compensation and injury management scheme that works for all.



WorkCover WA's 2011/12 Annual Report is published on the Agency's website www.workcover.wa.gov.au. The report adheres 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 are available on request.

The report has been produced in line with the Public Sector Commission's Western Australian Public Sector Annual Reporting Framework for the 2011–2012 Reporting Year and the Department of Treasury and Finance's Model Annual Report Statutory Authorities guide. The report meets these guidelines to keep costs as low as possible for production, graphics, images, artwork and printing.

Statement of Compliance

**To the Hon. Simon O'Brien MLC,
Minister for Commerce**

This report is presented to the Minister in accordance with a resolution of the governing body of WorkCover Western Australia.

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 2012.



Greg Joyce
Chair
WorkCover Western
Australia Authority

3 September 2012



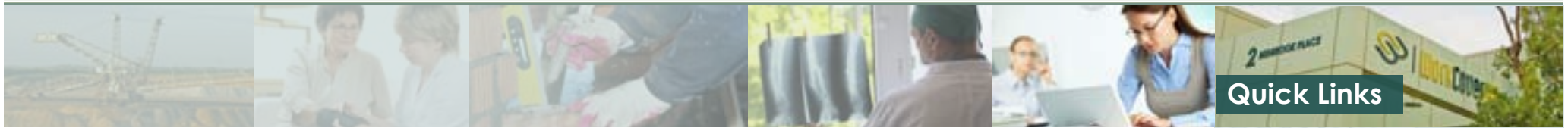
Chris White
Acting Chief Executive
Officer
WorkCover Western
Australia Authority

3 September 2012

About this Report

As the authority overseeing the workers' compensation and injury management scheme in Western Australia, WorkCover WA has an important responsibility to ensure the scheme operates fairly and efficiently for all stakeholders, from injured workers to employers, insurers, health professionals and legal representatives.

WorkCover WA contributes to Government Goal 3, 'Results-Based Service Delivery' by delivering services aimed at minimising the social and economic impact of work-related injury and disease on workers, employers and the Western Australian community. In determining how successful the Agency has been in meeting this objective, WorkCover WA's performance is measured against the agency level outcome: "to ensure a workers' compensation and injury management scheme that is financially viable, contemporary and integrated, whilst being fair, accessible and cost-effective for all participants".



Quick Links

This outcome is achieved through the delivery of two services: Regulation of scheme participants for compliance with legislative requirements; and the provision of effective and equitable dispute resolution and other services to scheme participants. How well the Agency has delivered these services in turn is demonstrated in this report using key performance indicators (KPIs) of effectiveness and efficiency.

The year was significant in terms of Agency operations. The proclamation of the *Workers' Compensation and Injury Management Amendment Act 2011* introduced substantial changes to the WA workers' compensation scheme, in particular the dispute resolution process. The new Conciliation and Arbitration Services (CAS), featuring clearly delineated conciliation and arbitration functions, began operating on 1 December 2011. Reflecting amendments to the legislation, changes were also made to the Agency's Outcome Based Management structure and KPIs. These are described in detail in this report.

This report also marks the successful conclusion to the WorkCover WA 2009/12 Strategic Plan. The five goals outlined in the Strategic Plan guided the Agency's approach to strategic positioning, stakeholder engagement, regulatory compliance, operational flexibility and responsiveness, and organisational excellence, and helped WorkCover WA set priorities for projects and strategic initiatives. In the past year, 16 initiatives were completed against the goals of the Strategic Plan. These varied from enhancements in scheme reporting to targeted compliance projects, educational projects and legislative amendments, reflecting the Agency's overarching focus on engaging and consulting with the stakeholders that form such an integral part of the workers' compensation scheme.

In this report, WorkCover WA provides a detailed comparison of the Agency's results versus goals, and reports its progress against the commitments that were made for the 2011/12 financial year. The report also references the Agency's commitments for the next reporting cycle and outlines WorkCover WA's new strategic plan for 2012–2015.

- » The Chair and CEO's Report outlines WorkCover WA's achievements for 2011/12
- » The Agency's Performance Management Framework and relationship with Government Goal 3: Results-Based Service Delivery
- » Changes to Outcome Based Management structure, including introduction of CAS
- » 2011/12 Scheme implementation in review
- » Results vs Goals: Analysis of the delivery of the 2011/12 goals
- » 2011/12 financial statements
- » Description and analysis of results via the Agency's Key Performance Indicators

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Agency in Focus

» Who we are

WorkCover WA is the government agency responsible for overseeing the workers' compensation and injury management scheme in Western Australia.

This includes monitoring compliance with the *Workers' Compensation and Injury Management Act 1981* and informing and educating workers, employers and other stakeholders about workers' compensation and injury management, as well as providing an independent dispute resolution system.

» Our purpose

To lead a contemporary, healthy and integrated workers' compensation scheme that is fair, accessible and cost-effective for all participants. We do this by:

- providing advice and guidance on workers' compensation and injury management
- active, responsive and transparent management of the scheme
- focused information, education and compliance activities
- fair and timely dispute resolution; and
- a strong customer service focus.

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“Our vision is for a workers' compensation and injury management scheme that works for all.”



Our Values

- C ustomer Service
- I nnovation
- R espect
- I ntegrity
- C ollaboration

» Chair and CEO Report

WorkCover WA is proud to lead the State's workers' compensation scheme on behalf of all Western Australians. We have been entrusted with a huge responsibility to ensure that the scheme operates fairly and efficiently for all stakeholders; from injured workers and their families, to medical and allied health professionals, to employers and insurers, and everyone in between.

In these uncertain economic times, it is a pleasure to record that the Western Australian workers' compensation system remains healthy and robust. The number and cost of claims remain stable, and our recommended premium rates are among the lowest of the Australian workers' compensation jurisdictions.

WorkCover WA is funded by levies on workers' compensation premiums received by insurers, which in turn are ultimately paid for by WA employers. Our organisation never loses sight of this and it is a key motivation for us to continually look at ways to do our business better. We remain vigilant for ways to reduce inefficiencies and create sustainable, long-term value for our stakeholders. We aim to

do this by upholding our core values of 'customer service, innovation, respect, integrity, and collaboration', and giving practical effect to these values through targeted strategic and operational activities. This past financial year has demonstrated the benefits of this approach. As you will read in the pages that follow, we not only delivered on the promises we made in 2010/2011, but in many cases exceeded them.

The proclamation of the *Workers' Compensation and Injury Management Amendment Act 2011* in October marked a major milestone in the continuing legislative review project. Amendments to the legislation were made to remove all age-based limits on workers' compensation entitlements, extend the safety net arrangements for workers awarded common law damages against uninsured employers and introduce a new dispute resolution framework. As a consequence of the legislative changes, the New Conciliation and Arbitration Services (CAS) were established to replace the former dispute resolution directorate, and will provide greater efficiency in dispute management processes and more timely outcomes for clients of the scheme.

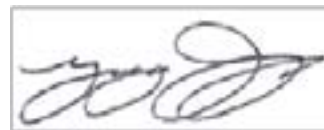
WorkCover WA has a strong emphasis on proactively engaging with external stakeholders through consultation, feedback and collaboration. This process helps us to improve the workers' compensation scheme in ways that are meaningful and relevant to our stakeholders, and provides us with valuable feedback on the success of this approach.

Each year, WorkCover WA commissions a survey of key stakeholder groups to gather their views on our services and performance. In our survey of employers in 2011/12, employers who had contact with WorkCover WA in the past 12 months rated their overall experience of our organisation as 9 out of 10, and 1 in 3 employers rated our organisation's performance as excellent. Similarly, a survey conducted six months following the establishment of CAS indicates a high level of satisfaction with the new system.

A consultative and collaborative approach underpins all our major initiatives and achievements of the past year, and will continue to be a key aspect of our future endeavours.

On 1 July 2012, our new Strategic Plan 2012–2015 came into operation. This plan will drive our efforts to focus our collective energies on innovating and defining our operations, while allowing for flexibility to respond to challenges and changes within the scheme over the next few years. We will strive to ensure WorkCover WA has the right people, culture, systems and processes to maintain a workers' compensation and injury management scheme that works for all.

As we look to the future, we know that as always, our staff will be at the very centre of our drive for continual improvement. Their steadfast commitment to operate with the highest standards of ethical and professional behaviour is a constant source of inspiration and allows us to look forward to the coming year with confidence.



Greg Joyce
Chair
WorkCover Western
Australia Authority



Chris White
Acting Chief Executive Officer
WorkCover
Western Australia Authority

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“WorkCover WA has a strong emphasis on proactively engaging with external stakeholders through consultation, feedback and collaboration. This process helps us to improve the workers' compensation scheme in ways that are meaningful and relevant to our stakeholders.”



C Customer Service

- We are clear about what we will deliver
- We consider our customers and their needs
- We take responsibility for delivering effective and appropriate services

Agency Operational Structure

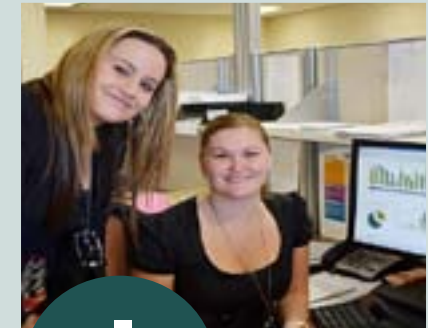
» Overview

Responsible Minister	The Hon Simon O'Brien MLC, 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.
WorkCover WA Board	The day-to-day administration of WorkCover WA is delegated by the WorkCover WA Board to the Chief Executive Officer who directs the Agency's operations.
Organisational Structure	WorkCover WA comprises six divisions (see Figure 1: Organisational Structure).



» The WorkCover WA building in Shenton Park

Figure 1: Organisational Structure



Innovation

- We are proactive, positive and flexible, and act strategically
- We recognise that change is constant and that it can bring opportunity
- We build on opportunities



R

espect

- We embrace diversity and individual differences
- We seek to understand and recognise people's interests and rights
- We are fair and prompt in our actions and dealings with others

» WorkCover WA Board

The WorkCover WA Board is responsible for governance of the Agency, for providing independent advice to the State Government and for approving certain service providers. The 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 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*.



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 following Senior Officers section.



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 and again for a three-year term commencing 4 January 2011. 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, 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 is Western Australia's representative on Safe Work Australia. Mr Bradley is the Deputy Chair of the Western Australian Commission for Occupational Safety and Health and a member of the Legal Aid Commission.



Member: Experienced in employers' interests

Ms Karin Lee was appointed a member of the WorkCover WA Board on 22 February 2011, for a term ending on 3 January 2014. Ms Lee is the Manager Safety and Risk Services at the WA Chamber of Commerce and Industry. Prior to this, Ms Lee worked as a Workers' Compensation Case Coordinator for Allianz Australia and a Statutory Claims and Rehabilitation Case Manager for WorkCover Queensland. Ms Lee holds a Bachelor of Laws from James Cook University of North Queensland and a Graduate Certificate in Case Management (Rehabilitation).



Member: Experienced in workers' interests

Ms Linda Morich was appointed to the WorkCover WA Board for a three-year term commencing 30 December 2008, and reappointed for a further three years from 30 December 2011. She is currently Occupational Health and Safety Officer at the Maritime Union of Australia. 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.



Member: Experienced in insurance matters

Mr Ian Williams was appointed a member of the WorkCover WA Board on 1 August 2010, for a term ending 31 July 2013. Mr Williams brings to the Board a wealth of insurance industry experience and an extensive knowledge of workers' compensation, having held senior management positions in Western Australia, Victoria and New South Wales during his 30-year insurance career.



Member: Experienced in accounting and financial management

Mrs Victoria Wilmot was first appointed to WorkCover WA's Board on 4 January 2005 and reappointed on 4 January 2008 and 4 January 2011. Mrs Wilmot is Associate Director, Treasury and Investments at the University of Western Australia, as well as a member of the Institute of Chartered Accountants (CA) in Australia, a Fellow of the Financial Services Institute of Australasia and Board of the University Credit Society Ltd.

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Table 1: Board meeting attendance

Member	Meetings	Meetings attended
Mr Greg Joyce	14	14
Mr Brian Bradley	14	9
Ms Linda Morich	14	10
Ms Karin Lee	14	12
Mr Ian Williams	14	13
Mrs Victoria Wilmot	14	12
Ms Michelle Reynolds	14	14

General Manager, Regulatory Services

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

Registrar, Arbitration

Mr Shane Melville was appointed as Registrar, Arbitration, in December 2011 and previously occupied the position of Acting Director, Dispute Resolution Directorate. Mr Melville commenced at WorkCover WA as an Arbitrator in the Dispute Resolution Directorate in November 2005. He 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 John Hull commenced with WorkCover WA as the Chief Finance Officer in July 2010. He has extensive public sector experience and has undertaken senior finance, compliance and corporate management roles across a range of agencies within the public sector including the Department of Treasury and Finance and the Office of the Auditor General. Mr Hull is a CPA and has a Bachelor of Business Degree in Finance and Accounting.

» Legislative Responsibilities

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. The objectives and constitution of the Conciliation and Arbitration Services are contained within sections 177, 181 and 182ZO of the Act.

Legislation administered

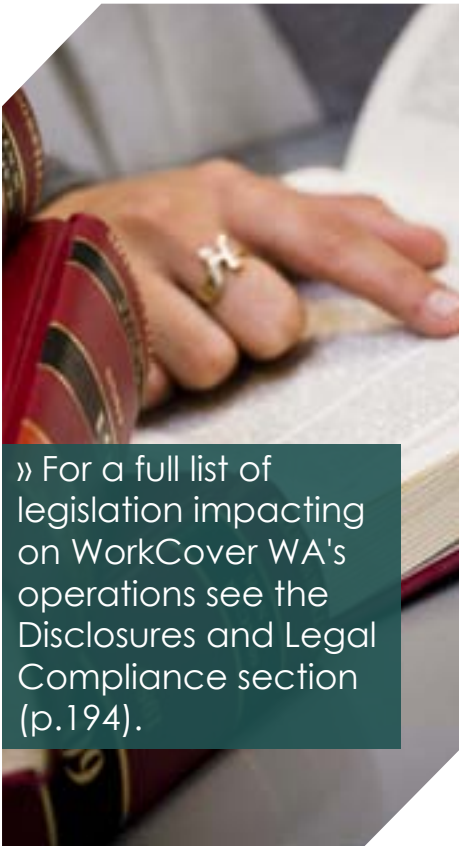
In the performance of its functions, WorkCover WA administers the following legislation:

- *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*

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- We work as a team
- We value the contribution of others
- We embrace a culture of open communication



» For a full list of legislation impacting on WorkCover WA's operations see the Disclosures and Legal Compliance section (p.194).

- *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 2007 [repealed 1 December 2011]*
- *Workers' Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Regulations 2002*
- *Workers' Compensation (DRD) Rules 2005 [repealed 1 December 2011]*
- *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment – Third Edition*
- » **Key legislation impacting on WorkCover WA's activities**
- *Auditor General Act 2006*
- *Financial Management Act 2006*
- *Public Sector Management Act 1994*
- *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2011*

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Performance Management Framework

» Outcome Based Management Framework

The following table shows the WorkCover WA Outcome Based Management structure, including the Agency Desired Outcome and Agency Services.

Table 2: Outcome Based Management Structure for 2011/12

Government Goal
Results-Based Service Delivery Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians
WorkCover WA's Agency Desired Outcome
To ensure a workers' compensation and injury management scheme that is financially viable, contemporary and integrated, whilst being fair, accessible and cost-effective for all participants
WorkCover WA's Agency Services
<ol style="list-style-type: none"> 1. Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements) 2. Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants)



» Alignment with State Government Goals

WorkCover WA delivers services aimed at minimising the social and economic impact of work-related injury and disease on workers, employers and the Western Australian community.

In doing this, WorkCover WA contributes to a range of State Government objectives related to **Goal 3: 'Results-Based Service Delivery'**.

In 2011/12, WorkCover WA implemented projects and initiatives aligned with the goals and objectives of its Strategic Plan 2009–2012 as outlined in Figure 2.

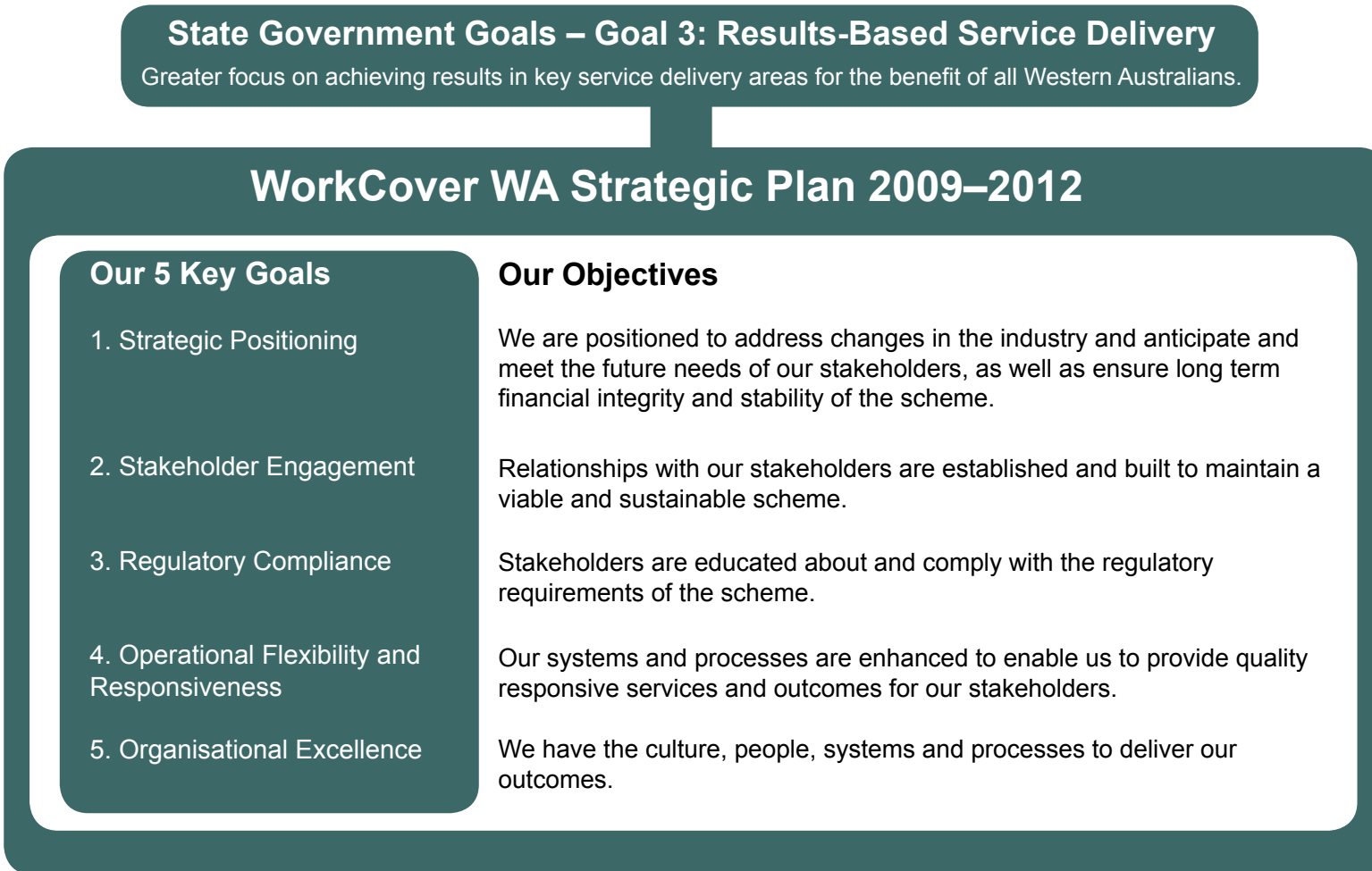
For detailed information on how WorkCover WA achieved these objectives in 2011/12, see the Performance Highlights (p.24) and Report on Operations (p.33) sections.

Other government goals

WorkCover WA also contributes to the following State Government goals:

- **Goal 2: Financial and Economic Responsibility** – through its work in maintaining a 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 and injured workers in regional areas
- **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.

Figure 2: Alignment of WorkCover WA Strategic Plan with State Government Goal 3



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For a snapshot on performance versus our 5 Key Goals see the Performance Highlights section (p.24–27).



Performance measurement

WorkCover WA measures its performance through the delivery of two services:

- **Service 1:** Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements)
- **Service 2:** Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants).

Key Performance Indicators

WorkCover WA's services are linked to key performance indicators (KPIs), which aim to achieve the agency desired outcome: *“to ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated whilst being fair, accessible and cost-effective for all participants”*.

WorkCover WA's KPIs comprise **effectiveness** and **efficiency** indicators which show the extent to which WorkCover WA achieved its agency desired outcome. The key performance indicators are summarised in Table 3.

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Table 3: WorkCover WA's KPIs for Effectiveness and Efficiency

Key Effectiveness Indicators	
1.1	Number of non-compliance events identified as a result of a claim on the General Account
1.2	Percentage of user satisfaction with Conciliation Services
1.3	Percentage of user satisfaction with Arbitration Services
1.4	Proportion of conciliations completed within eight weeks of the date the application for conciliation was accepted
1.5	Proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted

Key Efficiency Indicators	
1.1	Average cost (\$) per employer compliance activity
1.2	Average cost (\$) per approved and monitored service provider
1.3	Average cost (\$) per client contact to provide information and advice
2.1	Average cost (\$) to complete a conciliation
2.2	Average cost (\$) to complete an arbitration
2.3	Average cost (\$) to process a Memorandum of Agreement

For a full analysis of performance against our KPIs, see the Additional Key Performance Indicator Information section (p.152).

» Changes to Outcome Based Management Structure

WorkCover WA made significant changes to its Outcome Based Management (OBM) structure and KPIs in line with the proclamation of the *Workers' Compensation and Injury Management Amendment Act 2011* (the Amendment Act) which came into effect in two stages, on 1 October and 1 December 2011. The Amendment Act made significant changes to workers' compensation dispute resolution processes and the new workers' compensation Conciliation and Arbitration Services (CAS) began operating on 1 December 2011.

The new arrangements for resolution of workers' compensation disputes were developed in response to stakeholder concerns regarding the timeliness and efficiency of the previous dispute resolution system. Clearly delineated conciliation and arbitration functions are a central feature of the new services, as is a focus on bringing the parties together as quickly as possible in order to improve the likelihood of reaching agreement. This outcome is supported by fixed timelines within the Conciliation Service and a strong case management focus in the Arbitration Service.

Amendments to Agency KPIs were necessary to properly reflect activity in the changed dispute resolution environment. New KPIs have been approved which provide performance information on the separate conciliation and arbitration services.

Other changes to the OBM structure, as a result of the legislative amendments, include removing the KPI that measured the percentage of lost-time injuries with an appropriate injury management response. This KPI has recorded a continuously high percentage over the past four years and is no longer considered relevant as the requirement is now considered to be an embedded practice for the industry. Legislative change has also removed this requirement from the Act.

In previous annual reporting cycles, efficiency indicators for Service 1, Scheme Regulation, measured the costs of providing all services across the Regulatory Services Division and applied a weighting to the different sets of activities.


Separate indicators have now been developed to measure and report on the individual components in order to provide more meaningful information for the Agency and its stakeholders.

Service 2 indicators measure the costs of providing dispute resolution services. Indicators have now been developed to provide more meaningful information on the various aspects of the services provided and particularly to report on the separate conciliation and arbitration services.

These changes were approved by the Under Treasurer on 3 February 2012 and noted by the Minister on 24 February 2012.

» Shared Responsibilities with Other Agencies

WorkCover WA did not share any responsibilities under the Act with other agencies in 2011/12.



» For a full summary of the changes to the Outcome Based Management structure see the Additional Key Performance Indicator Information section (p.152).

“Relationships with WorkCover WA’s stakeholders are established and built to maintain a viable and sustainable scheme.”

Performance Highlights

» Meeting our Goals

In 2011/12, WorkCover WA continued to implement its Strategic Plan 2009–2012, completing 16 key initiatives throughout the year. Performance highlights grouped under the Strategic Plan’s five goals are as follows:

Goal 1: Strategic Positioning

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

During 2011/12, WorkCover WA:

- continued its active participation in the Heads of Workers’ Compensation Authorities and the Safe Work Australia Strategic Issues Group – Workers’ Compensation, in order to progress towards consistent and improved responses to, and management of, work-related injuries.

- continued to enhance monitoring of the Western Australian workers’ compensation scheme by focusing on reporting requirements for Board members and senior management.
- launched a review of the *Workers’ Compensation and Injury Management (Acts of Terrorism) Act 2001*, to develop a permanent legislative arrangement for workers’ compensation liabilities arising out of acts of terrorism.

Goal 2: Stakeholder Engagement

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

During 2011/12, WorkCover WA:

- surveyed WA employers to gather data relating to their awareness of their responsibilities under the *Workers’ Compensation and Injury Management Act 1981* and their experiences with WorkCover WA, insurers and insurance brokers.
- worked with the horse racing industry to review jockeys’ workers’ compensation arrangements.

- worked with National Insurance Brokers Association to develop the Workers' Compensation Insurance Brokers' Code of Practice.

Goal 3: Regulatory Compliance

Stakeholders are educated about, and comply with, the regulatory requirements of the scheme.

During 2011/12 WorkCover WA:

- developed a number of initiatives to improve employer understanding of, and compliance with, the workers' compensation legislation, including:
 - targeted site visits by compliance officers
 - enhancements to WorkCover WA's employer-focused publications
 - publicising prosecutions in high-risk industries on the WorkCover WA website
 - targeted messages directed at insurance brokers; and
 - increased workers' compensation presence within WorkSafe WA's ThinkSafe initiative.
- continued to monitor employers' compliance with their obligations under the legislation, conducting 14,110 enquiries into lapsed policies and cancellations.

- condensed and refined educational material, including the development of industry-specific brochures to assist employers to understand their obligations.

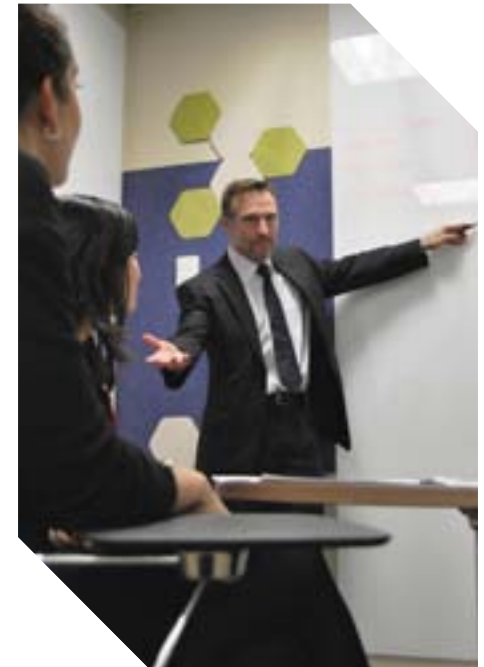
Goal 4: Operational Flexibility and Responsiveness

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

During 2011/12, WorkCover WA:

- oversaw the introduction of the *Workers' Compensation and Injury Management Amendment Act 2011*. Changes effective from 1 October 2011 include:
 - removal of all age-based limits on workers' compensation entitlements
 - extended safety net arrangements for workers who are awarded common law damages against uninsured employers; and
 - various amendments of an administrative nature.

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» General Manager Regulatory Services Tim Roach meets with WorkCover WA compliance staff



» **Above:** WorkCover WA has enhanced the capacity of its online induction and learning system

- established the new Conciliation and Arbitration Services (CAS) on 1 December 2011, which replaced the Dispute Resolution Directorate (DRD).
- worked with other Australian jurisdictions to develop a new National Insurers Data Specification (NIDS) for collection of claim and policy data from insurers.

Goal 5: Organisational Excellence

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

During 2011/12, WorkCover WA engaged in the following organisational initiatives:

» **Strategic workforce planning**

WorkCover WA developed a new Workforce Plan that provides a strategic framework to ensure it has the right mix of skilled and motivated staff to effectively deliver its services both now and into the future.

» **Change management**

The Agency developed and implemented a staffing structure for the new Conciliation and Arbitration Services division to meet the needs of the new dispute resolution arrangements.

» **Future skilling**

WorkCover WA continued the traineeship program that forms part of the WorkCover WA Equal Employment Opportunity Plan and aims to increase the representation of youth and Aboriginal Australians in the Agency's workforce. Two trainees successfully completed the traineeship program; both attaining a Certificate III in Business as part of their training.

» **Training and development**

WorkCover WA enhanced the capacity of its online induction and learning system, developing and implementing three new training modules:

- Occupational Safety and Health for Managers and Supervisors
- Equal Opportunity; and
- Accountable and Ethical Decision Making.

» **Improving information technology**

WorkCover WA continued to implement the IT Strategic Plan approved by the Board in 2008/09. This included completion of phase one replacements of WorkCover WA's core business systems, consisting of the in-house development of a new Dispute Case Management System. Phase two was also commenced, consisting of the in-house development of a new Regulatory Case Management System. A new online eLodgment facility was also launched during 2011/12, which enables registered users to lodge workers' compensation conciliation applications online.

» **Occupational safety and health**

WorkCover WA developed and implemented a revised Occupational Safety and Health (OSH) Management Plan, in line with the WorkSafe Plan, which seeks to ensure the adoption of a systematic and consistent approach to OSH management.



» **From left:** Manager Human Resources Bernard Underwood and General Manager Corporate Resources Jeff McDonough

» Delivering on our Commitments

In its last Annual Report, WorkCover WA made a number of commitments for the 2011/12 financial year in relation to the five key goals of its Strategic Plan. This section reports on the Agency's progress against those commitments.

Table 4: Delivery of 2011/12 commitments

Goal:	Commitment:	Outcome:
Goal 1: Strategic Positioning	Assess optimum structures for workers' compensation safety net funding	DELIVERED: ✓ Options for safety net funding were assessed, analysed and reviewed internally.
	Continue our work with the Safe Work Australia Strategic Issues Group – Workers' Compensation and the Heads of Workers' Compensation Authorities	DELIVERED: ✓ WorkCover WA continued to work with these bodies to progress a range of strategically significant workers' compensation activities.
Goal 2: Stakeholder Engagement	Conduct a survey of WA employers in order to evaluate their knowledge of, views on, and experiences with, working with WorkCover WA and the workers' compensation system	DELIVERED: ✓ This survey was conducted during 2011, with positive overall results. See page 44 for further details.
Goal 3: Regulatory Compliance	Develop a code of practice for insurance brokers with a view to establishing guidelines for the operation of brokers within the WA workers' compensation scheme	DELIVERED: ✓ The code was developed in collaboration with NIBA and involved a rigorous consultation process with the insurance and insurance broking industries, as well as business representation groups.
	Evaluate and improve upon the processes, systems and controls we use for the monitoring of Approved Medical Specialists (AMS), and impairment assessments	DELIVERED: ✓ Processes involving AMS were evaluated and improvements were made to various aspects including a review of the Medical Committee charter, and the re-establishment of an AMS peer review process

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Goal:	Commitment:	Outcome:
Goal 4: Operational Flexibility and Responsiveness	Enhance online training for staff. The first online module to be developed will focus on occupational safety and health responsibilities for staff, including managers and supervisors	DELIVERED: ✓ WorkCover WA enhanced the capacity of its online inductions, including the implementation of three new training modules.
	Implement a new Dispute Case Management System designed to accommodate a new Conciliation and Arbitration Services model	DELIVERED: ✓ The new Dispute Case Management System went live on 1 December 2011
Goal 5: Organisational Excellence	To progress projects identified in the IT Strategic Plan	DELIVERED: ✓ The first phase of replacements of core business systems was completed and work commenced on the second phase, involving in-house development of a new Regulatory Services Management System.
	Develop a Noise Induced Hearing Loss (NIHL) and audio-testing framework to streamline processes relating to NIHL claims	IN PROGRESS: The current NIHL legislative framework will undergo a review in the 2012/13 financial year. It has been proposed that the NIHL and audio-testing administrative framework be examined as part of this review, with the aim of streamlining the claim process.

For the full description of our achievements for 2011/12 see the Results vs Goals section (p.39).

WorkCover WA's 4 Key Goals for 2012–15

- 1. Strategic Scheme Management:** Maintain the integrity and stability of the scheme.
- 2. Stakeholder Confidence and Engagement:** Promote stakeholder confidence and engagement in the sustainability of the scheme.
- 3. Regulatory Compliance:** Ensure compliance with the regulatory requirements of the scheme.
- 4. Organisational Excellence:** Ensure WorkCover WA has the right people, culture, systems and processes to deliver high quality outcomes.

Outlook for the Future

» Strategies for 2012–2015

Following the successful implementation of the 2009–2012 Strategic Plan, WorkCover WA is facing new challenges. Some of the key challenges include:

- maintaining scheme viability in times of economic volatility
- implementing and consolidating the changes emerging from the Legislative Review program; and
- responding to the technological changes impacting upon customers and the Agency.

To address these challenges, the new 2012–2015 Strategic Plan recognises and reflects WorkCover WA's increasing maturity as an organisation, as well as the significant gains made in improving internal systems, and developing an effective and motivated workforce. The plan emphasises the shift from an internal focus to an external one that will enable greater focus on scheme participants' needs and expectations.

A summary of the changes include:

- refinement of the Vision and Purpose statements
- refining the number of Agency Goals from five to four by combining Goals four and five; and
- development of Strategic Themes across the four goals.



» Commitments for 2012/13

In the 2012/13 financial year WorkCover WA will focus on several key initiatives as it implements its new Strategic Plan 2012–2015.

Table 5: Our Commitments for 2012/13

Goal	Commitment: <i>In 2012/13 WorkCover WA will:</i>
Goal 1: Strategic Scheme Management	<ul style="list-style-type: none"> • conduct a review of the <i>Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001</i> legislation • continue the Legislative Review (Stage 2) to develop proposals for the redrafting and restructuring of the statute
Goal 3: Regulatory Compliance	<ul style="list-style-type: none"> • develop a Regulatory Services Case Management System to replace WorkCover WA's Core Business Systems • continue to apply ongoing improvements identified during 2011/12 as part of the evaluation of internal processes, systems and controls relating to Approved Medical Specialists (AMS) undertaken by Regulatory Services during 2011/12 • implement and evaluate the Insurance Brokers' Code of Practice (developed in conjunction with the National Insurance Brokers Association) for brokers operating in the workers' compensation environment in Western Australia • develop a process for inter-agency data-matching to identify and appropriately target employers operating without insurance to ensure compliance • promote injury management action that enables workers to return to work in a timely fashion. This includes undertaking targeted compliance action to ensure employers meet their injury management obligations under the legislation
Goal 4: Organisational Excellence	<ul style="list-style-type: none"> • develop the capacity of the new dispute services to deliver effective arbitration, conciliation and registration functions • implement priority initiatives contained in the Workforce Plan 2012

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Report on Operations

» WA Workers' Compensation Scheme

The Western Australian workers' compensation scheme is designed to ensure workers suffering a work-related injury or illness are compensated for lost wages, medical expenses and associated costs while they are unable to work. The scheme is also designed to ensure workplace injuries are managed in a manner that enables an injured worker's prompt and safe return to work.

The WA scheme is based on a 'no-fault' principle. This means injured workers do not need to establish that their employer(s) were at fault or negligent to make a claim.

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

The workers' compensation scheme in WA is privately underwritten, with insurance coverage provided by approved commercial insurers. Employers are obliged to maintain current workers' compensation insurance coverage for 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.

The workers' compensation scheme also covers a range of complex issues such as noise-induced hearing loss, assessment of permanent impairment, and the finalisation of claims via settlements or by seeking common law damages. It also regulates members of various professions such as general practitioners, allied health providers, insurance brokers, legal representatives and workplace rehabilitation providers.

The following scheme snapshot provides a brief overview of the workers' compensation environment in the State, using the most recent data available.

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» Workplace rehabilitation and return to work programs form a large part of employers' obligations under the Act to ensure injured workers are supported in their efforts to return to work successfully



Note on the review:

Due to the nature of the process involved in the capture, verification and analysis of claims data, information relating to time lost as a result of workers' compensation claims is only available one year retrospectively. Therefore, some information from the 2011/12 financial year was unavailable at the time of publishing this report and information from the 2010/11 financial year is therefore reported.

» Scheme Implementation Review

In 2010/11, 38,910 claims were lodged. Of these, 46 per cent involved at least one day or shift off work (claims with lost time). There were 1,706 disputes lodged (approximately four per cent of claims).

While the total number of claims lodged in the WA workers' compensation scheme decreased between 2007/08 and 2009/10, there was a slight increase (three per cent) in 2010/11 (see Figure 4).

Figure 3: WA workers' compensation scheme overview 2010/11

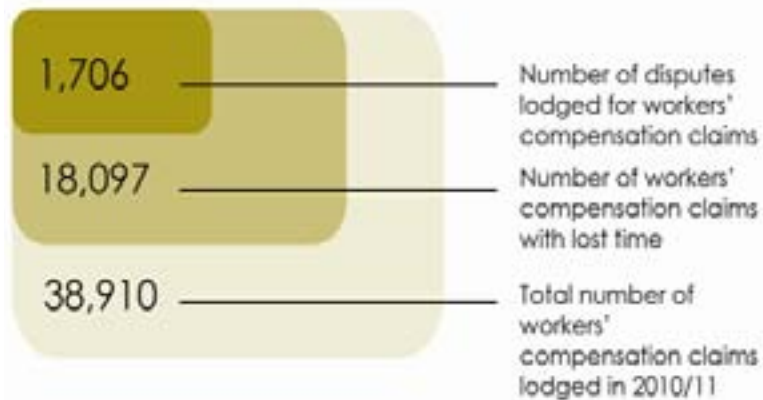
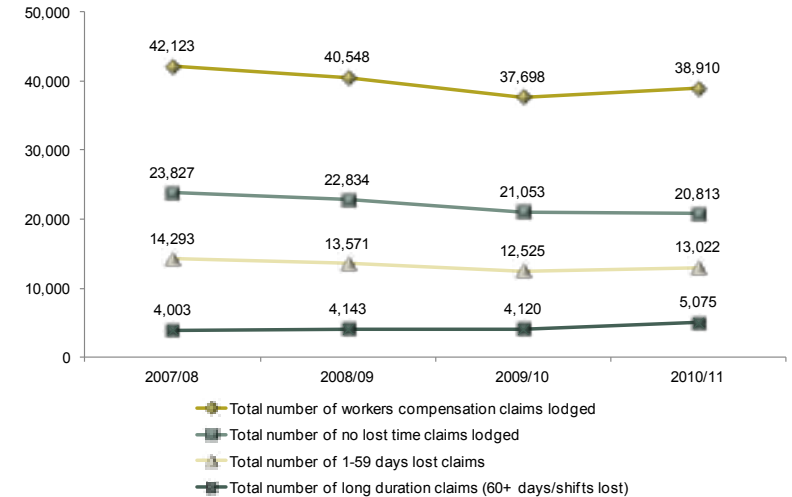


Figure 4: Claim trends between 2007/08 and 2010/11



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Frequency rate

Similar to trends for the overall number of claims lodged, the number of lost time claims per million hours worked (frequency rate) decreased by 12 per cent between 2007/08 and 2009/10 and then increased slightly (four per cent) in 2010/11. The frequency rate of longer duration claims (claims with 60 or more days/shifts lost time) increased slightly in 2010/11, after having remained stable during the previous three years. In 2010/11, the industries with the highest lost time claim frequencies were manufacturing, arts and recreational services, and health care and social assistance.

Figure 5: Frequency of lost time claims between 2007/08 and 2010/11

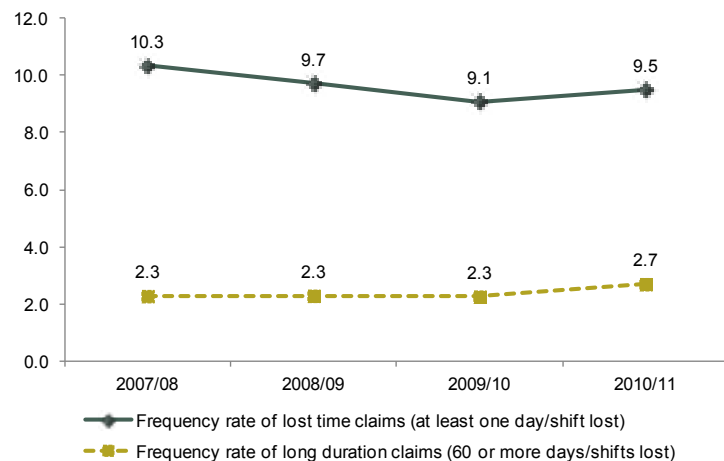
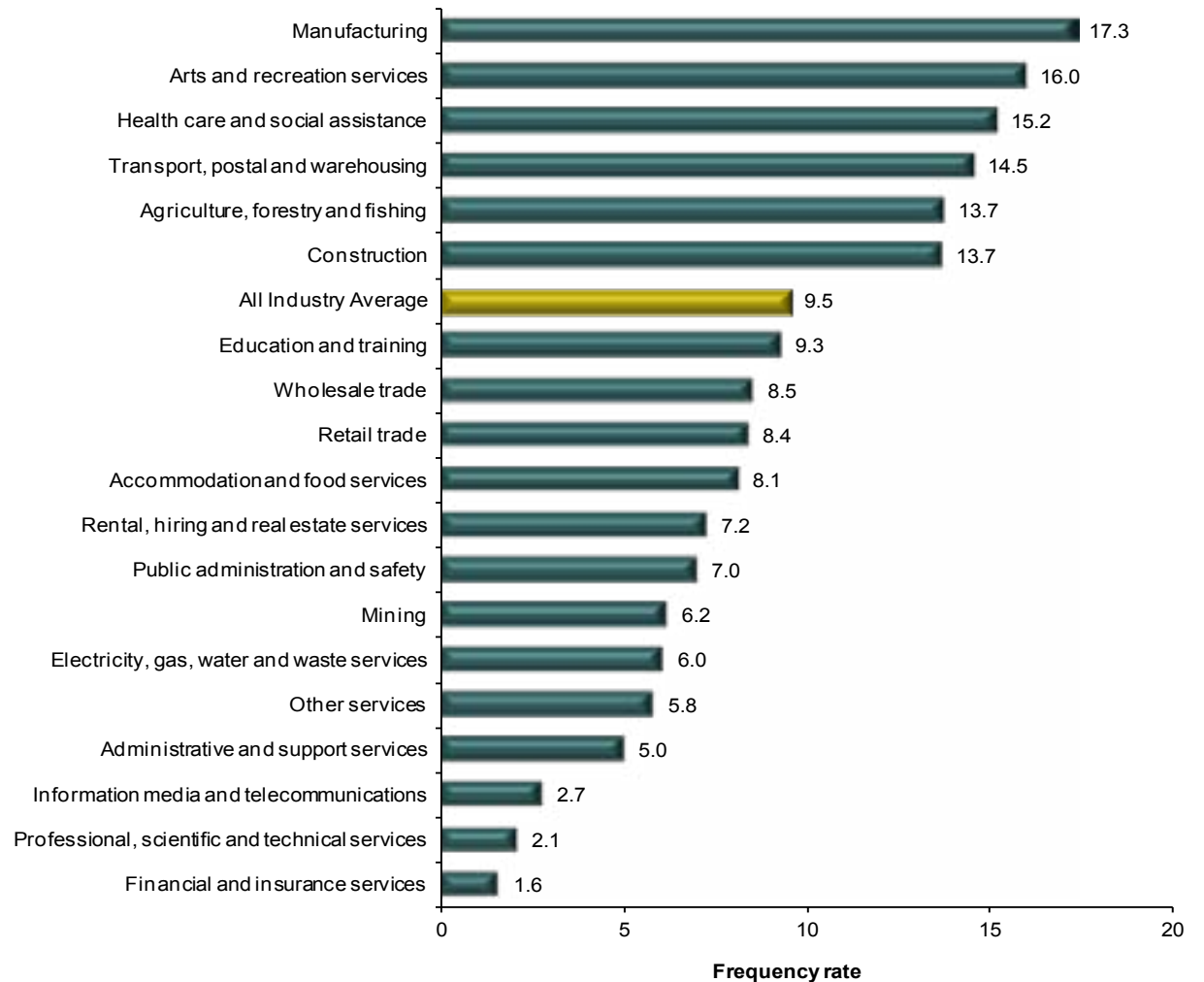


Figure 6: Frequency of lost time claims by industry 2010/11





» Above: Manager Research and Evaluation Leona Glasby

Average recommended premium rates

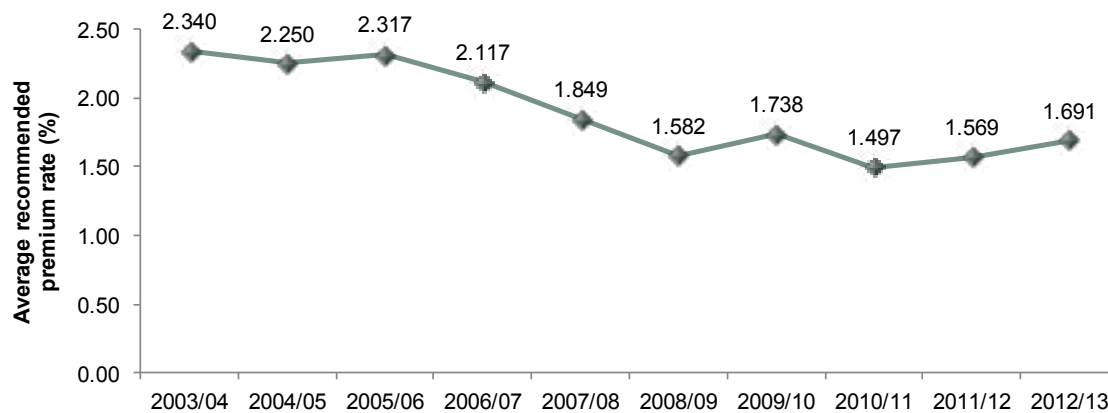
Each year, WorkCover WA publishes recommended premium rates for workers' compensation insurance for each industry. The average recommended premium rate for 2012/13 represents an increase of 7.8 per cent on the previous rate, rising from 1.569 per cent of wages to 1.691 per cent of wages.

Key drivers of this increase included:

- reductions in interest rates
- an increase in the number of claims lodged
- impact of changes to worker entitlements; and
- an increase in insurers' contingency margin.

The average recommended premium rate has reduced by 28 per cent since 2003/04. High wages, growth, improved safety performance and strong rates of return for insurers over the last ten years were the main drivers of these reductions.

Figure 7: Average recommended premium rates 2003/04 to 2012/13

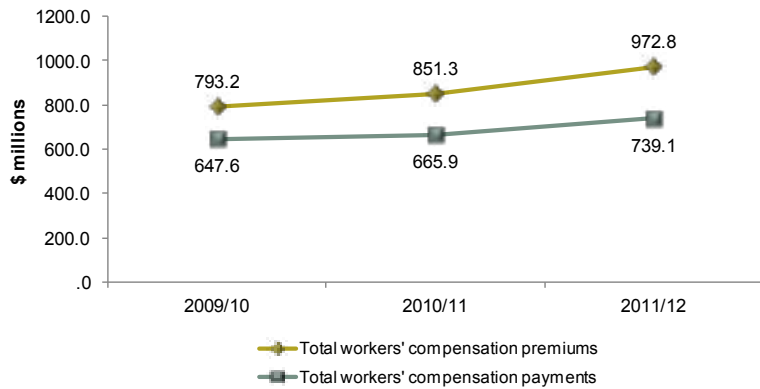


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Scheme payments and premium income

Figure 8 shows changes in premiums collected and compensation paid during 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.

Figure 8: Scheme premiums and payments 2009/10 to 2011/12



» **From left:** Manager Regulatory Advice, Assistance and Projects Harley White, A/Manager Policy and Legislative Services Kevin Gillingham, Project Officer Linda Paisley and A/Chief Executive Officer and Manager Legislation and Scheme Information Chris White



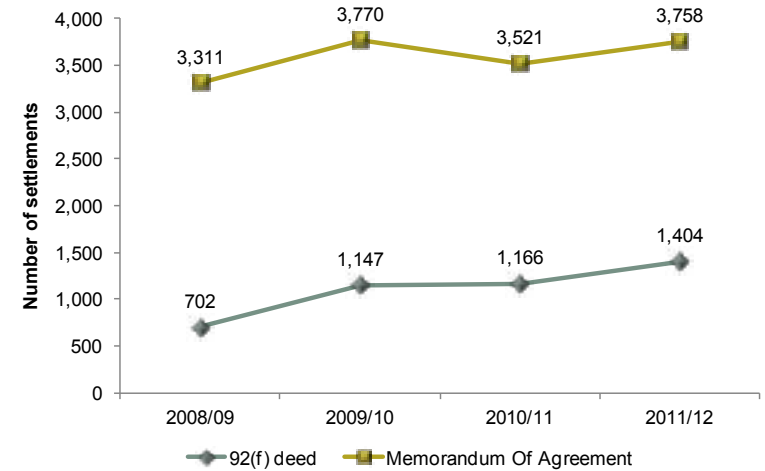


Settlements

Settlement of workers' compensation claims occurs in a number of ways in the WA scheme. A Memorandum of Agreement (MoA) encompasses redemption of future weekly payments and lump sum payments for specific injuries or impairments. Section 92(f) deeds arise from the settlement of actions for common law damages that do not proceed to judgement in a court. Settlements also occur by way of consent judgement in the District Court.

The Director Conciliation has statutory responsibilities regarding the registration of MoAs, and the examination of section 92(f) deeds. Numbers of 92(f) deed settlements and MoAs increased between 2010/11 and 2011/12. Figure 9 shows settlement trends for matters recorded between 2009/10 and 2011/12.

Figure 9: Workers' compensation claim settlements 2008/09 to 2011/12



» Results versus Goals

WorkCover WA's operations are aligned to the goals and objectives of the WorkCover WA Strategic Plan 2009–2012.

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 of the scheme.

» Managing the scheme

During the financial year, WorkCover WA continued to actively manage the workers' compensation scheme in Western Australia in accordance with the *Workers' Compensation and Injury Management Act 1981* to ensure stakeholders have access to a viable, equitable and robust system. Key activities in 2011/12 included:

- continued enhancement of the scheme health-monitoring framework, by focusing on reporting requirements for Board members, senior management and stakeholders
- commencement of a review of the legislation related to acts of terrorism

- timely gazettal of recommended premium rates for the underwriting year commencing 1 July 2012
- calculation and gazettal of variations to entitlement limits, and to other workers' compensation amounts, for the financial year commencing 1 July 2012
- indexation of medical and allied fees effective from 1 November 2011; and
- working with the Western Australian Office of State Revenue on a joint project examining options for consistency in the definition of wages/remuneration for payroll tax and workers' compensation purposes.

» Improving scheme performance

In addition to the substantial work carried out in relation to the Legislative Review (see page 51), 2011/12 saw WorkCover WA improve scheme performance through:

- participating in a range of cross-jurisdictional activities through the Heads of Workers' Compensation Authorities and Safe Work Australia's Strategic Issues Group – Workers' Compensation, to address workers'

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“WorkCover WA is positioned to address changes in the industry and anticipate and meet the future needs of its stakeholders as well as ensure long-term financial integrity and stability for the scheme.”



The significant legislative changes during 2011/12 presented the Agency with an opportunity to consolidate its publications. See the full list on pages 199–201.

compensation issues, promote best practice in workers' compensation arrangements, and improve consistency, timeliness and accuracy of comparative data.

Goal 2: Stakeholder Engagement

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

» Delivering education and advice

Education and advice are provided to workers' compensation scheme participants and the general community to increase knowledge of rights and responsibilities with respect to workers' compensation and injury management.

» Publications

The significant legislative changes during 2011/12 required updates to be made to the content of a number of WorkCover WA publications. This presented the Agency with an opportunity to consolidate its publications.

WorkCover WA combined its four brochures for injured workers into a single, comprehensive booklet: *Workers' Compensation and Injury Management: A Guide for Workers*. This provides

workers with a single source of information regarding the workers' compensation scheme.

WorkCover WA consolidated its employer-focused publications into the single, comprehensive booklet: *Workers' Compensation: A Guide for Employers*. This provides employers with a single source of information regarding their obligations within the workers' compensation scheme.

The two previous contractor-focused publications were also merged into the single publication: *A Technical Note for Contractors and Workers' Compensation*, making relevant information more accessible to contractors.

Other new publications during 2011/12 included the fact sheet: *A Guide to Noise Induced Hearing Loss*; and the *Insurance Brokers' Code of Practice* which was developed collaboratively with the National Insurance Brokers Association following an extensive feedback and consultation process. The Code was developed to assist insurance brokers to meet their professional obligations, and to enhance effective interaction between brokers, employers, insurers and WorkCover WA during insurance policy discussions.

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» **Web presence**

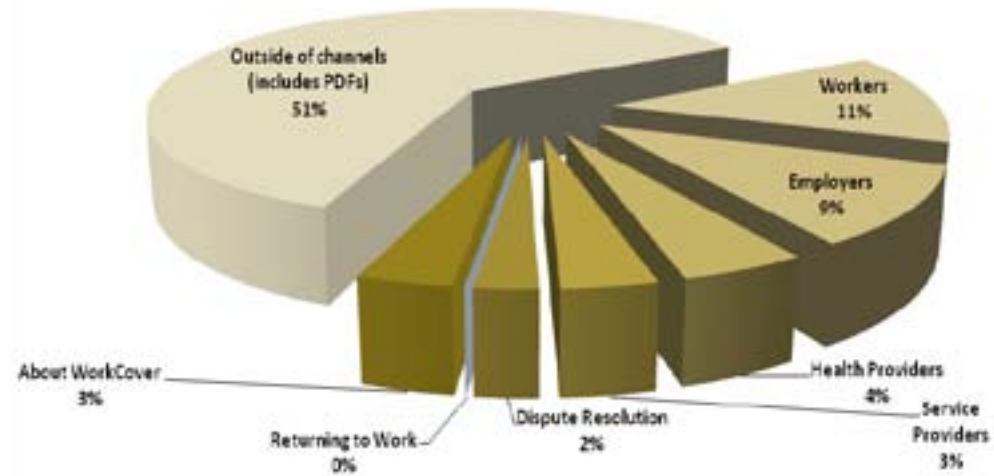
WorkCover WA maintained an informative internet presence presenting Agency information and services in an accessible, accurate and user-friendly manner. This culminated in 1,726,392 website hits for 2011/12, with 88,204 unique session users for an average of 241 users per day. As Figure 10 (right) indicates, the majority of website hits occurred when users were searching for publications, forms and/or fact sheets.

The top sites referring users to the WorkCover WA website continued to be insurance companies. This is consistent with the education strategy WorkCover WA developed during 2010/11 to enhance working relationships with insurance brokers and the insurance industry in general.

» **Advice and Assistance Unit**

As a result of WorkCover WA's targeted compliance program for the residential building and construction industry, a new educational brochure *Workers' Compensation Insurance: A Brief Guide for the Building and Construction Industry* was developed to better inform industry operators about their obligations under the workers' compensation scheme.

Figure 10: Percentage of web page views by channel



WorkCover WA's advice and assistance line:
» 1300 794 744

Advisory line

WorkCover WA provided advice and assistance to workers and employers in 24,777 instances. Topics covered included the claims process, injury management, return to work, weekly wage rates and entitlements, workplace rehabilitation entitlements and dispute resolution.



» **From left:** General Manager Regulatory Services Tim Roach, General Manager Conciliation and Arbitration Services and Director Conciliation Wendy Attenborough, and General Manager Legislation and Scheme Information Chris White in the spotlight at the WorkCover WA Insurance Brokers' Seminar, February 2012

» **Managing events**

Every year, WorkCover WA coordinates a range of events through its Communications and Education branch including seminars, information sessions and other presentations. These events are designed to engage and inform the Agency's various stakeholders on relevant issues surrounding workers' compensation and injury management, and to promote collaboration and mutual respect amongst stakeholder groups.

Insurance brokers' seminars

WorkCover WA conducts seminars designed to assist insurance brokers in providing informed advice to their clients. The seminars are accredited by the National Insurance Brokers Association (NIBA) enabling brokers to earn continuing professional development (CPD) points. WorkCover WA delivered a seminar to 76 insurance brokers in February 2012.

Welcome to WorkCover presentations

These regular presentations to stakeholders provide a concise and informative introductory overview of WorkCover WA and its role within the workers' compensation scheme. WorkCover WA conducted four Welcome to WorkCover presentations during 2011/12, informing 180 stakeholders.

Information sessions

In November 2011, WorkCover WA conducted four information sessions to introduce its new Conciliation and Arbitration Services (CAS) to a range of workers' compensation scheme participants. More than 150 people attended the sessions, which outlined the legislative changes that came into effect on 1 December 2011.

External presentations

WorkCover WA regularly delivers a range of externally-based presentations to various stakeholders. During 2011/12, the Agency delivered 16 external presentations about WorkCover WA and workers' compensation to employers, health providers, workers and service providers.

Training Approved Medical Specialists

WorkCover WA organises training in relation to the WorkCover WA Education Module for individuals wishing to become Approved Medical Specialists (AMS), who assess the level of impairment of injured workers. Participants complete training in the American Medical Association (AMA) Guides to the Evaluation of Permanent Impairment outside of WA and at their own cost.

Performance Analysis

WorkCover WA organises these events according to demand and delivered six module presentations to participants during 2011/12.

Other events

WorkCover WA also delivered a seminar for registered agents involved in the resolution of disputes.

» Building partnerships

WorkCover WA continued its cooperative partnership with the Industrial Foundation for Accident Prevention (IFAP) to provide free information seminars to injured workers to help them understand the workers' compensation and return to work process. In 2011/12, 12 free IFAP seminars were delivered to injured workers in the metropolitan area and three were delivered in regional WA (Kalgoorlie, Karratha and Geraldton).

WorkCover WA is a member of the Personal Injury Education Foundation (PIEF) and continued to support programs developed by PIEF, including return to work and case management training for people working within the personal injury industry, such as case managers and employer representatives.



» Chief Executive Officer Michelle Reynolds delivers one of the four 2011/12 Welcome to WorkCover presentations for interested stakeholders

“90 per cent of employers were satisfied with the performance of their insurance broker during the selection and purchase of their workers’ compensation insurance”

» Taken from the 2011/12 Employer Survey

» **Listening to stakeholders**

WorkCover WA recognises the importance of listening to stakeholder concerns and feedback. Consultation with stakeholders is a valuable source of information that improves the scheme and forms the basis for future collaboration and partnerships. In 2011/12, WorkCover WA consulted with its stakeholders through a variety of methods as outlined on the following pages.

Injured worker and employer survey program

WorkCover WA conducts a survey program which consults with injured workers and employers on alternate years to inform business activities in relation to:

- injury management and return to work processes
- satisfaction with services provided throughout the WA workers’ compensation scheme; and
- awareness of WorkCover WA and the information that is available from the Agency.

Following the 2010 injured worker survey, WorkCover WA commissioned an independent survey of Western Australian employers between July and December 2011. Survey results were

positive, particularly in relation to workers’ compensation insurance compliance and employers’ satisfaction with insurers and insurance broker services. Information obtained from the survey has also enabled WorkCover WA to develop a ‘profile’ of different employer size groups, in relation to their knowledge of injury management and, claim history, understanding of the workers’ compensation process, use of injury management and return to work services and awareness of WorkCover WA. This information will be used to advance WorkCover WA communication and education strategies.

Jockeys

During 2011/12, WorkCover WA, in consultation with the Western Australian Jockeys Association, the Australian Jockeys’ Association, Racing and Wagering Western Australia and other racing stakeholders, reviewed options regarding the methodology for determining weekly compensation for licensed jockeys who are injured.

On 8 October 2011, the Minister for Commerce approved a recommendation to align the rate of weekly compensation paid to jockeys with their pre-injury earnings (inclusive of income from

concurrent employment). This option will bring jockeys into line with other workers under the *Workers' Compensation and Injury Management Act 1981* and with jockeys in other Australian workers' compensation jurisdictions.

Conciliation and Arbitration Services stakeholder satisfaction survey

Each year as part of WorkCover WA's continuous improvement strategy, the Agency seeks feedback from stakeholders on their involvement in the dispute resolution system. In 2011/12, this was particularly important as the new Conciliation and Arbitration Services (CAS) opened on 1 December 2011. A survey conducted in June 2012 asked users of the new CAS how satisfied there were with the service offered. Overall satisfaction was 82 per cent for conciliation and 66 per cent for arbitration.

At arbitration, 89 per cent of users were satisfied with the professional manner in which the arbitrator conducted the hearing and 84 per cent said there was good communication with the Arbitration Service staff. Only 51 per cent, however, agreed that the dispute in the Arbitration Service was resolved in a timeframe that was acceptable.

At conciliation, 81 per cent of users were satisfied with the way the conciliation conference was conducted and 82 per cent were satisfied with the time taken between lodgement of their application and notification of a date for a conciliation conference. However, 23 per cent of workers who completed the conciliation application form themselves (that is, without the assistance of a representative) had difficulty completing the form. This will be a focus for improvement.



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» **Returning to work**
Consultation with relevant stakeholders has helped the Agency to develop standards for the provision of workplace rehabilitation (see p.46 for more details). The **ThinkSafe Small Business Program** was another 2011/12 initiative aimed at ensuring compliance with injury management obligations (see p.64).



The *Insurance Brokers' Code of Practice* was developed by WorkCover WA following extensive consultation with NIBA and other relevant stakeholders.

Regulatory engagement

WorkCover WA worked in collaboration with the National Insurance Brokers Association (NIBA) to develop a Code of Practice that will benefit brokers, approved insurers and employers using the services of brokers.

WorkCover WA also conducted a regulatory and educational visit to the Indian Ocean Territories in October 2011 and met with key stakeholders on the Cocos (Keeling) Islands and Christmas Island. Injured workers were also offered the opportunity to discuss their claims with a WorkCover WA officer.

Through broad consultation with the Australian Rehabilitation Providers Association (ARPA), all approved workplace rehabilitation providers and other stakeholders, WorkCover WA developed Service Provision and Service Description (Standards) for workplace rehabilitation services. These Standards will be used as the basis for future audits to ensure quality service provision in the rehabilitation of injured workers.

Other consultation

WorkCover WA also consulted stakeholders on common law amendments to the Act.

Goal 3: Regulatory Compliance

Stakeholders are educated about, and comply with, the regulatory requirements of the scheme.

» Maintaining standards

WorkCover WA understands that the success of the workers' compensation scheme relies on stakeholders fulfilling their legislative responsibilities.

In 2011/12, the Agency continued to approve and monitor service providers to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service. The monitored service providers consist of insurers and self-insurers, workplace rehabilitation providers, registered agents, audiometric officers and audiologists, and approved medical specialists who undertake impairment assessments in the Western Australian workers' compensation system.

Key compliance activities included:

- > A review of WorkCover WA's complaints management processes to improve efficiency and user friendliness. An external audit of the complaints management process was conducted in April 2012 for the period 1 July 2011 to 31 March 2012 with no adverse findings noted.
- > 108 field inspections conducted during a visit to Christmas Island and Cocos (Keeling) Islands in October 2011, with no uninsured employers identified.
- > Delivery of the Service Provision and Service Descriptions (standards) for Approved Rehabilitation Workplace Providers in December 2011. The aim of the service delivery standards is to promote clarity and consistency for workplace rehabilitation providers, and to raise service-level expectations to underpin the service provision principles in the Nationally Consistent Approval Framework for Rehabilitation Providers.

- > An audit of independent registered agents that was initiated by WorkCover WA in March 2012 in order to assess compliance with legislative and regulatory requirements. Fieldwork for the audit was completed, and a follow-up audit for any recommendations made is scheduled for late 2012.
- > Completion of the five-yearly review of approved insurers. WorkCover WA reviewed the approval of the eight current insurers in relation to: their material and financial resources; service standards; compliance with legislative timelines and requirements; and provision of timely and accurate information. All eight insurers were reapproved with some insurers required to demonstrate improvements.
- > Undertaking a targeted compliance program aimed at the residential building and construction industry. This industry is over-represented in terms of the number of uninsured claims made on WorkCover WA's General Account. Consequently, an educational brochure was developed and provided to relevant stakeholders, followed by random inspections at 125 residential building sites in the metropolitan area.



» From left: A/Manager Standards and Monitoring Damien Stewart, Senior Assessment and Compliance Officer Dominic Denny and Standards and Monitoring Officer Belinda Ritchie



» Compliance Officer Michelle Matthews answers a call

» **Other compliance activities in 2011/12:**

- > An increased number of completed investigations from 90 in 2010/11 to 208 in 2011/12.
- > Publication of WorkCover WA's successful prosecutions of non-compliant employers on the WorkCover WA website. There were 27 successful prosecutions published on the website for 2011/12.
- > Implementation of obligation reminder letters which are sent to employers who have had a lapse in their insurance coverage.
- > Working with WorkSafe WA to deliver injury management information collaboratively with all employer visits.

WorkCover WA also continued to:

- > Capture data and undertake quality assurance of data on all workers' compensation policies and claims, workplace rehabilitation cases and audiometric tests.

- > Investigate complaints against approved service providers in relation to compliance with the Act.
- > Provide online training applications for workplace rehabilitation providers, audiometric officers and audiologists.
- > Assess 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.

Ensuring employer compliance

During 2011/12, WorkCover WA continued to monitor employers' compliance with their obligations under the Act.

Employers' principal obligations are to maintain workers' compensation insurance for all their workers and to have an injury management system in place that outlines their organisation's approach to injury management. Good injury management is critical to a successful return to work by an injured worker.

» **Acting on noise-induced hearing loss**

In 2011/2012 there were 1039 workers identified with potential noise-induced hearing loss claims. As part of this process, WorkCover WA made arrangements for 119 full audiological and 88 otorhinolaryngology (ear, nose and throat) assessments. There were 85 successful claims for work-related gradual onset

noise-induced hearing loss, consisting of 76 first election (10 per cent permanent hearing loss) claims and nine subsequent election (an additional five per cent permanent hearing loss) claims.

Table 6: Approval of providers

Providers	Approvals in 2011/12	Total at 30 June 2012
Approved Insurers	7	8
Approved Self-Insurers	27	27
Approved Workplace Rehabilitation Providers	2	31
Registered Agents	220	207 ^(a)
Approved Medical Specialists	26	212
Approved Audiometric Officers and Audiologists	194	629
Total approvals	476	1114

^(a) Not all agents remained registered for the full 12 month period

Table 7: Complaints against providers

Providers	2010/11	2011/12
Approved Insurers	11	11
Approved Self-Insurers	2	1
Approved Workplace Rehabilitation Providers	4	4
Registered Agents	1	6
Approved Medical Specialists	0	2
Approved Audiometric Officers and Audiologists	0	2
Total complaints	18	26

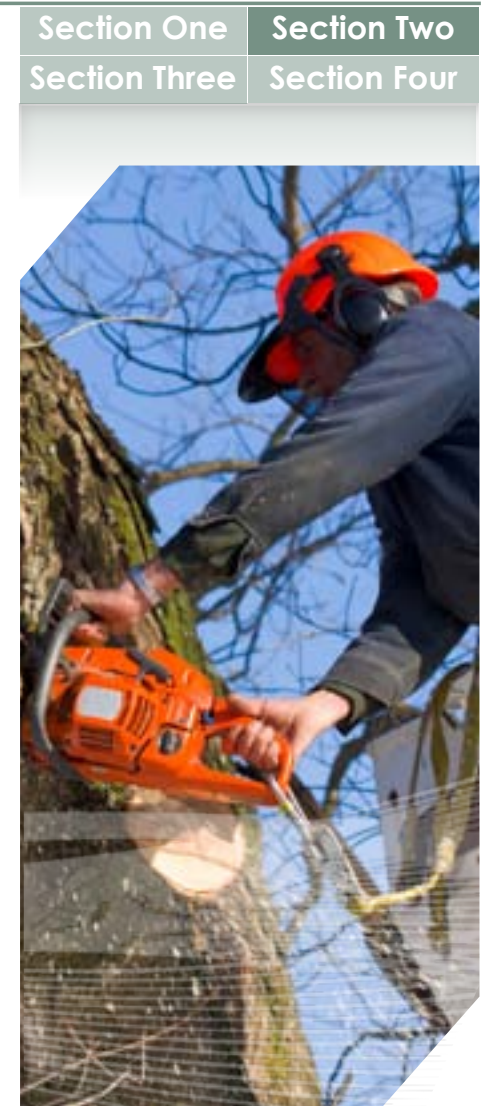




Table 8: Compliance activities

Activity	2009/10	2010/11	2011/12
Enquiries: lapsed policies, cancellations, new business and new owner checks	7,285	9,325	14,110
Investigations: complaints, enquiries and referrals	182	90	208
Letters of caution sent to employers	-	14	34
Prosecutions completed	13	13	53
Total compliance activities	7,480	9,442	14,405

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.

» Progressing legislative reform

The *Workers' Compensation and Injury Management Amendment Act 2011* (the Amendment Act) came into effect in two stages during 2011.

Changes effective from 1 October 2011 included:

- the removal of all age-based limits on workers' compensation entitlements
- extension of safety net arrangements for workers awarded common law damages against uninsured employers; and
- various amendments of an administrative nature.

The new Conciliation and Arbitration Services (CAS) were also established on 1 December 2011, replacing the Dispute Resolution Directorate (DRD).

Removal of age-based entitlement limits

Prior to the 2011 legislative changes, injured workers in Western Australia aged 64 years or older had an entitlement limited to 12 months of weekly income payments. In addition, compensation was not payable for workers who suffered noise-induced hearing loss after the age of 65.

The profile of the State's workforce has changed and includes an increasing number of older workers. The skills retained by older workers are important to the State's economic prosperity. In recognition of this, the Government removed age-based limitations from the Act. The new arrangements do not operate retrospectively.

New provisions for a common law safety net

Prior to the 2011 changes to the Act, only claims for statutory benefits made by injured workers whose employers were uninsured could be met from WorkCover WA's General Account. WorkCover WA was unable to meet common law damages when an employer was uninsured. The amendments enable common law damages against uninsured employers to be paid from the WorkCover WA General Account, under certain circumstances.

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“WorkCover WA's systems and processes are enhanced to enable it to provide quality, responsive services and outcomes for stakeholders.”

National Insurer Data Specification

WorkCover WA has played an important part in the development of a new National Insurer Data Specification (NIDS) for collection of claim and policy data from insurers. In WA, the Q1 data specification will be phased out and replaced with the NIDS data specification by January 2014. NIDS has been produced in conjunction with other privately underwritten jurisdictions and the Insurance Council of Australia. It will benefit the insurance industry by providing a uniform data specification for privately underwritten jurisdictions.

The amendments also make it mandatory for all employers to have insurance covering both statutory and common law liabilities. The common law safety net provisions do not operate retrospectively.

Other legislative amendments

Other legislative amendments to the Act during the period included:

- an extension in time for an employer to lodge a claim with their insurer
- new penalty for failure to make weekly payments
- clarification of the effective date of redemptions
- removal of the time limit to issue a writ after common law election
- ability to define 'remuneration' in regulations
- removal of exclusion of family member from definition of 'worker'; and
- inclusion of diffuse pleural fibrosis as an asbestos-related disease.

» Resolving disputes

One of WorkCover WA's major functions is to resolve disputes between parties in the workers' compensation system, either through conciliation or arbitration. Significant reforms to the Western Australian workers' compensation dispute resolution system came into effect on 1 December 2011. The new Conciliation and Arbitration Services (CAS) began operation on that date.

The WorkCover WA Conciliation Service comprises a Director, conciliation officers and administrative support staff. Conciliation officers are required to make all reasonable efforts to bring the parties involved in a dispute to an agreement that is acceptable to all of them. The Conciliation Service aims to bring parties together in a first conciliation conference within three weeks of acceptance of the application, and after only four months of operation this standard was achieved. Since 1 December 2011, there were 1307 applications for conciliation accepted by the Conciliation Service, with 1105 completed.

The WorkCover WA Arbitration Service comprises a Registrar, arbitrators and administrative support staff. Arbitrators are required to determine disputes that are not resolved by conciliation, according to

their substantial merits and with as little formality and technicality as possible. Between 1 December 2011 and 30 June 2012 there were 273 applications accepted by the Arbitration Service, with 153 completed.

Key dispute resolution initiatives and activities in 2011/12

In addition to establishing the new Conciliation and Arbitration Services, key achievements in dispute resolution since 1 December 2011 included:

- development and implementation of a new dispute case management software system that improves efficiency of operation and enables better performance reporting
- completion, at conciliation stage, of all 411 matters which transitioned into the new dispute resolution system from the former Dispute Resolution Directorate; and
- the launch of an electronic lodgment process for conciliation applications; and establishing a service standard providing a three week turnaround between the lodgment of a conciliation application and the first conciliation conference with all parties present.

Goal 5: Organisational Excellence

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

» **Developing our people**

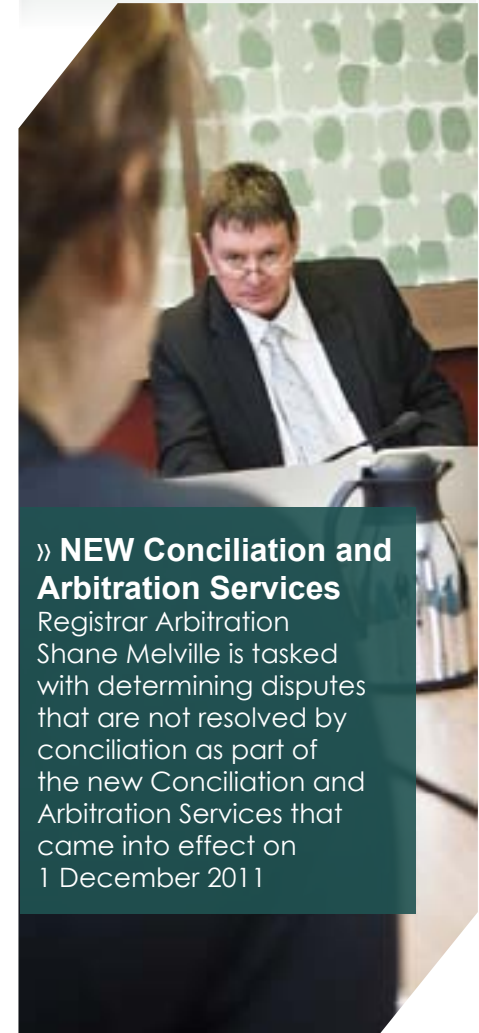
In 2011/12, WorkCover WA continued implementation and revision of the Workforce Capability Framework, incorporating a stronger strategic focus on aligning succession planning and manager competencies with the business needs of the Agency.

A new Workforce Plan was developed that provides a strategic framework to ensure WorkCover WA has the right workforce environment and mix of skilled and motivated staff to effectively deliver its services both now and in the future.

A staffing structure was developed for the new Conciliation and Arbitration Services (CAS) to meet the requirements of the new workers' compensation legislation.

The traineeship program that forms part of the WorkCover WA Equal Employment Opportunity Plan and aims to increase the representation of youth and Aboriginal Australians in the Agency's

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» **NEW Conciliation and Arbitration Services**

Registrar Arbitration Shane Melville is tasked with determining disputes that are not resolved by conciliation as part of the new Conciliation and Arbitration Services that came into effect on 1 December 2011

Our 2011/12 staff focus included:

- > An increased range of programs offered to staff as part of the wellness program supporting employees' health and wellbeing.
- > Drafting a Reconciliation and Action Plan that seeks to build positive relationships between Aboriginal and non-Aboriginal people and raises staff awareness and understanding of issues affecting Aboriginal people.
- > Enhancing the online induction and learning system to include the implementation of new Occupational Safety and Health for Managers and Supervisors, Equal Opportunity and Accountable and Ethical Decision Making training modules.

workforce continued in 2011/12. Two trainees successfully completed the traineeship program, including the attainment of a Certificate III in Business. A new trainee commenced the program in February 2012.

A revised Occupational Safety and Health (OSH) Management Plan was implemented in line with the WorkSafe Plan that seeks to ensure that a systematic and consistent approach to OSH management is adopted.

An OSH audit was also completed against the recognised (WorkSafe Plan) assessment tool using a qualified WorkSafe assessor. WorkCover WA was awarded the WorkSafe Plan Silver Certificate of Achievement.

» Enhancing finance processes

In 2011/12, WorkCover WA implemented new financial management software which strengthens WorkCover WA's financial internal control environment. The new system streamlined business processes, resulting in improved reporting timeframes and greater levels of transparency and reporting across business units. This was achieved by reengineering existing business processes and

adopting the standard 'out-of-the-box' functionality. This not only reduced implementation risk by eliminating costly customisations, but also reduced the cost of ownership over the longer term by simplifying product support and future upgrades.

The introduction of new financial management software and a chart of accounts was also a key driver for developing a new costing and overhead allocation model to facilitate reporting of WorkCover WA's Key Performance Indicators.

» Improving information technology

In 2011/12, WorkCover WA continued to implement the IT Strategic Plan approved by the Board in 2008/09 by achieving the following:

- completion of phase one replacements of WorkCover WA's core business systems, consisting of the in-house development of a new Dispute Case Management System. The new system commenced operation on 1 December 2011 to coincide with the implementation of legislative changes
- launch of an online eLodgment facility, which enables registered users to lodge workers' compensation conciliation applications online.

This facility can be used by anyone as an alternative to submitting a hard-copy application form; and

- commencement of phase two of the replacement of WorkCover WA core business systems, consisting of the in-house development of a new Regulatory Services Management System. The new system will replace and consolidate approximately 14 legacy systems into a single, web-based system and will deliver significant business process improvements.

» **Valuing workplace consultation**

WorkCover WA also continued to operate formal consultative employee committees, comprising the:

- Joint Consultative Committee (JCC) in which management and union representatives work collaboratively to seek solutions to issues affecting employee conditions of employment
- Occupational Safety and Health (OSH) Committee which 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 to prevent workplace accidents and injuries.

In 2011/12, the OSH Committee was active in developing and facilitating the training of managers and supervisors in OSH obligations, the implementation of a new agency OSH Management Plan and the development and implementation of ergonomic assessments of staff workstations; and

- Conciliation and Arbitration Services Implementation Committee which was established to oversee the development and implementation of a new staffing structure and accommodation changes to meet the requirements of the new workers' compensation legislation. The Committee was comprised of representatives of all affected areas of the Agency and included members of the JCC.

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» **IT Strategic Plan**
 As part of the IT Strategic Plan, a new eLodgment facility was added to the WorkCover WA website to enable users to lodge workers' compensation conciliation applications online. More IT initiatives are outlined starting on p.54 under the heading 'Improving information technology'.



Financial Snapshot

» WorkCover WA Income and Expenditure

The majority of funding (76 per cent) for WorkCover WA's activities is derived from insurer contributions in the form of 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.

Total WorkCover WA revenue in 2011/12 was \$25.503 million. Total expenditure was \$23.088 million.

Staff costs account for 63 per cent of Agency expenditure. The remaining funds were expended on supplies and services, accommodation and other expenses.

This snapshot represents a consolidation of both the General and Supplementation Funds. Refer to the Financial Statements and associated notes for more detailed analysis and disclosure (beginning p.69).

Figure 11: WorkCover WA income

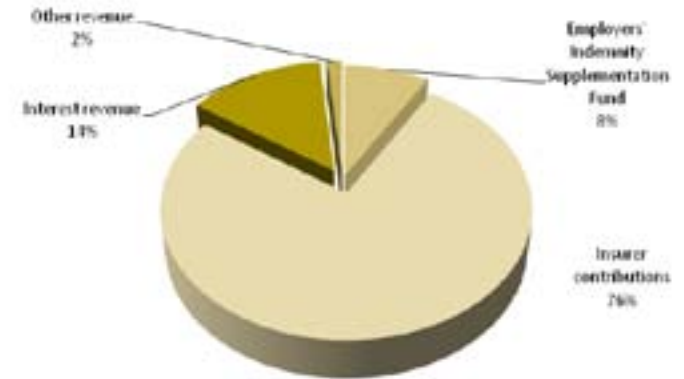
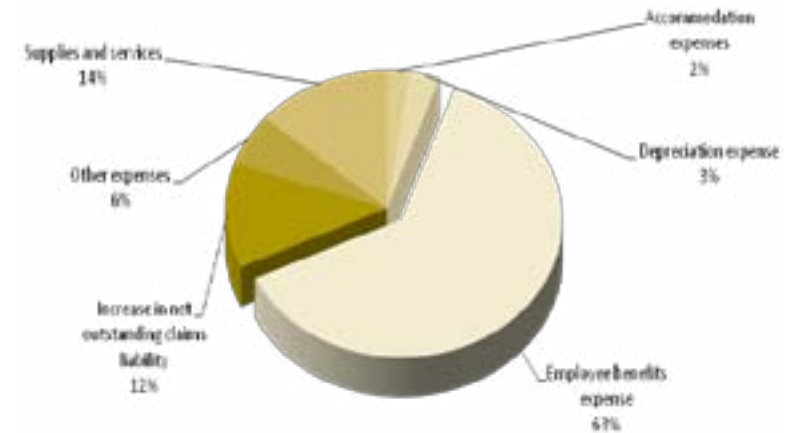


Figure 12: WorkCover WA expenditure



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 an Arbitrator to order compensation to be paid in trust to WorkCover WA when it cannot immediately be paid to a person under a legal disability or 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 5.46 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.

As part of its operations, the compliance activity establishes an employer's insurance status to ensure monies released from the General Account are in accordance with the provisions of the Act. This year, WorkCover WA investigated 18 potential claims on the General Account pursuant to section 174, compared with 21 last year. There were five new claims this year and 25 continuing claims from previous financial years. The cost of new claims was \$140,599.89 and ongoing claims amounted to \$1,409,162.24.

At 30 June 2012, the total outstanding debt from uninsured employers was approximately \$1,549,762.13. Recovery action against these employers is ongoing.

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For the full financial report, refer to the Financial Statements and Notes to the Financial Statements sections (p.69 and p.76).



» 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 2011/12 were nil. Since its inception in February 1987, a total of \$2,800,507 (gross) has been paid.

Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2011/12 were nil.

Table 9: Claim payments and receipts for insurers in liquidation

Type of Payments and Receipts	HIH Insurance (\$)	National Employers' Mutual General Insurance Co. (\$)
Value of outstanding claims in Western Australia	1,522,035	67,721
Received from liquidators in 2011/12	2,048,603	1,268
Claim payments for 2011/12	353,919	33,345
Claim payments since liquidation commenced	74,104,899	5,937,720

» Debts and Investments

At 30 June 2012, there were 28 outstanding debtors from fines and penalties awarded under section 170 of the Act, with debts outstanding of \$143,985.81.

In 2011/12, the weighted average rate of return on General Account investments was 5.68 per cent.

Table 10: Budget results vs budget targets

Debts and Investments	2011/12 Target \$000	2011/12 Actual \$000	Variation \$000
Total Revenue (sourced from Statement of Comprehensive Income)	24,804	25,503	699 ^(a)
Total Expenses (sourced from Statement of Comprehensive Income)	21,534	23,088	1,554 ^(b)
Total Equity (sourced from Statement of Financial Position)	62,153	63,607	1,454 ^(c)
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows)	3,636	6,798	3,162 ^(d)
Approved full-time equivalent (FTE) staff level at 30 June	146.44	139.8	6.64

^(a) Greater than anticipated revenue is mainly due to higher interest earnings from increased investment balances and higher than expected HIH Insurance liquidation recoveries for the Supplementation fund

^(b) The variation was mainly due to the increase in the General Account net outstanding uninsured claims liability due to the introduction of the common law safety net. Refer to note 10 of the financial statements

^(c) The variation is a result of a combination of factors including increased cash reserves resulting from higher than expected HIH Insurance liquidation recoveries for the Supplementation Fund and a higher than expected cash surplus from operational savings, as well as the capitalisation of intangible assets. This was offset by an increase in uninsured claims liabilities due to the introduction of the common law safety net as noted above

^(d) The variance is due to increased cash receipts resulting from higher than expected HIH Insurance liquidation recoveries for the Supplementation Fund and a higher than expected cash surplus from operational savings

Further explanations are also contained in Note 35 'Explanatory statement' to the financial statements (p.146).

2.4 Summary of Key Performance Indicators

» Key Performance Indicators of Effectiveness

Table 11: Results vs target – KPIs of Effectiveness

Indicator 1.1 ^(a)	2008/09	2009/10	2010/11	2011/12	2011/12 Target
Number of non-compliance events identified as a result of a claim on the General Account	7	5	6	5	8
Indicator 1.2 ^(b)				2011/12	2011/12 Target
The percentage of user satisfaction with Conciliation Services	-	-	-	82%	80%
Indicator 1.3 ^(b)				2011/12	2011/12 Target
The percentage user satisfaction with Arbitration Services	-	-	-	66%	70%
Indicator 1.4 ^(b)			2011/12 ^(c)	2011/12 ^(d)	2011/12 Target
The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted			85.6%	96.7%	95%
Indicator 1.5 ^(b)			2011/12 ^(c)	2011/12 ^(d)	2011/12 Target
The proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted			91.6%	98%	80%

^(a) New from 2009/10

^(b) New from 2011/12

^(c) With transitional cases

^(d) Without transitional cases


» Key Performance Indicators of Efficiency

Table 12: Results vs target – KPIs of Efficiency

Indicator 1.1 ^(a)	2008/09	2009/10	2010/11	2011/12	2011/12 Target
Average cost (\$) per employer compliance activity	\$120	\$231	\$281	\$235	\$252
Indicator 1.2 ^(a)				2011/12	2011/12 Target
Average cost (\$) per approved and monitored service provider	\$2,186	\$2,719	\$2,942	\$3,087	\$2,955
Indicator 1.3 ^(a)				2011/12	2011/12 Target
Average cost (\$) per client contact to provide information and advice	\$146	\$140	\$126	\$133	\$119
Indicator 2.1 ^(a)				2011/12	2011/12 Target
Average cost (\$) to complete a conciliation	-	-	-	\$2,658	\$3,371
Indicator 2.2 ^(a)				2011/12	2011/12 Target
Average cost (\$) to complete an arbitration	-	-	-	\$13,821	\$15,566
Indicator 2.3 ^(a)				2011/12	2011/12 Target
Average cost (\$) to process a Memorandum of Agreement	-	-	-	\$262	\$287

^(a) New from 2011/12

For more information on our KPIs, see the Additional Key Performance Indicator Information section (p.152).





3 Significant Issues Impacting the Agency

- 3.1 Adjusting to Legislative Change 63
- 3.2 Working with Others to Achieve Compliance 64
- 3.3 Opportunity and Accessibility 66

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Adjusting to Legislative Change

» Changes in Written Law

In 2011/12, the Government made a number of changes to written laws administered by the Agency. The *Workers' Compensation and Injury Management Amendment Act 2011* changes included:

- the removal of all age-based limits on workers' compensation entitlements
- extension of the safety net arrangement for workers awarded common law damages against uninsured employers; and
- a new dispute resolution framework.

Other legislative changes

- > *Workers' Compensation and Injury Management (Acts of Terrorism) (Final Day) Amendment Regulations 2012*
- > *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2011*
- > *Workers' Compensation and Injury Management Arbitration Rules 2011*

» Agency Impact

While the Western Australian workers' compensation scheme remained stable and strong in 2011/12, several areas of operations required adjustments and review due to the legislative amendments. The establishment of the new Conciliation and Arbitration Service (CAS) on 1 December 2011, which replaced the Dispute Resolution Directorate (DRD), was the most significant change.

Ensuring that all employers are insured and that safety net claims are managed as effectively as possible also carries greater importance due to the potentially increased value of the claims involved. The creation of a dedicated uninsured claims management function reflects the importance WorkCover WA attaches to this objective.



ThinkSafe 2011/12 Output

- > 86 follow-up visit referrals to engage small businesses on injury management and return to work issues.
- > 731 one-on-one visits to small businesses. 39.67 per cent in regional towns.
- > 4 group visits to small businesses.
- > 9 seminars for groups of employers.

Working with Others to Achieve Compliance

» ThinkSafe Small Business Program

WorkCover WA continued its collaboration with WorkSafe to encourage the prevention of accidents and injuries through co-funding of the ThinkSafe Small Business Program. The program aims to introduce small businesses to hazard identification, risk reduction, safety and health policies and safe work systems, and provides information regarding workers' compensation and injury management obligations for employers. The program is delivered through on-site safety assessments and group information seminars.

During the on-site assessments, consultants review the adequacy and effectiveness of a business's injury management system and make recommendations for improvement. ThinkSafe consultants are required to explain the legislative obligations to employers and provide them with a copy of *Injury Management: A Guide for Employers*. Where an employer does not have an appropriate system in place, the consultants

assist the employer in completing the template injury management system in that booklet. During 2011/12, ThinkSafe placed an increased focus on the role of its consultants in ensuring employers had an adequate injury management system in place.

To further ensure the effectiveness of the program, amendments were made to the feedback processes employed by consultants, in order to allow them to report on the number of injury management systems they had reviewed, and the number of new systems that had been put in place as a result of their consultation.

» Other Collaborations

- > WorkCover WA worked in collaboration with the National Insurance Brokers Association (NIBA) and the greater insurance broking industry, in relation to the development of a Code of Practice that will benefit brokers, approved insurers and employers utilising the services of brokers.

Significant Issues Impacting the Agency

- > WorkCover WA attends the Commission for Occupational Safety and Health meetings as an observer. The Commission consists of representatives of employers, employees, government and people with expertise and knowledge in occupational safety and health matters. WorkCover WA 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 the Department of Commerce's WorkSafe and Office of the Director General divisions, RiskCover, Public Sector Commission and Unions WA.



» Noise Induced Hearing Loss Coordinator Bill Rogers mans the WorkCover WA stall during the 2012 Chevron Noise Expo

During 2011/12, WorkCover WA continued to implement its Equal Employment Opportunity Plan 2010–2013 which seeks to ensure the Agency's policies, procedures and actions reflect and value the social and cultural diversity within the Agency and the community it serves.

Opportunity and Accessibility

» Staff Development

During 2011/12, WorkCover WA continued to sponsor staff training and development primarily through training needs analyses that were conducted during performance appraisal processes.

WorkCover WA also further enhanced its in-house online training system to include new training modules for Equal Opportunity, Occupational Safety and Health (OSH) for Managers and Supervisors, and Accountable and Ethical Decision Making (AEDM).

WorkCover WA employees received 2625 hours of in-house and external training. The emphasis for training in 2011/12 centred on:

- occupational safety and health
- on the job competencies
- performance management; and
- mandated training (AEDM, OSH and Records Management).

» Equal Employment Opportunity Plan

Initiatives undertaken during 2011/12 under the Equal Employment Opportunity Plan 2010–2013 included:

- the development and implementation of an online Equal Opportunity training program, designed to increase staff awareness of diversity and equity principles and of their obligations as public sector employees to uphold these principles
- the development of a new Reconciliation and Action Plan that seeks to build positive relationships between Aboriginal and non-Aboriginal people, and raises staff awareness and understanding of issues affecting Aboriginal people; and
- continuation of a traineeship program to help increase the representation of youth and Aboriginal Australians in the Agency's workforce. Two trainees successfully completed

the traineeship program and both attained a Certificate III in Business as part of their training. A new trainee commenced the program in February 2012.

» Disability Access and Inclusion Plan

In 2011/12, WorkCover WA continued the implementation of its Disability Access and Inclusion Plan (DAIP) which outlines how the Agency contributes to an accessible and inclusive community for people with disabilities, their families and carers. This includes ensuring that, in their interaction with WorkCover WA, people with disabilities:

- have the same opportunities as other people to access WorkCover WA services and events
- have the same opportunities to access the buildings and other facilities
- receive information in a format that will enable them to access information readily
- receive the same high-level, quality of service from our staff

- have the same opportunities to make complaints; and
- have the same opportunities to participate in any public consultation.

DAIP implementation during 2011/12

Access improvements were made to the WorkCover WA building, including the provision of external seating for people waiting outside the building and the installation of additional ACROD signage throughout the premises.

An online training program for staff was developed and implemented that highlights WorkCover's DAIP and the Agency's commitment to ensuring people with disabilities are able to readily access services and facilities.

A review was also conducted of the information published about functions, facilities and services, to ensure they are provided in formats that meet the communication needs of people with disabilities, including alternative formats upon request.

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4 Disclosures and Legal Compliance

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Financial Statements

» 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 2012 and the financial position as at 30 June 2012.

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.



Greg Joyce
Chair
WorkCover Western
Australia Authority

Chris White
Acting Chief
Executive Officer
WorkCover Western
Australia Authority

John Hull
Chief Finance
Officer
WorkCover Western
Australia Authority

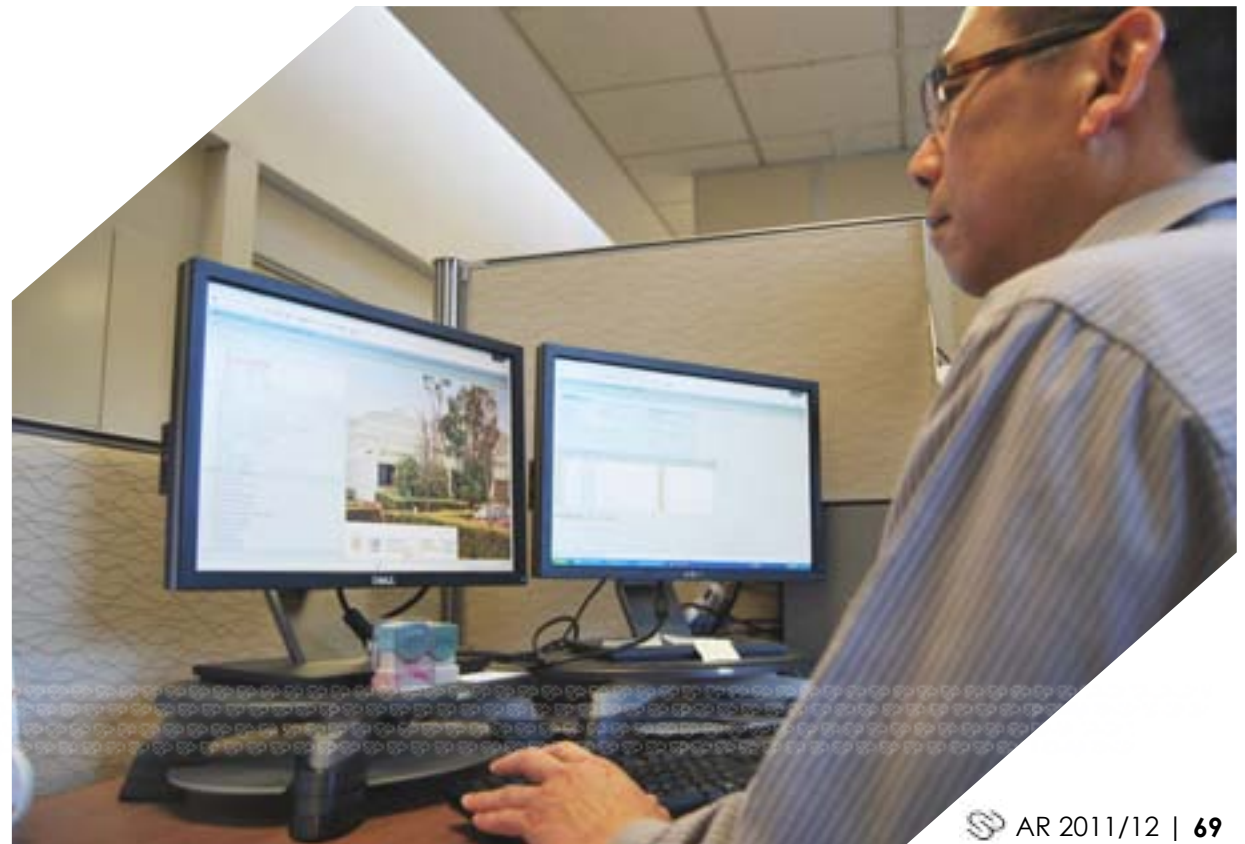
3 September 2012

3 September 2012

3 September 2012

» Independent Audit Opinion

The Independent Auditor's Report can be found on pages 70–71.





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY

Report on the Financial Statements

I have audited the accounts and financial statements of the WorkCover Western Australia Authority.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Authority's Responsibility for the Financial Statements

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 for such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the WorkCover Western Australia Authority at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the WorkCover Western Australia Authority during the year ended 30 June 2012.

Controls exercised by the WorkCover Western Australia Authority are those policies and procedures established by the Authority to ensure 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.

Authority's Responsibility for Controls

The Authority is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the WorkCover Western Australia Authority based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Authority complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the WorkCover Western Australia Authority are sufficiently adequate to 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 during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Authority's Responsibility for the Key Performance Indicators

The Authority is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Authority determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

Disclosures and Legal Compliance

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Authority's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

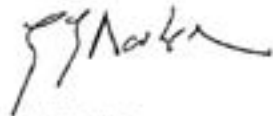
In my opinion, the key performance indicators of the WorkCover Western Australia Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2012 included on the Authority's website. The Authority's management are responsible for the integrity of the Authority's website. I have not been engaged to report on the integrity of the Authority's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
3 September 2012

» Statement of Comprehensive Income

For year ended 30 June 2012

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

	Note	2012 \$000	2011 \$000
INCOME			
» Revenue			
Insurer contributions		19,422	18,809
Interest revenue	7	3,522	3,426
Other revenue	8	387	166
Employers' Indemnity Supplementation Fund	9	2,172	7,518
Total Revenue		25,503	29,919
» Gains			
Decrease in net outstanding claims liability	10	-	3,146
Total Gains		-	3,146
Total Income		25,503	33,065
EXPENSES			
» Expenses			
Employee benefits expense	12	14,473	14,407
Supplies and services	13	3,145	2,907
Depreciation expense	14	714	516
Accommodation expenses	15	512	436
Increase in net outstanding claims liability	10	2,826	-
Loss on disposal of non-current assets	11	-	3
Other expenses	16	1,418	1,169
Total Expenses		23,088	19,438
Profit/(Loss) before grants and subsidies from State Government		2,415	13,627
Resources received free of charge	17	181	138
Profit/(Loss) for the period		2,596	13,765
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	27	(704)	-
Total other comprehensive income for the period		(704)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,892	13,765

Disclosures and Legal Compliance

	Note	2012 \$000	2011 \$000	Section One	Section Two
				Section Three	Section Four
ASSETS					
» Current Assets					
Cash and cash equivalents	18	9,465	7,450		
Restricted cash and cash equivalents	19	62,048	57,265		
Receivables	20	953	1,172		
Other financial assets	21	3,269	5,398		
Total Current Assets		75,735	71,285		
» Non-Current Assets					
Property, plant, equipment & vehicles	22	23,344	24,175		
Intangible assets	23	1,232	-		
Total Non-Current Assets		24,576	24,175		
Total Assets		100,311	95,460		
LIABILITIES					
» Current Liabilities					
Payables	25	809	719		
Provisions	26	5,709	6,235		
Total Current Liabilities		6,518	6,954		
» Non-Current Liabilities					
Provisions	26	30,186	26,791		
Total Non-Current Liabilities		30,186	26,791		
Total Liabilities		36,704	33,745		
NET ASSETS		63,607	61,715		
EQUITY					
Reserves	27	19,028	19,732		
Retained earnings/(accumulated losses)		44,579	41,983		
Total Equity		63,607	61,715		

» Statement of Financial Position

As at 30 June 2012

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

» Statement of Changes in Equity

For year ended 30 June 2012

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

	Note	Reserves \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 July 2010	27	19,732	28,218	47,950
Total comprehensive income for the period		-	13,765	13,765
Balance at 30 June 2011		19,732	41,983	61,715
Balance at 1 July 2011		19,732	41,983	61,715
Surplus/(deficit)		-	2,596	2,596
Other comprehensive income		(704)	-	(704)
Total comprehensive income for the period		(704)	2,596	1,892
Balance at 30 June 2012		19,028	44,579	63,607

Disclosures and Legal Compliance

	Note	2012 \$000	2011 \$000	Section One Section Three	Section Two Section Four
CASH FLOWS FROM OPERATING ACTIVITIES					
» Receipts					
Supplementation Fund receipts		2,168	7,518		
Insurer contributions		19,422	18,809		
Provision of services		13	33		
Interest received		3,643	3,296		
GST receipts on sales		43	86		
GST receipts from taxation authority		598	378		
Other receipts		434	173		
» Payments					
Workers' Compensation claim payments		(342)	(451)		
Employee benefits		(14,682)	(14,314)		
Supplies and services		(3,055)	(3,029)		
Accommodation		(529)	(436)		
GST payments on purchases		(578)	(526)		
Other payments		(646)	(1,308)		
Net cash provided by/(used in) operating activities	28	6,489	10,229		
CASH FLOWS FROM INVESTING ACTIVITIES					
» Receipts					
Proceeds from sale of non-current physical assets	11	32	102		
Proceeds from sale of investments		2,128	5,399		
» Payments					
Purchase of non-current physical assets		(1,851)	(1,250)		
Net cash provided by/(used in) investing activities		309	4,251		
Net increase/(decrease) in cash and cash equivalents		6,798	14,480		
Cash and cash equivalents at the beginning of the period		64,715	50,235		
Cash and cash equivalent assets at the end of period	28	71,513	64,715		

» Statement of Cash Flows

For year ended 30 June 2012

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 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards 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. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Authority for the annual reporting period ended 30 June 2012.

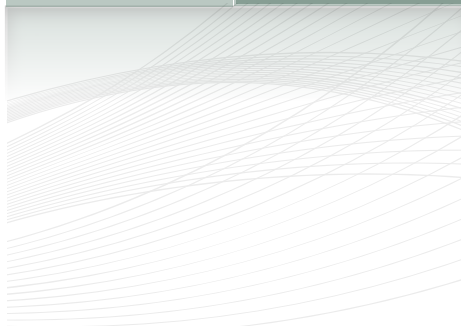
» 2. Summary of Significant Accounting Policies

(a) General statement

The Authority is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

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(b) Basis of preparation

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

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

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

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

Note 5 'Key sources of estimation uncertainty' discloses 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.

(c) Reporting entity

The reporting entity comprises WorkCover Western Australia Authority.

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

Trust Accounts under Section 110 of the *Workers' Compensation and Injury Management Act 1981* are administered independently of the General Account and Supplementation Fund. See note 37 'Workers' Compensation & Injury Management Trust Account' for transactions relating to the Trust Account.

(d) Income

» Revenue recognition

Revenue is recognised and 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.

Recoveries from uninsured employers

Revenue is recognised on receipt of the recovered monies.

Interest

Revenue is recognised as the interest accrues.

» Gains

Realised and unrealised gains 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 Account.

(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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

property, plant and equipment and vehicles costing less than \$5,000 are immediately expensed direct 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

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 revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) 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.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's

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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, 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 22 '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.

Depreciation is calculated using the straight line method, using rates that are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	25 years
Plant and equipment	5 to 15 years
Information technology	3 to 5 years
– Hardware	
Information technology	3 to 5 years
– Software ^(a)	
Motor vehicles	6 to 7 years

^(a) Software that is integral to the operation of related hardware

Land is not depreciated.

(f) Intangible assets

» **Capitalisation/expensing of assets**

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Authority have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Licences	up to 10 years
Software ^(a)	3 to 5 years

^(a) Software that is not integral to the operation of any related hardware

» **Licences**

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

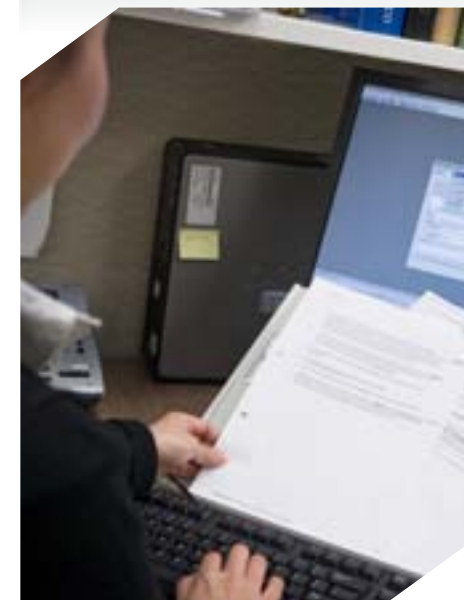
» **Computer software**

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

(g) Impairment of assets

Property, plant and equipment 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.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

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.

(h) Leases

The Authority has not entered into any finance lease arrangements.

The Authority has not entered into any operating lease arrangements.

(i) Financial instruments

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

- Loans and receivables
- Held-to-maturity investments (term deposits); 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 of financial instruments is at fair value which normally equates to the transaction cost or the face 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.

(j) 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.

(k) Accrued Salaries

Accrued salaries (refer to note 25 'Payables') represent the amount due to staff but unpaid at 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 fair value.

(l) Receivables

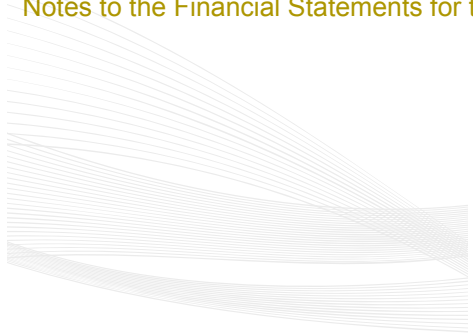
Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of

receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(m) Investments and other financial assets

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

Loans and receivables and held-to-maturity investments, such as commercial bills, are subsequently measured at amortised cost using



the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the 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.

(n) Payables

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(o) 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

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual 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 liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for 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 liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such

as employer superannuation contributions, as well as 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.

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. Conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.



» **Above:** Senior Advisory Officer Scott Fletcher-Terry is a well known voice on the end of the WorkCover WA advisory line

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

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. From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Authority makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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 PricewaterhouseCoopers 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, 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 GSS is a defined benefit scheme for the purposes of employees and whole-of-government

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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 Account

Liability for future claims

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date, with an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

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

The effect of 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.

(p) 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.

(q) Comparative figures

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

(r) 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 at fair value. Where the resource received represents a service that the authority would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Provision for uninsured claims pursuant to Section 174

Provision is made to meet payments required under Section 174 of the *Workers' Compensation and Injury Management Act 1981* where Conciliation and Arbitration Services has made an order and the worker has not received the compensation due from the General Account at the end of the reporting period.

» 3. Segment Information

In accordance with AASB 8 and TI 1101, the Authority has provided summary information at note 42 for each of the Authority's services and the two funds.

» 4. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Authority evaluates these judgements regularly.

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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:

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

» 5. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Authority's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

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 26 'Provisions'.

Assessment of Supplementation Fund and General Account future claims liability

The Authority's risk in relation to outstanding claims liability arising from future claims liability in respect to the Supplementation Fund and General Account has been determined by actuarial assessment. The principal actuarial assumptions used are disclosed in note 26 '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 2011 that impacted on the Authority.

» 6. continued: Initial application of an Australian Accounting Standard

AASB 1054	<p><i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.</p>
AASB 2009-12	<p><i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]</i></p> <p>This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>
AASB 2010-4	<p><i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]</i></p> <p>The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.</p> <p>The amendments to AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.</p>

» **6. continued: Initial application of an Australian Accounting Standard**

<p>AASB 2010-5</p>	<p>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]</p> <p>This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>
<p>AASB 2010-6</p>	<p>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</p> <p>[AASB 1 & 7]</p> <p>This Standard introduces additional disclosures relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.</p>
<p>AASB 2011-1</p>	<p>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]</p> <p>This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.</p>

» **6. continued: Initial application of an Australian Accounting Standard**

AASB 2011-5	<p>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]</p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.</p>
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Future Impact of Australian Accounting Standards not yet operative (p.92–98)

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

Title	Operative for periods beginning on/ after
<p>AASB 9</p> <p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued in December 2010. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013

» **6. continued:** Future Impact of Australian Accounting Standards not yet operative

Title		Operative for periods beginning on/ after
AASB 10	<p><i>Consolidated Financial Statements</i> This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 11	<p><i>Joint Arrangements</i> This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 12	<p><i>Disclosure of Interests in Other Entities</i> This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interests in Joint Ventures. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013

» **6. continued:** Future Impact of Australian Accounting Standards not yet operative

Title		Operative for periods beginning on/after
AASB 13	<i>Fair Value Measurement</i> This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.	1 Jan 2013
AASB 119	<i>Employee Benefits</i> This Standard supersedes AASB 119 (October 2010). As the Authority does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.	1 Jan 2013
AASB 127	<i>Separate Financial Statements</i> This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2013
AASB 128	<i>Investments in Associates and Joint Ventures</i> This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2013

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

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» 6. continued: Future Impact of Australian Accounting Standards not yet operative

Title		Operative for periods beginning on/after
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i> This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.	1 Jul 2013
AASB 2009-11	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 & 1038 and Int 10 & 12] [Modified by AASB 2010-7]	1 Jul 2013
AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052] This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.	1 Jul 2013
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127] This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2013

» **6. continued:** Future Impact of Australian Accounting Standards not yet operative

Title		Operative for periods beginning on/after
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054] This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.	1 Jul 2013
AASB 2011-6	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131] This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	1 Jul 2013
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17] This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2013

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» 6. continued: Future Impact of Australian Accounting Standards not yet operative

Title		Operative for periods beginning on/after
AASB 2011-8	<p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-9	<p>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</p> <p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2012
AASB 2011-10	<p>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>	1 Jan 2013

» **6. continued: Future Impact of Australian Accounting Standards not yet operative**

Title		Operative for periods beginning on/after
AASB 2011-11	Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements This Standard gives effect to Australian Accounting Standards Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	1 Jan 2013
AASB 2012-1	Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141] This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.	1 Jul 2013

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

Section One	Section Two
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	2012 \$000	2011 \$000
» 7. Interest Revenue		
General Account	633	690
Employers' Indemnity Supplementation Account (see note 29)	2,889	2,736
	3,522	3,426

» 8. Other Revenue

General Account

Recoveries from uninsured employers	216	18
Other	171	148
	387	166

» 9. Employers' Indemnity Supplementation Fund

Surcharge ⁽ⁱ⁾	122	373
Recovery ⁽ⁱⁱ⁾	2,050	7,145
	2,172	7,518

⁽ⁱ⁾ Represents funds collected from the Supplementation Fund Levy.

⁽ⁱⁱ⁾ Dividends received from the liquidation of HIH, CIC, and FAI Insurance.



» 10. Movement in Net Outstanding Claims Liability

(Increase)/decrease in net outstanding claims liability

	2012 \$000	2011 \$000
Workers' compensation claims – Employers' Indemnity Supplementation Fund (see note 26 and 29)	1,987	2,561
Uninsured claims – General Fund (see note 26)	(4,813)	585
Total (increase)/decrease in net outstanding claims liability	(2,826)	3,146

» 11. Net Gain/(Loss) on Disposal of Non-Current Assets

Proceeds from disposal of non-current assets

Vehicles	32	102
	32	102

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

» 11. continued...

Costs of disposal of non-current assets

	2012 \$000	2011 \$000
Equipment	(4)	(3)
Vehicles	(28)	(102)
	(32)	(105)
Net gain/(loss)	-	(3)

» 12. Employee Benefits Expense

Wages and salaries ^(a)	13,028	12,652
Superannuation – defined contribution plans ^(b)	379	1,163
Superannuation – defined benefit plans (see note 26 'Provisions')	1,066	592
	14,473	14,407

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

^(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

Section One	Section Two
Section Three	Section Four

Note on Employee Benefits Expense

Employment on-costs such as workers' compensation insurance are included at note 16 'Other expenses'.

The employment on-costs liability is included at note 26 'Provisions'.

	2012 \$000	2011 \$000
» 13. Supplies and Services		
Communications	140	148
Consultants and contractors	1,604	1,482
Consumables	640	944
Insurance	520	97
Training	142	107
Travel	47	47
Other	52	82
	3,145	2,907

» 14. Depreciation and Amortisation Expense

Depreciation

Plant, equipment and vehicles	219	170
Buildings	377	346
Total depreciation	596	516

Amortisation

Intangible assets	118	-
Total amortisation	118	-
Total depreciation and amortisation	714	516

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

Section One	Section Two
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2012	2011
\$000	\$000

» 15. Accommodation Expenses

Outgoings	205	193
Repairs and maintenance	136	211
Other	171	32
	512	436

» 16. Other Expenses

General Account

Joint initiative with WorkSafe	251	250
Employment on-costs ^(a)	740	730
Seminars	8	13
Doubtful debts expense	(13)	50
Bad debts written off	2	-
Sitting fees	95	90
Write-off storm damaged vehicle	-	22
Staff wellness programs	68	-
Prior year adjustments	45	-

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

» 16. continued...	2012 \$000	2011 \$000
Audit Fees	173	-
Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims	37	-
Other	8	-
Employers' Indemnity Supplementation Fund (see note 29)		
Administration fee paid to Insurance Commission of WA	4	14
	1,418	1,169

^(a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 26 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

» 17. Resources Received Free of Charge

Resources received free of charge from the State Solicitors Office	181	138
	181	138

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

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» 18. Cash and Cash Equivalents

	2012 \$000	2011 \$000
Bank account	1,817	1,557
Cash on hand	1	1
Term deposits ^(a)	7,647	5,892
	9,465	7,450

^(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.

» 19. Restricted Cash and Cash Equivalents

Employers' Indemnity Supplementation Fund (see note 29)

Cash balance at Treasury	62,037	57,264
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Commonwealth Funding – Indian Ocean Territories (Christmas and Cocos-Keeling Islands) [see note on right]

Unspent funds for Indian Ocean Territories	2	1
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Commonwealth Funding – Paid Parental Leave Scheme

Cash held	3	-
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Staff contributions

Cash held for donation to charities	6	-
	62,048	57,265

Note on Restricted Cash and Cash Equivalents

» Commonwealth Funding – Indian Ocean Territories (Christmas and Cocos-Keeling Islands)

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.

Note on Receivables

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

» **20. Receivables**

**CURRENT
General Account**

	2012	2011
	\$000	\$000
Receivables	57	171
Fines and penalties	144	78
Allowance for impairment of receivables	(60)	(73)
Accrued revenue – Trust Fund	1	2
Accrued interest	112	171
GST receivable	16	79
	270	428
Employers' Indemnity Supplementation Fund (see note 29)		
Accrued interest	659	721
GST receivable	24	23
	683	744
Total current receivables	953	1,172

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

Section One	Section Two
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» 20. continued...

NON-CURRENT General Account

	2012 \$000	2011 \$000
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
Total non-current receivables	-	-
Total receivables	953	1,172

» Reconciliation of changes in allowance for impairment of receivables

Balance at start of period	73	23
Doubtful debts expense recognised in the income statement	(13)	50
Amounts written off against the allowance account during the period	-	-
Amount recovered during the period	-	-
Balance at end of period	60	73

	2012	2011
	\$000	\$000
» 21. Other Financial Assets		
Current		
At Cost:		
Term deposits ^(a)	3,269	5,398
	3,269	5,398

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

» 22. Property, plant, equipment and vehicles

Land

At fair value ^(a)	14,900	15,384
	14,900	15,384

Buildings

At fair value ^(a)	7,400	7,617
Accumulated depreciation	-	(346)
	7,400	7,271

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

Section One	Section Two
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» 22. continued...

Plant, equipment and vehicles

	2012 \$000	2011 \$000
At cost	1,186	1,053
Accumulated depreciation	(589)	(423)
	597	630

Work in Progress

At cost	447	890
	447	890
	23,344	24,175

(a) Land and buildings were re-valued as at 1 July 2011 by the Western Australian Land Information Authority. The valuations were performed during the year ended 30 June 2012 and recognised at 30 June 2012. The fair value of all land and buildings have been determined by reference to recent market transactions.



Note on Property, Plant, equipment and vehicles

» **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 tables on the following pages.

» **22. continued:
Reconciliations (2012)**

2012

	Land	Buildings	Work in progress	Plant, equipment & vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of period	15,384	7,271	890	630	24,175
Additions	-		1,744	111	1,855
Transfers	-	727	(2,187)	110	(1,350)
Disposals	-			(35)	(35)
Revaluation Increments/(Decrements)	(484)	(220)			(704)
Depreciation	-	(378)		(219)	(597)
Carrying amount at end of period	14,900	7,400	447	597	23,344

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Notes to the Financial Statements for the year ended 30 June 2012

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» 22. continued:
Reconciliations (2011)

Land	Buildings	Buildings under construction	Plant, equipment & vehicles	Total
\$000	\$000	\$000	\$000	\$000

2011

Carrying amount at start of period	15,384	7,616	9	538	23,547
Additions	-	-	899	392	1,291
Transfers	-	-	(18)	-	(18)
Disposals	-	-	-	(129)	(129)
Revaluation Increments/(Decrements)	-	-	-	-	-
Depreciation	-	(345)	-	(171)	(516)
Carrying amount at end of period	15,384	7,271	890	630	24,175

» **23. Intangible Assets**

Licenses

	2012 \$000	2011 \$000
At Cost	119	-
Accumulated Amortisation	(12)	-
	107	-

Computer Software

At Cost	1,231	-
Accumulated Amortisation	(106)	-
	1,125	-
	1,232	-

Reconciliations:

Licenses

Carrying amount at start of period	-	-
Additions	119	-
Revaluation increments	-	-
Amortisation expense	(12)	-
<i>Carrying amount at the end of period</i>	107	-

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

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» 23. continued:

Computer software

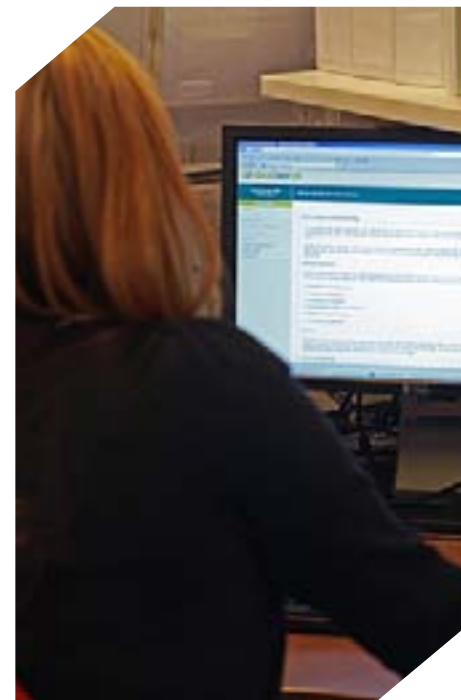
	2012 \$000	2011 \$000
Carrying amount at start of period	-	-
Additions	1,231	-
Revaluation increments	-	-
Amortisation expense	(106)	-
Carrying amount at the end of period	1,125	-

» 24. Impairment of Assets

There were no indications of impairment to property, plant and equipment as at 30 June 2012.

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 2012 have been written-off.



	2012	2011
	\$000	\$000

» 25. Payables

CURRENT

General Account

Trade payables	81	-
Accrued expenses	266	224
Accrued salaries	334	358
Other payables	81	107

Employers' Indemnity Supplementation Fund (see note 29)

Claim payments	47	30
	809	719

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

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	2012	2011
	\$000	\$000

» 26. Provisions

CURRENT

General Account

» Employee benefits provision

Annual leave ^(a)	740	793
Long service leave ^(b)	1,766	1,802
Superannuation ^(d)	569	683

	3,075	3,278
--	-------	-------

» Uninsured Workers ^(e)

	980	754
--	-----	-----

	980	754
--	-----	-----

» Other provisions

Employment on-costs ^(c)	149	157
------------------------------------	-----	-----

	149	157
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Employers' Indemnity Supplementation Fund (see note 29)

Liability for estimated future claim payments	1,505	2,046
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	1,505	2,046
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Total current provisions

	5,709	6,235
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Note on Provisions

The footnotes are listed from page 117.



» 26. continued...

	2012 \$000	2011 \$000
NON-CURRENT		
General Account		
» Employee benefits provision		
Long service leave ^(b)	554	799
Superannuation ^(d)	5,363	4,183
	5,917	4,982
» Uninsured workers ^(e)		
	7,215	2,935
	7,215	2,935
» Other provisions		
Employment on-costs ^(c)	33	48
	33	48
Employers' Indemnity Supplementation Fund (see note 29)		
Liability for estimated future claim payments	17,021	18,826
	17,021	18,826
Total non-current provisions	30,186	26,791

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Notes to the Financial Statements for the year ended 30 June 2012

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» 26. continued: Footnotes A–C

	2012	2011
	\$000	\$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	623	677
More than 12 months after the reporting period	117	116
	740	793

^(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 of the end of the reporting period	807	1,013
More than 12 months after the end of the reporting period	1,513	1,588
	2,320	2,601

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 16 'Other expenses'.

» **26. continued:** Footnote 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	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Current service cost	44	30	-	-
Interest cost (unwinding of the discount)	196	192	45	55
Net actuarial losses/(gains) recognised	1,215	253	(56)	32
Total, included in 'Employee benefits expense' (see note 12)	1,455	475	(11)	87

The amounts recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligations	5,183	3,876	749	989
Liability in the statement of financial position	5,183	3,876	749	989

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

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» 26. continued: Footnote D (Defined benefit superannuation plans)

Reconciliation of the unfunded liability recognised in the Statement of Financial Position is as follows:

	Pension Scheme		Pre-Transfer Benefit Gold State Superannuation Scheme	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Liability at start of period	3,876	3,580	989	1,097
Restatement at 1 July 2011				
Current service cost	44	30	-	-
Interest cost (unwinding of the discount)	196	192	45	55
Net actuarial losses/(gains) recognised	1,215	253	(56)	32
Benefits paid	(148)	(179)	(229)	(195)
Liability at end of period	5,183	3,876	749	989

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

Fair value of plan assets at start of period	-	-	-	-
Employer Contributions	148	179	-	-
Benefits Paid	(148)	(179)	-	-
Fair Value of plan assets at end of period	-	-	-	-

» **26. continued: Footnote D (Defined benefit superannuation plans)**

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

	2012	2011	2010	2009
Discount rate	3.20%	5.20%	5.50%	5.50%
Future salary increases	4.50%	4.50%	4.50%	4.50%
Future pension increases	2.50%	3.00%	3.00%	3.00%
Historic summary	2012	2011	2010	2009
	\$000	\$000	\$000	\$000
Pension scheme:				
Present value of unfunded obligation	5,183	3,876	3,580	3,358
Fair value of plan assets	-	-	-	-
Surplus / (Deficit)	5,183	3,876	3,580	3,358
Pre-transfer benefit - Gold State Superannuation Scheme:				
Present value of unfunded obligation	749	989	1,097	731
Fair value of plan assets	-	-	-	-
Surplus / (Deficit)	749	989	1,097	731

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

» 26. continued: Footnote D (Defined benefit superannuation plans)

Historic summary (continued)	2012 \$000	2011 \$000	2010 \$000	2009 \$000
Experience adjustments arising on plan liabilities:				
Pension Scheme	369	111	92	(33)
Pre-transfer benefit – Gold State Superannuation Scheme	(33)	20	22	11

Movements in other provisions

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

Employers' Indemnity Supplementation Fund

	2012 \$000	2011 \$000
Liability for estimated future claim payments		
Carrying amount at start of period	20,871	23,866
Additional increase/(decrease) in provisions recognised	(3,010)	(3,683)
Unwinding of the discount	977	1,122
Payments/other sacrifices of economic benefits	(312)	(434)
Carrying amount at end of period	18,526	20,871

Section One	Section Two
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Employer funding arrangements for the defined benefit plans

Employer contributions of \$206k are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$356k are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

» **26. continued:** Footnote D (Defined benefit superannuation plans)

	2012	2011
	\$000	\$000
Uninsured claims		
Carrying amount at the start of period	3,689	4,463
Additional increase/(decrease) in provisions recognised	4,644	(559)
Unwinding of the discount	168	191
Payments/other sacrifices of economic benefits	(306)	(406)
Carrying amount at the end of period	8,195	3,689
Employment on-costs provision		
Carrying amount at start of period	205	201
Additional provisions recognised	65	92
Unwinding of the discount	10	10
Payments/other sacrifices of economic benefits	(98)	(98)
Carrying amount at end of period	182	205

» **26. continued: Footnote E (Uninsured workers)**

^(e) **Uninsured workers**

Part of the General Account's obligations are for the provision of workers compensation benefits to injured employees whose current or former employee has failed to maintain compulsory workers' compensation insurance or if the former employer no longer exists and can't be found and therefore the insurer is unknown.

The actuarial assessed valuation includes both asbestos-related diseases (ARD) and non asbestos-related diseases (non-ARD). The approach adopted is to analyse the claim and financial data for the General Account and make projections of future claim payments based on actuarial assumptions, knowledge and experience of similar portfolios.

(ARD) Actuarial methods and assumptions

As most of the asbestos-related disease liability is for future lodgement of latent claims, projected future claim notifications are combined with average claim sizes and the assumed payment patterns 'to produce':

- (a) total future cost of claims for each future year

- (b) claim payments; and
- (c) gross and net payments.

The future lodgement patterns are calibrated to closely follow recent claim experience and the future patterns use the research of Professor Berry (University of Sydney) combined with our research and examination of the reports of the Institute of Actuaries of Australia Asbestos Taskforce and the independent advice to the James Hardie Special Commission of Inquiry.

General Account expense rate 10.5%

» **Average weighted term to settlement**

The average term to settlement is calculated separately by class of business based on historic payment patterns.

» **Future claim lodgements**

Future claim lodgements are calculated from the recent lodgement experience and calibrated according to the relevant research studies on latency claims.

» **Average claim size**

Average claim size is based on current actuarial research taking the WA mining experience into account.

» **26. continued: Footnote E (Uninsured workers)**

» **Expense rate**

Claims handling expenses are based on the current arrangements in place with ICWA for claims management of the General Account.

» **Inflation and Discount Rates**

		Next 12 Months % PA	Later % PA
<i>Inflation Rates</i>			
	Normal	4.75%	4.75%
	Superimposed	2.00%	2.00%
<i>Discount Rates</i>		2.79%	2.13% to 4.16%

» **Discount rates**

Discount rates are derived as the one-year forward rates implied by the Commonwealth Government yield curve as at the balance date.

» **Inflation rates**

Economic inflation assumptions have been set by reference to current economic indicators.

» **Superimposed inflation**

Superimposed inflation being the real increase after adjusting for normal inflation, usually due to non-economic effects e.g. changes in legislation, court settlement precedents. The superimposed inflation rates assumed considered both the portfolio's own real cost increases and industry superimposed inflation trends.

(Non-ARD) Actuarial methods and assumptions

Claims estimates for the workers' compensation business are derived from an analysis of several different actuarial models. Ultimate number of claims incurred are projected based on past reporting patterns. Payments experience is analysed based on average paid per claim incurred, average paid per claim finalised, projected case estimates and Bornheutter Ferguson. Historic case estimates development is also used to form a model of future payments. The resulting projected payments from these models are analysed along with benchmarks for average

» **26. continued: Footnote E (Uninsured workers)**

claim size and ratio to case estimates and other statistics, in order to determine the final estimate of outstanding claims.

Claims inflation is built into the resulting projected payments, to allow for both general economic inflation and superimposed inflation detected in the modelling of payment experience. Superimposed inflation arises from non-economic factors such as developments of legal precedent and changes in claimant behaviour.

Projected payments are discounted to allow for the time value of money.

General Account expense rate 10.5%

» **Average weighted term to settlement**

The average term to settlement is calculated separately by class of business based on historic payment patterns.

» **Future claim reports (IBNR)**

Future claim lodgements are analysed using the ratio of late reported claims to reported claims over future development periods.

» **Average claim size**

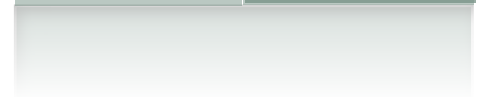
Average claim size is a benchmark being the outcome of the accident year blend of actuarial methods described above.

» **Expense rate**

Claims handling expenses were calculated by analysis of General Account actual expenses from P&L statements over the last 12 months.

» **Inflation and Discount Rates**

	Next 12 Months % PA	Later % PA
Inflation Rates		
Normal	4.75%	4.75%
Superimposed:		
PPCI	2.50%	2.50%
PPCF	2.50%	2.50%
Discount Rates		
	2.79%	2.13% to
		4.16%



» **26. continued: Footnote E (Uninsured workers)**

» **Discount rates**

Discount rates are derived as the one-year forward rates implied by the Commonwealth Government yield curve as at the balance date.

» **Inflation rates**

Economic inflation assumptions have been set by reference to current economic indicators.

» **Superimposed inflation**

Superimposed inflation being the real increase after adjusting for normal inflation, usually due to non-economic effects e.g. changes in legislation, court settlement precedents. The superimposed inflation rates assumed considered both the portfolio's own real cost increases and industry superimposed inflation trends.

» **Sufficiency Margin**

The inherent uncertainty in the estimated claim liability means that there is a range of possible outcomes. An analysis of the variation of the expected results lead to adoption of a 30 per cent co-efficient of variation and the lognormal distribution. This distribution is then used to calculate the risk margin required to increase the level of sufficiency of the central estimate from 50 per cent to 75 per cent.

Section One	Section Two
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» 27. Equity

	2012 \$000	2011 \$000
Reserves		
Asset revaluation surplus:		
Balance at start of period	19,732	19,732
Net revaluation increments/(decrements):		
Land	(484)	-
Buildings	(220)	-
Balance at end of period	19,028	19,732
Retained earnings/(accumulated losses)		
Balance at start of period	41,983	28,218
Result for the period	2,596	13,765
Balance at end of period	44,579	41,983
Total Equity	63,607	61,715

Note on 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.

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:

» **28. Notes to the Statement of Cash Flows**

	2012	2011
	\$000	\$000
Cash and cash equivalents	9,465	7,450
Restricted cash and cash equivalents (note 19 'Restricted cash and cash equivalents')	62,048	57,265
	71,513	64,715

Reconciliation of profit after income tax equivalent to net cash flows provided by/(used in) operating activities

Profit after income tax equivalents	2,596	13,765
-------------------------------------	-------	--------

Non-cash items:

Depreciation and amortisation expense	714	516
Net (gain)/loss on sale of property, plant and equipment	-	3

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

» 28. continued...

(Increase)/decrease in assets:

	2012 \$000	2011 \$000
Current receivables	157	45
Other current assets	-	(130)

Increase/(decrease) in liabilities [see note right]:

Current payables ^(a)	90	(292)
Current provisions	(525)	(446)
Non-current provisions	3,395	(3,171)
Net GST receipts/(payments) ^(b)	63	(94)
Change in GST receivables/(payables) ^(c)	(1)	33
Net cash provided by/(used in) operating activities	6,489	10,229

Section One	Section Two
Section Three	Section Four

Notes to the Statement of Cash Flows

» Increase/(decrease) in liabilities:

^(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

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

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

» 29. 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*.

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 per cent prudential margin. The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting

date under general insurance contracts issued by the company, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

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

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

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.

Section One	Section Two
Section Three	Section Four

» 29. continued...

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. ⁽¹⁾

⁽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

Table 13 (right) and Table 14 (p.132) provide key actuarial assumptions made in determining the outstanding claims liabilities:

Table 13: EISF Act: Asbestos-Related Claims

EISF Act: Asbestos-Related Claims	2012	2011
Inflation Rate	4.75% for 2012 and later	5.0% for 2011 and later
Discount Rate	2.79% for 2013, 2.13% for 2014, 2.37% for 2015, 2.68% for 2016, 2.97% for 2017, 3.25% for 2018, 3.51% for 2019, 3.74% for 2020, 3.96% for 2021, 4.16% for 2022 Onwards	4.8% for 2012, 4.9% for 2013, 5.0% for 2014, 5.2% for 2015, 5.5% for 2016, 5.7% for 2017, 5.8% for 2018-19, 5.7% for 2020-21 Onwards
Claims Managements Expenses	10.5% for claim payments	10.5% for claim payments
Superimposed Inflation	2.00%	2.00%
Risk Margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

» **29. continued: Actuarial Assumptions**

Table 14: EISF Act: Non Asbestos-Related Claims

EISF Act: Non Asbestos-Related Claims	2012	2011
Inflation Rate	4.75% for 2012 and later	5.0% for 2011 and later
Discount Rate	2.79% for 2013, 2.13% for 2014, 2.37% for 2015, 2.68% for 2016, 2.97% for 2017, 3.25% for 2018, 3.51% for 2019, 3.74% for 2020, 3.96% for 2021, 4.16% for 2022 Onwards	4.76% for 2012, 4.8% for 2013, 4.9% for 2014, 5.03% for 2015, 5.22% for 2016, 5.47% for 2017, 5.73% for 2018, 5.84% for 2019, 5.78% for 2020, 5.73% for 2021 Onwards
Claims Managements Expenses	10.5% for claim payments	10.5% for claim payments
Superimposed Inflation	2.00%	4.00%
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
2011	20,871
2012	18,526

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.

» **29. continued: Actuarial Assumptions**

In accordance with Accounting Standard AASB 1023 General Insurance Contracts the outstanding claims liability at 30 June 2012 was assessed at \$18,526 million and a provision for this amount has been included in the financial statements (see note 26).

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.

» **30. Commitments**

Capital expenditure commitments

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

	2012 \$000	2011 \$000
Within 1 year	-	39
	-	39

Note on Commitments

The commitments are inclusive of GST where relevant.

» 31. Contingent liabilities and contingent assets

Contingent Liabilities

There were no contingent liabilities in existence at 30 June 2012 and up to the date of this report.

Contingent Assets

There were no contingent assets in existence at 30 June 2012 and up to the date of this Report.

» 32. Events Occurring After the End of the Reporting Period

There were no known events occurring after the end of the reporting period and up to the date of this Report.

» 33. Explanatory Statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Statement of Comprehensive Income' are shown on the next page.¹

¹ Significant variations are considered to be those greater than 10 per cent or \$200,000.

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Notes to the Financial Statements for the year ended 30 June 2012

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» 33. continued...

Significant variances between estimate and actual for 2012

	2012 Actual \$000	2011 Estimate \$000	Variation \$000
» Income			
Other Revenue	387	132	255
Employers' Indemnity Supplementation Fund	2,172	-	2,172
» Expenses			
Supplies and Services	3,145	2,696	(449)
Accommodation Expenses	512	444	(68)
Increase in Net Outstanding Claims Liability	2,826	500	(2,326)

» **33. continued:**

» **Other revenue**

The increase primarily reflects a substantial recovery on an Uninsured Case.

» **Employers' Indemnity Supplementation Fund**

The income reflects Liquidator's dividends received for insurers, which cannot be predicted at the start of the year and are therefore unbudgeted.

» **Supplies and services**

The increase is principally due to increased insurance costs to cover Common Law Uninsured claims.

» **Accommodation expenses**

The increase primarily relates to additional repairs and maintenance for the external clean of the building, as well as additional work on lighting and security systems.

» **Increase in Net Outstanding Claims Liability**

The increase relates to the recognition of the increase in the Uninsured Claim liabilities due to the impact of the common law safety net, partially offset by a reduction in the actuarially assessed Supplementation Fund claims liability.



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Notes to the Financial Statements for the year ended 30 June 2012

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» 33. continued:

Significant variances between actual results for 2011 and 2012

	2012 \$000	2011 \$000	Variance \$000
--	---------------	---------------	-------------------

» Income

General Fund Contributions	19,422	18,809	613
Other Revenue	387	166	221
Employers' Indemnity Supplementation Fund	2,172	7,518	(5,346)
Decrease in Net Outstanding Claims Liability	-	3,146	(3,146)

» Expenses

Depreciation Expenses	714	516	(198)
Supplies and Services	3,145	2,907	(238)
Accommodation Expenses	512	436	(76)
Increase in Net Outstanding Claims Liability	2,826	-	(2,826)

» **33. continued:**

» **General Fund contributions**

The contributions received from Insurers and Self-insurers increased in line with WorkCover's increase in Operating budget.

» **Other revenue**

The increase primarily reflects a substantial recovery on an Uninsured Case.

» **Employers' Indemnity Supplementation Fund**

The decrease reflects a drop in Liquidator's dividends received for insurers.

» **Decrease in Net Outstanding Claims Liability**

The actuarial assessment of the Net Outstanding Claims Liability has changed to an increase in 2012 due to the impact of the Common Law Safety Net.

» **Depreciation expense**

The increase is mainly due to the capitalisation of the Dispute Services Case Management System and the Financial Management Information System at the start of the year.

» **Supplies and services**

The increase is principally due to increased insurance costs to cover Common Law Uninsured claims.

» **Accommodation expenses**

The increase primarily relates to additional repairs and maintenance for the external clean of the building, as well as additional work on lighting and security systems.

» **Increase in Net Outstanding Claims Liability**

The increase relates to the recognition of the increase in the Uninsured Claim liabilities due to the impact of the common law safety net, partially offset by a reduction in the actuarially assessed Supplementation Fund claims liability.

» 34. Financial Instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Authority are cash and cash equivalents, restricted cash and cash equivalents, receivables, held-to-maturity investments and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified over the page.

» Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 34(c) 'Financial instruments disclosures' and note 20 'Receivables'.

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. At the end of the reporting period there were no significant concentrations of credit risk.

» Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business. 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

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. 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]. Other than as detailed in the interest rate sensitivity analysis table at note 34(c), the Authority is not exposed to any further interest rate risk.

» **34. continued...**

(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:

	2012 \$000	2011 \$000
» Financial Assets		
Cash and cash equivalents	9,465	7,450
Restricted cash	62,048	57,265
Receivables ⁽ⁱ⁾	913	1,070
Held-to-maturity investments	3,269	5,398
» Financial Liabilities		
Payables	809	719

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

» 34. continued...

(c) Financial instrument disclosures

» **Credit risk**

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.

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Note on Financial instrument disclosures:

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

Table 15: Aged analysis of financial assets (2012)

	Carrying Amount	Not past due and not impaired	Past Due But Not Impaired					Impaired Financial Assets
			Up To 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Financial Assets								
Cash and cash equivalents	9,465	9,465	-	-	-	-	-	-
Restricted Cash	62,048	62,048	-	-	-	-	-	-
Receivables ^(a)	913	858	-	26	-	18	11	-
Other financial assets	3,269	3,269	-	-	-	-	-	-
	75,695	75,640	-	26	-	18	11	-

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

» **34. continued:**

Table 16: Aged analysis of financial assets (2011)

	Carrying Amount	Not past due and not impaired	<u>Past Due But Not Impaired</u>					Impaired Financial Assets
			Up To 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year	
2011	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	7,450	7,450	-	-	-	-	-	-
Restricted Cash	57,265	57,265	-	-	-	-	-	-
Receivables ^(a)	1,070	932	-	48	74	5	11	-
Other financial assets	5,398	5,398	-	-	-	-	-	-
	71,183	71,045	-	48	74	5	11	-

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

» **Liquidity Risk and Interest rate exposure**

Tables 17 and 18 (next two pages) detail the interest rate exposure and the contractual maturity analysis for financial liabilities for 2011/12.

The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

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Notes to the Financial Statements for the year ended 30 June 2012

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» 34. continued...

Table 17: Interest rate exposure and maturity analysis for financial assets and financial liabilities (2012)

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

	Interest Rate Exposure					Maturity Dates					
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Fixed Interest Rate Maturity Less than 1 Year	Non Interest Bearing	Norminal Amount	Up To 1 Month	1to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year
2012	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets											
Cash and cash equivalents	5.10	9,465	1,818	7,647	-	9,465	3,818	5,647	-	-	-
Restricted Cash	4.75	62,048	62,048	-	-	62,048	62,048	-	-	-	-
Receivables ^(a)	-	913	-	-	913	913	858	26	-	18	11
Other financial assets	5.39	3,269	-	3,269	-	3,269	-	-	3,269	-	-
		75,695	63,866	10,916	913	75,695	66,724	5,673	3,269	18	11
Financial Liabilities											
Payables	-	809	-	-	809	809	809	-	-	-	-
		809	-	-	809	809	809	-	-	-	-

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Notes to the Financial Statements for the year ended 30 June 2012

» 34. continued...

Table 18: Interest rate exposure and maturity analysis for financial assets and financial liabilities (2011)

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

	<u>Interest Rate Exposure</u>					<u>Maturity Dates</u>					
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Fixed Interest Rate Maturity Less than 1 Year	Non Interest Bearing	Normal Amount	Up To 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year
2011	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets											
Cash & cash equivalents	5.48	7,450	1,558	5,892	-	7,450	3,150	4,300	-	-	-
Restricted Cash	5.03	57,265	57,265	-	-	57,265	57,265	-	-	-	-
Receivables ^(a)	-	1,070	-	-	1,070	1,070	932	48	74	5	11
Other financial assets	6.18	5,398	-	5,398	-	5,398	-	-	5,398	-	-
		71,183	58,823	11,290	1,070	71,183	61,347	4,348	5,472	5	11
Financial Liabilities											
Payables	-	719	-	-	719	719	719	-	-	-	-
		719	-	-	719	719	719	-	-	-	-

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Notes to the Financial Statements for the year ended 30 June 2012

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» 34. continued...

» 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 100 basis point change in interest rates.

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

Table 19: Interest rate sensitivity analysis

	Carrying amount	-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2012	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Financial Assets					
Cash and cash equivalents	1,818	(18)	(18)	18	18
Restricted cash and cash equivalents	62,048	(620)	(620)	620	620
Total Increase/(Decrease)		(638)	(638)	638	638
<hr/>					
2011	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Financial Assets					
Cash and cash equivalents	1,558	(15)	(15)	15	15
Restricted cash and cash equivalents	57,265	(572)	(572)	572	572
Total Increase/(Decrease)		(587)	(587)	587	587

» **34. continued...**

» **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.

» **35. 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 bands in the following column:

	2012	2011
\$		
0 – 10,000	1	3
10,001 – 20,000	4	3
20,001 – 30,000	-	1
30,001 – 40,000	1	-

The total remuneration of members of the accountable authority is as follows:

	\$000	\$000
	95	78

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.

» 35. continued...

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:

	2012	2011
\$		
150,001 – 160,000	-	1
160,001 – 170,000	2	-
170,001 – 180,000	1	4
180,001 – 190,000	2	-
210,001 – 230,000	-	1
270,001 – 280,000	1	-

The total remuneration of senior officers is as follows:

\$000	\$000
1,166	1,075

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.

» 36. Remuneration of Auditor

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

	2012 \$000	2011 \$000
Auditing the accounts, financial statements and key performance indicators	76	72
	76	72

Note on Workers' Compensation and 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.

» 37. Workers' Compensation and Injury Management Trust Account

	2012 \$000	2011 \$000
Income		
Amounts paid to the custody of the Authority	393	252
Interest on Investments	49	50
	442	302
Expenditure		
Payments by the Authority	314	307
Administration Fee	7	13
	321	320
Surplus/(Deficit)	121	(18)
Balance July 1	801	819
Balance June 30	922	801

	2012 \$000	2011 \$000
Balance of funds held represents:		
Cash and cash equivalents	922	801
Add Accrued interest	-	-
Less Accrued expenses	-	-
	922	801

» 38. Supplementary Financial Information

Potential Claims Recoveries written off
In relation to the General Account, WorkCover 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 seeks to recover the costs of the claims from the employer.

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Notes to the Financial Statements for the year ended 30 June 2012

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» 38. continued...

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

	2012 \$000	2011 \$000
» Write-offs		
Debts written off by the Authority during the financial year		
Uninsured claims	-	38
General account	2	-
	2	38

	2012 \$000	2011 \$000
Amounts Written Off by the Board	2	38
	2	38

Number of Individual Recovery Write-offs with Values Between:

\$ 0 –100,000	1
---------------	---

» Losses through theft, defaults and other causes

Losses of public money and public and other property through theft, default and other causes	-	30
Amount recovered	-	(44)
	-	(14)

» 39. Related Bodies

The Authority does not have related bodies.

» 40. Affiliated Bodies

The Authority does not have affiliated bodies.

» 41. Indian Ocean Territories

Note on Indian Ocean Territories

The Commonwealth Government has a Service Delivery Arrangement with the Authority for the provision of services to Indian Ocean Territories (Christmas Island and Cocos-Keeling Island).

	2012 \$000	2011 \$000
Opening balance	1	18
Funding received from the Commonwealth	28	-
Revenue received from insurers	1	1
	30	19

» Payments by Program Area ^(a)

Policy and Performance	2	6
Regulatory Services	13	8
Conciliation and Arbitration Services	5	-

	2012 \$000	2011 \$000
Corporate Resources	5	1
Legislation and Scheme Information	2	3
Executive Services	1	-
Total Payments	28	18
Balance carried forward	2	1

^(a) Comparatives for 2010/11 financial year have been amended to reflect new classifications.

» 42. Schedule of Income and Expenses by Service

Table 20: Schedule of income and expenses by service (see p.151)

Notes:

(i) *Scheme Regulation* was previously titled as *Market Regulation*.

(ii) *Scheme Services* was previously titled as *Resolution of Disputes*.

(iii) *'Not Attributed'* classification represents income and expenditure items relating to *EISF and General Account*.

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	Scheme Regulation (i)		Scheme Services (ii)		Not Attributed (iii)		Grand Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Income								
Insurer Contributions	9,993	9,416	9,429	7,949	-	1,444	19,422	18,809
Interest Revenue	326	345	307	292	2,889	2,789	3,522	3,426
Other Revenue	88	83	83	70	216	13	387	166
Employers' Indemnity Supplementation Fund	-	-	-	-	2,172	7,518	2,172	7,518
Decrease in net outstanding liability	-	-	-	-	-	3,146	-	3,146
Total Income	10,407	9,844	9,819	8,311	5,277	14,910	25,503	33,065
Expenses								
Employee benefits expense	7,448	7,343	7,025	6,199	-	865	14,473	14,407
Supplies and services	1,341	1,480	1,265	1,250	539	177	3,145	2,907
Depreciation Expenses	367	280	347	236	-	-	714	516
Accommodation Expenses	263	236	249	200	-	-	512	436
Increase in net outstanding claims liabilities	-	-	-	-	2,825	-	2,825	-
Loss on disposal of non current assets	-	2	-	1	-	-	-	3
Other expenses	711	451	671	381	37	337	1,419	1,169
Total Expenses	10,130	9,792	9,557	8,267	3,401	1,379	23,088	19,438
Profits(Loss) before grants and subsidies from State Government	277	52	262	44	1,876	13,531	2,415	13,627
Resources received free of charges					181	138	181	138
	-	-	-	-	181	138	181	138
Net Profit/(loss)	277	52	262	44	2,057	13,669	2,596	13,765

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 2012.



Greg Joyce
Chair
WorkCover Western
Australia Authority

3 September 2012



Chris White
Acting Chief Executive
Officer
WorkCover Western
Australia Authority

3 September 2012

» Overview of KPIs

Government Goals provide the high level basis of the Government's intentions to improve the quality of life for all Western Australians, with the needs of Western Australians living in the regions a major priority.

The most recent goals were introduced in 2009 to better reflect current Government priorities. Broad high-level government goals are supported by strategic (whole of Government) outcome statements and at departmental level by more agency specific desired outcomes. Agency level desired outcomes clarify the contributions agencies are expected to make towards achieving government policies and priorities, and must be linked to the government goals.

Agencies deliver services to achieve these desired outcomes which ultimately contribute to meeting the Government goals. This linkage creates a hierarchy in which the purpose of each service provided by an agency can be traced to a Government goal.

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WorkCover WA contributes to the Government Goal 3: Results-Based Service Delivery by delivering services aimed at minimising the social and economic impact of work-related injury and disease on workers, employers and the Western Australian community.

WorkCover WA's purpose 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' compensation and injury management;
- active, responsive and transparent management of the scheme;
- focused information, education and compliance activities;
- fair and timely dispute resolution; and
- a strong customer service focus.

WorkCover WA strives to achieve its outcome 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.

Our Agency Desired Outcome linking to this goal relates directly to our vision and purpose, which were reviewed in line with our strategic planning process. Our revised agency desired outcome is: "To ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated whilst being fair, accessible and cost effective for all participants".

The Agency Services provided that will ensure WorkCover WA achieves its desired outcome are:

- **Scheme Regulation** (regulation of workers' compensation scheme participants for compliance with legislative requirements); and
- **Scheme Services** (provision of effective and equitable dispute resolution and other services to scheme participants).

"WorkCover WA contributes to the Government Goal 3: Results-Based Service Delivery by delivering services aimed at minimising the social and economic impact of work-related injury and disease on workers, employers and the Western Australian community."

WorkCover WA's links to State Government Goals are explained in more detail in the Performance Management Framework section (p. 17–21).

The changes to the Outcomes Based Management Structure in 2011/12 is first outlined in Section 1 (p.22–23). The changes are tabled on pages 155–157.

Table 21: WorkCover WA's KPIs and their relationship with the Agency's Outcome Based Management Structure

Agency Desired Outcome					
To ensure a workers' compensation and injury management scheme that is financially viable, contemporary and integrated whilst being fair, accessible and cost effective for all participants					
Effectiveness Indicators					
1.1 Number of non-compliance events identified as a result of a claim on the General Account	1.2 The percentage of user satisfaction with conciliation services	1.3 The percentage of user satisfaction with arbitration services	1.4 The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	1.5 The proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted	
Agency Services					
1. Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements)			2. Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants)		
Efficiency Indicators					
1.1 Average cost (\$) per employer compliance activity	1.2 Average cost (\$) per approved and monitored service provider	1.3 Average cost (\$) per client contact to provide information and advice	2.1 Average cost (\$) to complete a conciliation	2.2 Average cost (\$) to complete an arbitration	2.3 Average cost (\$) to process a Memorandum of Agreement

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Table 22: Summary of changes to Outcome Based Management Structure in 2011/12

	PREVIOUS	NEW	RATIONALE/ COMMENTS
GOVERNMENT GOAL	Outcomes Based Service Delivery Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	Results-Based Service Delivery Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	No Change
AGENCY LEVEL GOVERNMENT DESIRED 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.	To ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated whilst being fair, accessible and cost effective for all participants.	Changes relate directly to the WorkCover WA vision and purpose, which were reviewed in 2011-12 as part of the Strategic Planning process
KEY EFFECTIVENESS INDICATORS	1.1 The number of non-compliance events identified as a result of a claim on the General Account	1.1 The number of non-compliance events identified as a result of a claim on the General Account	No Change
	1.2 The percentage of lost-time injuries with an appropriate injury management response	Delete	Due to compliance by insurers and active continuous monitoring by WorkCover WA, this indicator has delivered a continuously high percentage over the past four years. The agency is confident that this requirement is now an embedded practice and therefore this indicator is no longer considered relevant. The legislative requirement for this reporting was removed as part of the October 2011 legislative reforms.

Table 22 (continued): Summary of changes to Outcome Based Management Structure in 2011/12 (continued this page and next)

	PREVIOUS	NEW	RATIONALE/ COMMENTS
KEY EFFECTIVENESS INDICATORS (CONTINUED)	1.3 The percentage of user satisfaction with the dispute resolution system	1.2 The percentage of user satisfaction with conciliation services	No Change
		1.3 The percentage of user satisfaction with arbitration services	Amendments to the <i>Workers' Compensation and Injury Management Act 1981</i> (the Act) required implementation of a new service delivery model for workers' compensation dispute resolution from 1 December 2011. The new model is based on separate conciliation and arbitration functions. The previous indicator 1.3 has been deleted and new indicators 1.2 and 1.3 created to measure the two new separate functions.
	1.4 The timeframes for resolving disputes a) Percentage of Part XI disputes resolved within 26 weeks of the date the application was received b) Percentage of Part XII disputes resolved within five working days of referral to Arbitrator for a decision c) Number of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received	1.4 The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	Under the above mentioned amendments to the Act the references to Part XI and Part XII disputes in indicator 1.4 are no longer applicable. Part XII of the Act has been repealed. In addition, the number of pre 14 November 2005 common law matters has declined to a very small number and the indicator is no longer meaningful. Due to the above, the previous indicator 1.4 has been deleted and new indicators 1.4 and 1.5 created to reflect the new separate services.
		1.5 The proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted	

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	PREVIOUS	NEW	RATIONALE/ COMMENTS
SERVICES	1. Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements)	1. Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements)	No Change
	2. Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants)	2. Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants)	No Change
KEY EFFICIENCY INDICATORS	2.1 The average weighted cost per regulation activity	1.1 Average cost (\$) per employer compliance activity	The previous indicator measured the costs of providing all services across the Regulatory Services Division and applied a weighting to different sets of activities. A review of this indicator determined that measuring and reporting the components separately is more meaningful to the agency and its stakeholders. The previous indicator 2.1 has been deleted and the three separate indicators developed to show more meaningful measures.
		1.2 Average cost (\$) per approved and monitored service provider	
		1.3 Average cost (\$) per client contact to provide information and advice	
	2.2 The 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 Average weighted cost (\$) to process a Memorandum of Agreement	2.1 Average cost (\$) to complete conciliation	The changes to this indicator reflect the changes to Effectiveness Indicator 1.4 and the relevant amendments to the Act. A new service delivery model for workers' compensation dispute resolution commenced from 1 December 2011 and the new indicators are consistent with the separate conciliation and arbitration functions. The previous indicator 2.2 has been deleted and three separate indicators developed to measure the conciliation and arbitration services as separate functions. The last component of the previous indicator related to memoranda of agreement has remained but is reported as a separate function.
		2.2 Average cost (\$) to complete an arbitration	
		2.3 Average cost (\$) to process a Memorandum of Agreement	

» **Analysing scheme outcomes (from front left):**

Business Intelligence Analyst Han Chan, Performance Analyst Nader Mustafa, Business Intelligence Analyst Franky Ku, Manager Research and Evaluation Leona Glasby and Principal Policy Officer (Scheme Research) Joanne Jordan

» **Key Performance Indicators of Effectiveness**

Agency level government desired outcomes should reflect the purpose of the agency. WorkCover WA's Agency Desired Outcome is: "To ensure a workers' compensation and injury management scheme that is financially viable, contemporary and integrated

whilst being fair, accessible and cost effective for all participants."

WorkCover WA must measure its success in achieving its outcome through effectiveness indicators. Effectiveness indicators provide information on the extent to which agency level Government desired outcomes have been achieved, or contributed to, through the delivery of services.

The effectiveness indicators chosen by WorkCover WA provide information in relation to workers' compensation compliance activities, timeframes for managing conciliation and arbitration processes and stakeholder satisfaction with the process for resolving conciliations and arbitrations.

These indicators relate directly to the two services provided by WorkCover WA, i.e. Scheme Regulation and Scheme Services.

The following commentary explains the rationale behind each effectiveness indicator and how it measures success in achieving our outcome.



Effectiveness Indicator 1.1

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

Table 23: Effectiveness Indicator 1.1 results vs target

Indicator 1.1 (new from 2009/10)	2008/09	2009/10	2010/11	2011/12	2011/12 Target
Number of non-compliance events identified as a result of a claim on the General Account	7	5	6	5	8

» **Description**

Effectiveness indicator 1.1 was first introduced in 2009/10 and remains unchanged in the recent review of KPIs. 2008/09 figures have been provided for comparative purposes.

This KPI shows the number of non-compliance events identified as a result of a claim on 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. The inclusion of uninsured employers for these types of work-related disease as an event would not reflect the current level of uninsured employers.





While this indicator remains unchanged, it has become of increased significance to WorkCover WA and the workers' compensation scheme generally as a result of a significant amendment delivered by the *Workers Compensation and Injury Management Amendment Act 2011*.

That Act delivered, amongst other changes, the creation of what has become known as the "common law safety net" provisions.

Up until the proclamation of these amendments on 1 October 2011 workers who were injured whilst employed by uninsured employers were able to access statutory benefits only from the WorkCover WA General Account where an employer could not or would not pay. As a result of the amendments, workers who are entitled to receive common law damages as a result of the actions of negligent uninsured employers are able to access those amounts also from the General Account.

This has the potential to be of considerably greater consequence to the General Account as the amounts awarded in cases of common law damages are generally significantly greater than those involved with statutory claims alone.

To determine the target for this indicator, an adopted figure based upon an analysis of previous years' figures of two uninsured claims payments per 10,000 insured claims has been set as the standard. The total number of insured claims for 2011/12 is estimated to be approximately 40,000; therefore, a performance target of eight events has been set.

A continued low number of uninsured claims indicates WorkCover WA is meeting its obligations in ensuring that all employers have adequate workers' compensation coverage for their employees. This information is derived from two of the Agency information systems. The information in relation to claim numbers is reported from the Q1 database which captures details of all claims as reported by approved insurers and self-insurers.

The data in relation to uninsured claim payments is derived from the Agency Financial Management Information System (FMIS) which reports the commencement of any payments made from the General Account. As FMIS reports **all** payments made in respect to claims against the General Account, this information is further analysed to exclude those matters where payments are for administration costs only e.g. investigation or legal costs. The reported figure relates to payments

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made to a worker or service provider only. This reflects those matters where there was a legitimate entitlement to the payment of workers' compensation benefits.

» **Analysis**

In 2011/12 there were five new claims against the General Account. This represents a 38 per cent variance against the set target of eight accepted by the WorkCover WA Board and a 16 per cent reduction on the number of claims for 2010/11.

This achievement indicates continued success in WorkCover WA's compliance activities and a continued focus on information and education to ensure employers have adequate workers' compensation for their employees.

New Effectiveness Indicators 1.2 'The percentage of user satisfaction with conciliation services' and 1.3 'The percentage user satisfaction with arbitration services'

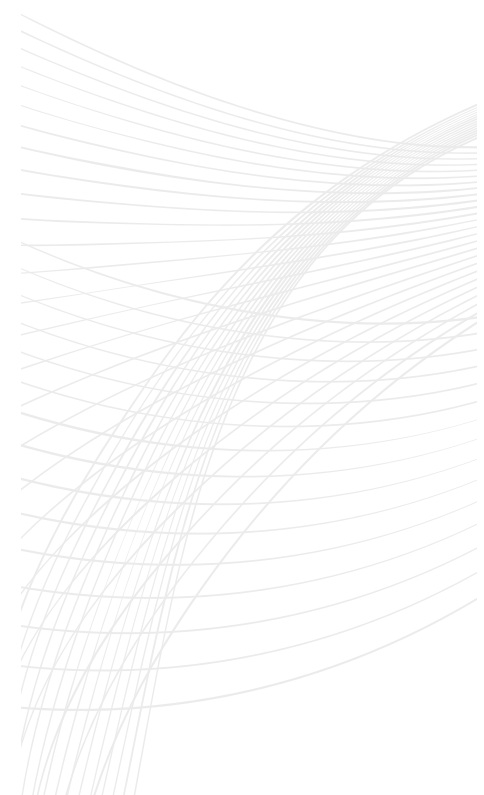
Indicators 1.2 and 1.3 are new and have been developed to measure user satisfaction in the Conciliation and Arbitration Services – this reflects the new statutory separation of conciliation and

arbitration. User satisfaction is measured through responses to an annual stakeholder satisfaction survey.

Legislative amendments to establish the new dispute services came into effect from 1 December 2011. Previously, conciliation and arbitration functions were provided through a single service (the Dispute Resolution Directorate). The new workers' compensation dispute resolution system is designed to provide timely, fair and effective services to resolve disputes, as well as meet user expectations in relation to accessibility, approachability and professionalism.

The performance against these two KPIs for the 2011/12 reporting year covers the period 1 December 2011 to 1 June 2012 (i.e. first six months of operation). Collection of responses for satisfaction with the previous dispute service (which ceased operation on 30 November 2011) were not included due to structural and procedural differences between the two services.

The satisfaction survey was conducted in June 2012 to ensure the assessment of a full six months of operation.



Effectiveness Indicator 1.2

The percentage of user satisfaction with conciliation services

Table 24: Effectiveness Indicator 1.2 results vs target

Indicator 1.2 (new from 2011/12)	2011/12	2011/12 Target
The percentage of user satisfaction with conciliation services	82%	80%

» Description

This indicator relates directly to Part XI (Section 177) of the *Worker's Compensation and Injury Management Act 1981*. The object of this part is to provide a fair and cost effective system for the resolution of disputes under this Act that:

- is timely; and
- is accessible, approachable and professional; and
- minimises costs to parties to disputes; and
- in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes.

A stakeholder survey of the conciliation service was conducted to inform KPI 1.2. The purpose of the survey was to measure user satisfaction with the service. Workers and representatives who had new conciliation applications accepted from 1 December 2011 and had attended a conciliation conference between 1 December 2011 and 1 June 2012 were included in the survey. For the purposes of this survey, representatives are legal practitioners or registered agents who assist parties (workers, employers, insurers and others) in dispute matters.

Details of all individuals meeting the above inclusion criteria and with a recorded telephone number were extracted from WorkCover WA's

Dispute Case Management System (DCMS) on 1 June 2012. The survey population was 594 users.

Simple randomised sampling was employed with a five percent margin of error and 95 per cent confidence level. Based on these parameters, the desired sample size was 234 users.

The survey was conducted by an independent research organisation between 7 and 22 June 2012. The survey was administered by computer assisted telephone interviewing (CATI).

As there was no separate conciliation service in the former Dispute Resolution Directorate, there is no directly comparable data available from which to derive benchmarks or targets.

Notwithstanding this, the former Dispute Resolution Directorate set a target of 70 per cent for user satisfaction with the previous dispute resolution system as a whole. Achievement in the 2010/11 year was 69 per cent. As the Conciliation Service is new and delivers a time constrained service (eight weeks), it is considered appropriate to set a target of 80 per cent for user satisfaction. This target provides

for a level of improvement on performance under the previous dispute resolution system. This target will be reviewed for the 2012/13 year, based on actual results from the 2011/12 year.

» **Analysis**

Out of the 407 workers and representatives contacted, 238 participated in the survey (58 per cent response rate). This sample is within the specified parameters of the survey (five per cent margin of error, 95 per cent confidence level).

Overall 82 per cent of users were satisfied with the conciliation service, which exceeded the target set for 2011/12. There were no significant differences between satisfaction ratings for workers and representatives.

The results provide positive indication that in its first six months of operation, the new conciliation service is providing a fair, professional and timely service.

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» **Above:** General Manager Conciliation and Arbitration Services and Director Conciliation Wendy Attenborough

Effectiveness Indicator 1.3

The percentage of user satisfaction with arbitration services

Table 25: Effectiveness Indicator 1.3 results vs target

Indicator 1.3 (new from 2011/12)	2011/12	2011/12 Target
The percentage user satisfaction with arbitration services	66%	70%

» **Description**

As with indicator 1.2, this indicator seeks to measure performance against WorkCover WA’s responsibilities as set out in Part XI (Section 177) of the *Workers’ Compensation and Injury Management Act 1981*, which provides for a fair and cost effective system for the resolution of disputes under this Act which:

- is timely; and
- is accessible, approachable and professional; and
- minimises costs to parties to disputes; and
- in the case of arbitration, enables disputes not resolved by conciliation to be determined according to their substantial merits with as little formality and technicality as practicable.

This indicator was measured via a stakeholder survey of the Arbitration Service. The purpose of the survey was to measure user satisfaction with the service.

Workers and representatives who had new or transitional arbitration applications accepted and had attended a hearing between 1 December 2011 and 1 June 2012 were included in the survey. For the purposes of this survey, representatives are legal practitioners or registered agents who assist parties (employers, insurers and others) in dispute matters.

As the Arbitration Service commenced on 1 December 2011, part way through 2011/12, there were a number of transitional applications from

the former Dispute Resolution Directorate to the Arbitration Service.

There were 248 arbitration applications accepted during the first six month operating period, of which 49 per cent were transitional. Given the small numbers, transitional applications were included in order to obtain a sufficient population size to conduct the survey.

Details of all individuals meeting the above inclusion criteria and with a recorded telephone number were extracted from WorkCover WA's Dispute Case Management System (DCMS) on 1 June 2012. The survey population was 287 users (there may be more than one representative associated with an arbitration application).

Simple randomised sampling was employed with a 5 per cent margin of error and 95 per cent confidence level. Based on these parameters, the desired sample size was 165 users. The survey was conducted by an independent research organisation between 7 and 22 June 2012. The survey was administered by computer assisted telephone interviewing (CATI).

As with KPI 1.2, there is no directly comparable data available to set a target for KPI 1.3 as the Arbitration Service is new. However, the former Dispute Resolution Directorate reported a user satisfaction level of 69 per cent in 2010/11, against a target of 70 per cent. This same target has been used for KPI 1.3 as it is expected that user experience of the arbitration function in both the Dispute Resolution Directorate and the Arbitration Service may have some similarities. This is particularly so given the highly contested environment of arbitration, where binding decisions are made in relation to disputes between employers and injured workers relating to workers' compensation.

» Analysis

Of the 192 workers and representatives contacted, 161 participated in the survey (84 per cent response rate). This sample is within the specified parameters of the survey (5.1 per cent margin of error, 95 per cent confidence level).

Overall 66 per cent of users were satisfied with the arbitration service which was slightly under the target set for 2011/12. This is viewed as an encouraging result considering the small size of the survey and that there were a number of

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» User satisfaction with arbitration services was evaluated through a stakeholder survey



workers and representatives interviewed that had experiences in both the former and current arbitration systems (i.e. transitional applications), which may have influenced perceptions and overall satisfaction levels. This is reflected in more detailed results where respondents were satisfied with the time taken to resolve disputes (51 per cent) but very satisfied with the level of communication provided by various people within the Arbitration Service (84 per cent) and opportunities to present their case in the way they wanted (75 per cent).

New Effectiveness Indicators 1.4 ‘The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted’ and 1.5 ‘The proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted’

Effectiveness indicators 1.4 and 1.5 measure time taken to complete conciliation and arbitration matters.

Measurements for these new indicators are produced directly from data extracted from the new Dispute Case Management System (DCMS) which has been built to support business needs in the new Conciliation and Arbitration Services (CAS).

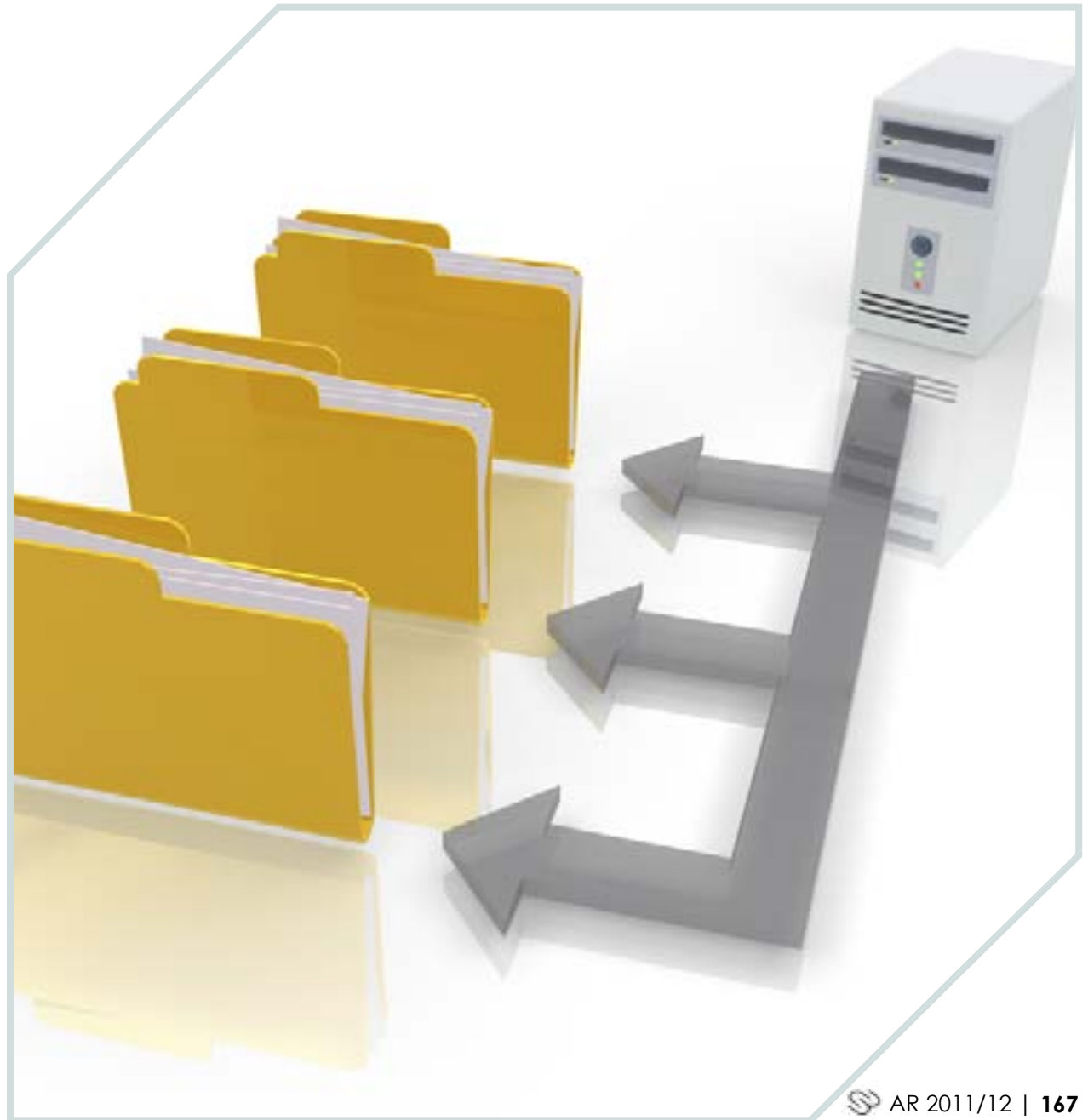
When the new Conciliation and Arbitration Services commenced on 1 December 2011, there were 606 active cases that transitioned from the previous system into the new. Transitional provisions included as part of the legislative amendment package provided that where the Registrar certified that a matter had not been the subject of conciliation prior to 1 December 2011, the dispute was taken to be an application for conciliation (and not arbitration) in the new system.

Of the 606 active cases before the Dispute Resolution Directorate on 30 November 2011, the Registrar certified that 484 had not been the subject of conciliation prior to 1 December 2011. This left 122 matters to be considered as arbitration applications.

KPIs 1.4 and 1.5 report separately on the management of the 606 applications to resolve a dispute which had been lodged with the Dispute Resolution Directorate prior to 1 December 2011. These applications are different in nature to those made since 1 December 2011. Differentiated reporting will mean that it is possible to see the performance of the new dispute resolution system.

However, the migration of data into the new Dispute Case Management System from the previous Dispute Resolution Directorate software system required that all 606 transitional matters should first be recorded as conciliation matters. Of the 122 matters which were then considered to be applications for arbitration, the file was closed in conciliation, and a new record then created to open an arbitration file.

As a consequence the 122 transitional cases which were not conciliation matters have been counted in the system as matters dealt with under conciliation as well. This has also been explained in the analysis of KPI 1.4 and 1.5.





Effectiveness Indicator 1.4

The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted

Table 26: Effectiveness Indicator 1.4 results vs target

Indicator 1.4 (new from 2011/12)	2011/12 With transitional cases	2011/12 Without transitional cases	2011/12 Target
The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	85.6%	96.7%	95%

» **Description**

Pursuant to Rule 13(1) of the *Workers' Compensation and Injury Management Conciliation Rules 2011* the time limit for conciliation is 56 days (eight weeks) from the day on which the Director accepts the application, unless an extension is granted by the Director for a period not exceeding a further eight weeks. This timeframe is reflected in this KPI which reports the number of conciliation applications completed within the initial eight weeks.

Time taken to complete an application for conciliation is measured from the date the application for conciliation is accepted to the date a

certificate of outcome is issued by the Conciliation Officer, at the end of the conciliation process.

The target for this indicator for 2011/12 has been set based on the performance of the Conciliation Service from 1 December 2011 to 31 March 2012. The target is 95 per cent completed within eight weeks.

Reporting against the target shows two separate figures, one with transitional matters included and one without in order to show the effectiveness of the new dispute resolution system.

» **Analysis**

In relation to new applications made since 1 December 2011 the target for this KPI was marginally exceeded. The per cent of new matters completed within eight weeks of the date the application for conciliation was accepted is 96.7 per cent. This represents 651 out of 673 new matters closed within eight weeks and 989 out of 1156 (85.6 per cent) overall matters (including those in transition) also closed within the eight week timeframe.

The *Workers' Compensation and Injury Management Conciliation Rules 2011* allow the Director, Conciliation, to extend the conciliation timeframe by up to an additional 56 days (eight weeks). This can only occur on the recommendation of a Conciliation Officer and having regard to the objectives of conciliation, the particular circumstances of the dispute, and any submission made by a party to the dispute. It is expected that a small number of matters are likely to require an extension to be approved.

In relation to the 606 applications regarded as 'transitional matters', the 95 per cent target was not reached. There are no timeframes attached to these matters and they were generally of a more

complex nature than the applications made after 1 December 2011. Notwithstanding this, all (but one) transitional matters were completed within the Conciliation Service by 31 March 2012. The one incomplete matter was referred to a Medical Assessment Panel (which 'stops the clock' in relation to time taken to complete). Of the transitional matters 122 were immediately closed and moved into the Arbitration Service as at 1 December 2011.



Effectiveness Indicator 1.5

The proportion of arbitrations completed within 18 weeks of the date the application for arbitration as accepted

Table 27: Effectiveness Indicator 1.5 results vs target

Indicator 1.5 (new from 2011/12)	2011/12 With transitional cases	2011/12 Without transitional cases	2011/12 Target
The proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted	91.6%	98%	80%

» Description

Indicator 1.5 reports the number of arbitration matters completed within 18 weeks. There is no statutory timeframe within which arbitration matters are required to be completed. The 18 week target timeframe is based on an assessment of performance in the previous Dispute Resolution Directorate. The target for completion of matters lodged in the Dispute Resolution Directorate was 26 weeks to complete both conciliation and arbitration. Given that eight weeks is the current statutory timeframe for completion of conciliation matters the remaining 18 weeks has been identified

as a benchmark for completion of arbitration matters in the new dispute resolution environment. This indicator will be re-assessed once the Arbitration Service matures.

Time taken to complete an application for arbitration is measured from the date the application for arbitration is accepted to the date final orders are issued.

All arbitration applications are recorded in the Dispute Case Management System (DCMS), as are dates matters are finalised. 'Finalised' can

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mean that a matter is discontinued or that finalising orders are issued by an Arbitrator. A report showing the number of cases completed is produced directly from the system.

The 2011/12 target for this indicator has been set based on the performance of the Arbitration Service from 1 December 2011 to 31 March 2012. The target is 80 per cent of matters completed within 18 weeks.

The actual measures show two separate figures, one with transitional matters included and one without.

» **Analysis**

Performance as demonstrated in both actual figures suggests that the Arbitration Service is significantly exceeding the target for this KPI. However, caution should be exercised in reaching this conclusion. The Arbitration Service has only been operating since 1 December 2011 and the total number of applications accepted in the period to 30 June 2012 was 273, of which 122 were matters which transitioned into the Arbitration Service from the Dispute Resolution Directorate. The number of matters closed in this period was 155, of which 142 were closed within 18 weeks.

Of the matters closed within the 18 weeks, only 49 were 'new' matters, accepted after 1 December 2011. One new matter was closed after eighteen weeks had elapsed. Of the 122 matters which transitioned into the Arbitration Service, 93 closed within 18 weeks.

The resulting figures for this KPI are well above the expected target of 80 per cent, however, as the number of closed matters grows it is likely that the proportion closed within 18 weeks will fall.

Arbitration is a complex process, involving multiple parties and substantial matters of law. The Arbitration Service adopts a robust case management approach, which ensures that matters progress in a timely manner. However parties are at liberty to bring forward interlocutory applications and to appeal to the District Court (on matters of law), decisions in those applications. Such processes can delay completion of a matter and are entirely outside the control of the Arbitration Service.



» Key Indicators of Efficiency

Efficiency indicators relate services to the level of resource inputs required to deliver them. The efficiency indicators for WorkCover WA are all focused on financial resources and provide a per unit cost.

There are three efficiency indicators chosen for each service, Scheme Regulation and Scheme Services. These indicators will provide an indication of the overall costs of delivering the main services for regulation of scheme participants and conciliation and arbitration services.

Allocation of costs across the Agency

WorkCover WA introduced a new Financial Management Information System (FMIS) which came into operation on 1 July 2011. To coincide with this, a new cost allocation model has been developed to align to the new system, incorporating the changes in our organisational structure and reflecting the new methodology used to allocate costs across the Agency.

Where the previous model was built to capture costs according to a range of predetermined activities, the new model has a simplified cost allocation method, predominantly based on an FTE allocation. Where appropriate, some types of overhead expenditure have been allocated using a floor space allocation. The model has been built to allow for future changes in structures or FTE numbers.

Where previous year's figures have been used for comparative purposes, the figures have been re-worked using the new cost allocation model to ensure consistency and relevance.

Targets for all efficiency indicators have been set using the budget figures for the relevant periods.



Service 1: Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements)

As part of its responsibilities in administering the *Workers' Compensation and Injury Management Act 1981* (the Act), WorkCover WA has responsibility to ensure the efficient and effective operation of the workers' compensation scheme by monitoring compliance of employers, insurers and others participating in or affected by the scheme.

The following KPIs measure the costs of providing these activities.



» **Left:** Manager Research and Evaluation Leona Glasby delivers findings at an actuaries meeting earlier this year

Ensuring employers are compliant with their obligations under the Act forms a large part of WorkCover WA's operations

Efficiency Indicator 1.1

Average cost (\$) per employer compliance activity

Table 28: Efficiency Indicator 1.1 results vs target

Indicator 1.1 (new from 2011/12)	2008/09	2009/10	2010/11	2011/12	2011/12 Target
Average cost (\$) per employer compliance activity	\$120	\$231	\$281	\$235	\$252

» **Description**

Under the Act, WorkCover WA has responsibility for ensuring that every employer obtains from an approved insurance office, and keeps current, a policy of insurance for the full amount of any liability to pay compensation under the Act to any worker employed including any increase in amount occurring during currency of the policy [s160(1)]. Employers have other obligations relating to insurer notifications [s57A (2)] and regular payments to injured workers [s57A (7)].

The Act has 34 penalty provisions relating to employer's obligations. Upon notification of a possible breach, an investigation/prosecution may result.

This indicator demonstrates the average cost per employer compliance activity and is measured by dividing the full costs of the Compliance Section plus one third of the Regulatory Services Executive and the determined WorkCover WA overhead allocation by the total number of employer compliance activities.

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» **Analysis**

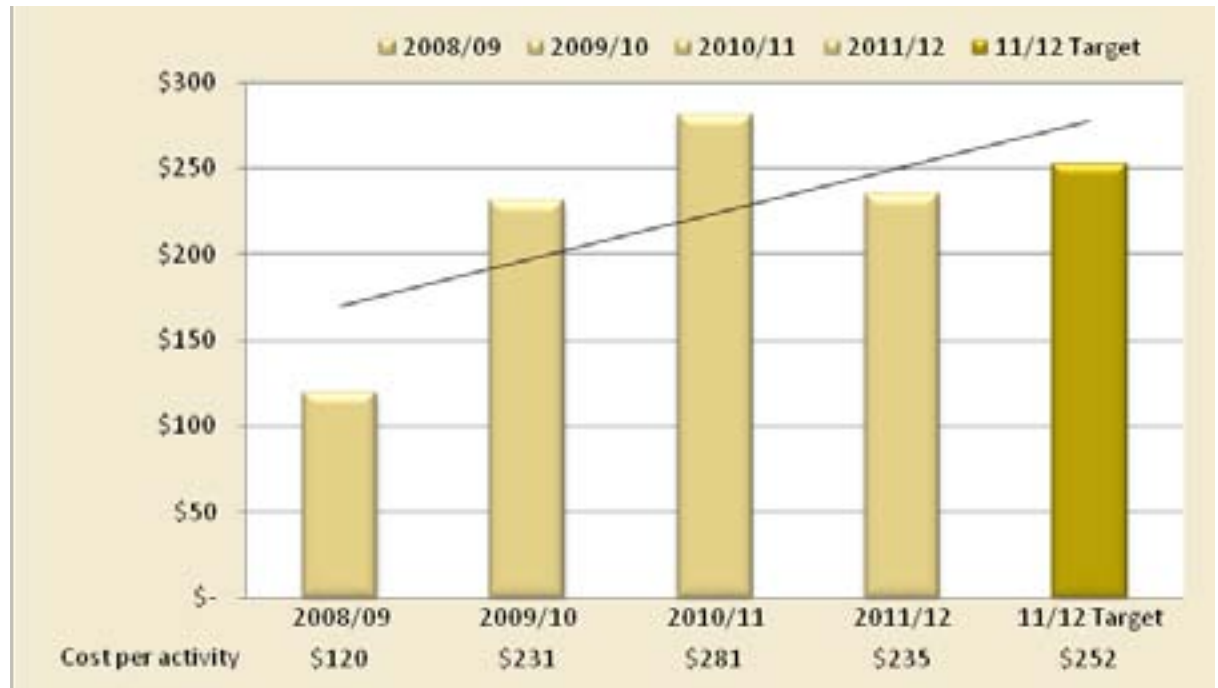
Each employer compliance activity is recorded by team members and the Team Leader in the WorkCover Investigator database. The total number of employer compliance activities is then extracted directly from the system via the Case List report. The result for this indicator shows a reduction in the cost of providing this service against the target (seven per cent) and in comparison with the previous year (16 per cent).

This is directly attributable to an increased level of compliance activity which has been a focus of the Regulatory Services Division during 2011/12 and has included the creation of an additional position of Compliance Coordinator whose role it is to assist in the clearing of the backlog of lapsed cases. In addition there has been a refinement of investigative techniques and processes resulting in more completed investigations and prosecutions.

As shown in Figure 13, the 2008/09 year unit costs were skewed by a one-off high volume, low cost project that greatly increased the activities in that one year, resulting in the much lower cost per unit.

The manner in which this indicator is calculated dictates that higher activity levels will reduce overall unit cost.

Figure 13: Cost per employer compliance activity





Efficiency Indicator 1.2

Average cost (\$) per approved and monitored service provider

Table 29: Efficiency Indicator 1.2 results vs target

Indicator 1.2 (new from 2011/12)	2008/09	2009/10	2010/11	2011/12	2011/12 Target
Average cost (\$) per approved and monitored service provider	\$2,186	\$2,719	\$2,942	\$3,087	\$2,955

» **Description**

WorkCover WA has responsibility for reviewing the sufficiency of information provided to WorkCover WA by participants in the workers’ compensation scheme, and whether or not criteria developed by WorkCover WA or prescribed by the regulations for assessing performance of those persons are being met.

Service providers’ performance is monitored against established standards which can include performance criteria relating to legislative compliance, codes of conduct, codes of practice and guidelines.

Through its standards and monitoring activities, WorkCover WA approves and/or monitors the

performance of the following service providers: insurers [s161], self-insurers [s164], workplace rehabilitation providers [s156], approved medical specialists (AMS) [s146F], audiologists/audiometric officers and registered agents [s277(2)].

This indicator demonstrates the average cost per approved and monitored service provider and is measured by dividing the full costs of the Standards and Monitoring Section plus one third of the Regulatory Services Executive and the determined WorkCover WA overhead allocation by the total number of approved and monitored service providers.

Each approved and monitored service provider is recorded on a consolidated spreadsheet, or in the

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Registered Agents Registration system, or on the NIHL system. The total number of approved and monitored service providers is then extracted via the Monthly Activity Report.

The target for this indicator was determined by dividing the approved budget for these activities including allocated overheads by the estimated total number of approved and monitored service providers. The estimated number of service providers used to determine the target was set at 1233 based on figures to the end of March 2012.

The number of service providers used to measure this KPI for 2011/12 is the number registered as at 30 June 2012.

» **Analysis**

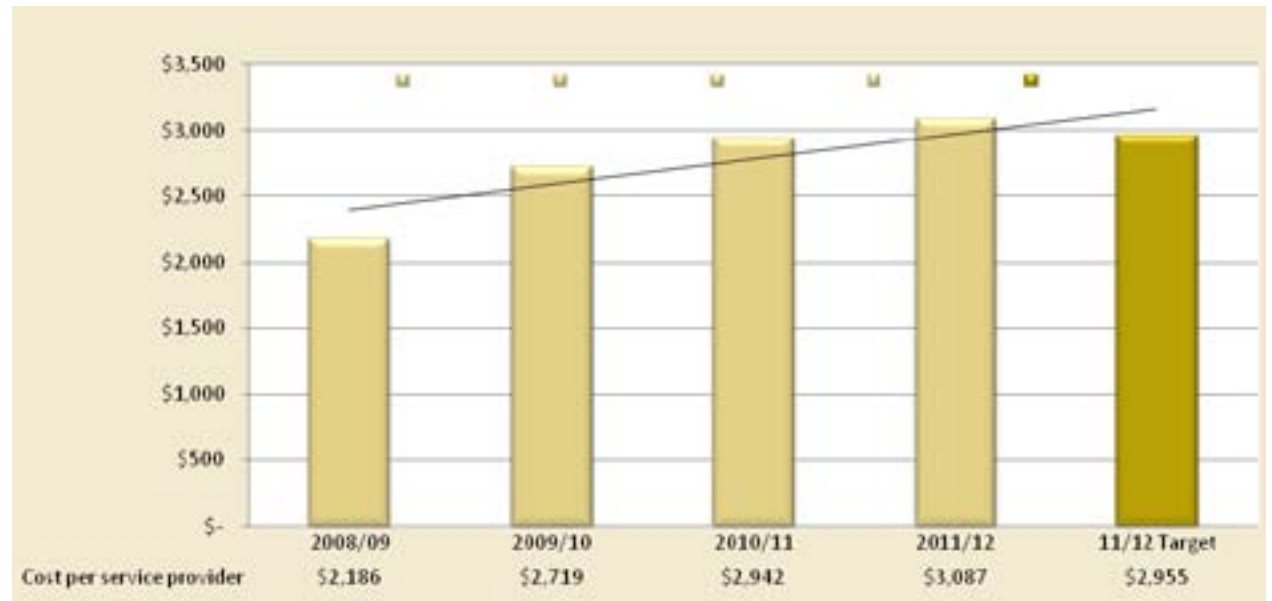
The costs per approved and monitored service provider have increased marginally by 4.9 per cent on 2010/11 and 4.5 per cent on the expected target.

The number of approved and monitored service providers increased over the course of the year from 2010/11 (from 1023 to 1114 – 8 per cent), however the end of year estimate of 1233 service providers was not realised.

The actual expenditure for the 11/12 period was approximately \$200,000 less than the budgeted amount due to a few unfilled positions however the monitoring of service providers has continued to show an increase in costs over time.

Figure 14 below shows the cost trend over the past four years.

Figure 14: Cost per approved and monitored service provider





» **Above:** Senior Advisory Officer Daniel McBride fields a call on WorkCover's advisory line

Efficiency Indicator 1.3

Average cost (\$) per client contact to provide information and advice

Table 30: Efficiency Indicator 1.3 results vs target

Indicator 1.3 (new from 2011/12)	2008/09	2009/10	2010/11	2011/12	2011/12 Target
Average cost (\$) per client contact to provide information and advice	\$146	\$140	\$126	\$133	\$119

» **Description**

WorkCover WA has responsibility under section 100 of the Act to promote awareness and disseminate information about the workers' compensation scheme [s100 (h)].

This indicator demonstrates the average cost of providing information and advice in relation to all aspects of the scheme.

All written advice notifications and verbal consultations are recorded in WCWA's Contact Manager system. This includes all in-person enquiries and appointments, written enquiries and worker claims history requests. Inward telephone calls made to the Agency Advisory Line (1300 794 744) are captured by the NEC phone system.

The total number of matters conducted is then extracted directly from the respective systems and compiled into a monthly activity report.

Worker claims history requests which form part of this KPI ceased to be provided from mid April 2012 following advice received from the State Solicitor's Office. The result of this change is that approximately 500 transactions (outputs) were not produced for the last two and a half months of the 2011/12 year. As the target was calculated using the full year estimate of outputs and expenditure on salary was not reduced, this has resulted in an increase in the average cost per output for the year.

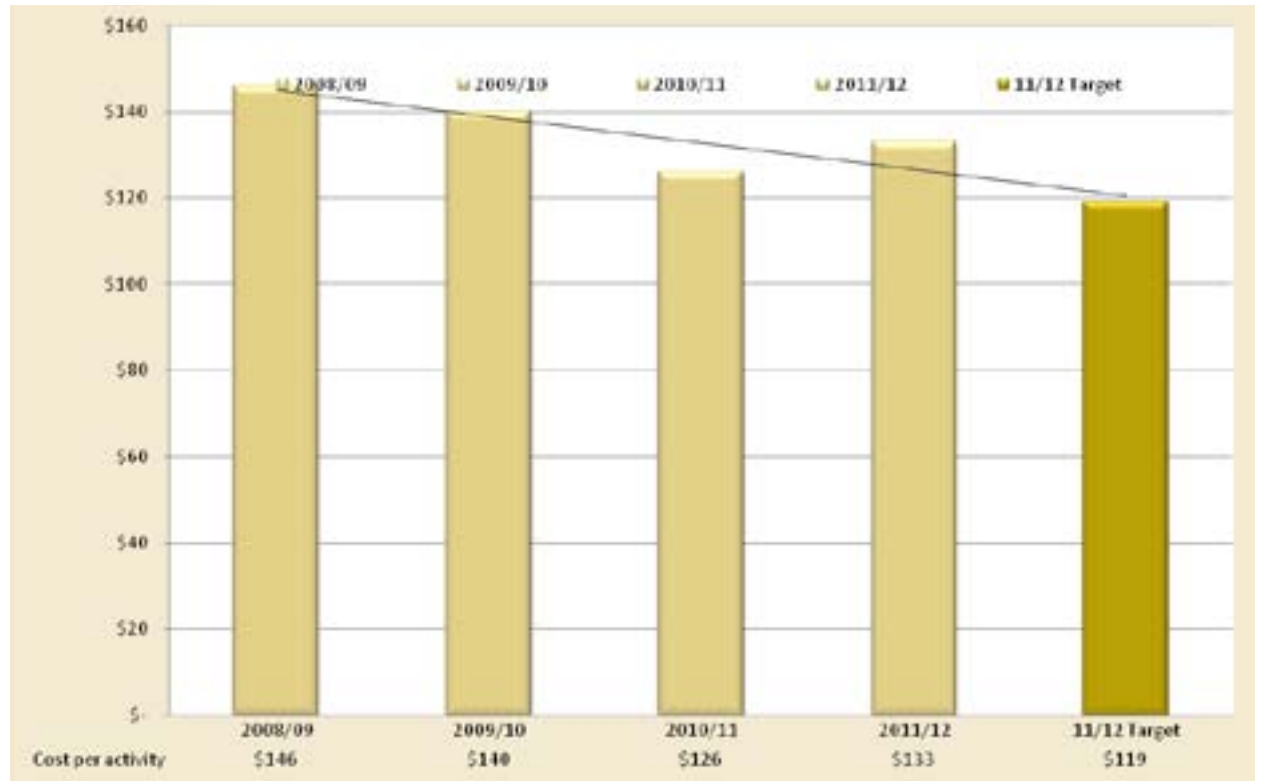
The target for this indicator was determined by dividing the approved budget for this activity (including allocated overheads) by the estimated total number of written advice notifications prepared and verbal consultations conducted for the year.

» **Analysis**

The costs for this indicator are showing a 5.6 per cent increase compared to 2010/11 and an 11.8 per cent increase on the estimated target for the year. The increase against the target is mostly due to the reallocation of re-deployees across the Agency which was not allowed for in the budget.

The trend across the previous years indicates that 2010/11 showed a dip in the average cost compared to other previous years. This trend is shown in Figure 15.

Figure 15: Average cost per client contact to provide information and advice





Service 2: Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants)

During 2011 WorkCover WA made significant amendments to the Act. These amendments establish new conciliation and arbitration services within WorkCover WA, which began operation on 1 December 2011.

Where the previous arrangements provided for a single arbitrator to seek to resolve a dispute through conciliation and arbitration, the new model is based on separate conciliation and arbitration functions. Similarly, where KPIs previously measured the dispute resolution process as a whole, these two functions are now measured as two separate

processes, a Conciliation Service and an Arbitration Service. Costs are allocated to each of the Conciliation and Arbitration Services.

Due to the significant differences between the old and new dispute resolution systems it is not possible to provide comparative data from previous years for KPIs 2.1 and 2.2. Activity is only reported for the period since 1 December 2011, when the new dispute resolution services began operation.

Whilst the process for completing Memoranda of Agreement is consistent with that used in previous years, the significant changes to the dispute resolution system and changes in the cost allocation model within which it sits does not lend itself to providing comparisons with previous years for Indicator 2.3.

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Efficiency Indicator 2.1

Average cost (\$) to complete a conciliation

Table 31: Efficiency Indicator 2.1 results vs target

Indicator 2.1 (new from 2011/12)	2011/12	2011/12 Target
Average cost (\$) to complete a conciliation	\$2,658	\$3,371

» Description

This KPI measures the average cost to complete a conciliation application. It is measured by dividing the full costs of providing the conciliation process, including the determined WorkCover WA overhead allocation, by the number of conciliations completed.

All applications for conciliation are recorded in the Dispute Case Management System (DCMS) as are dates completed. 'Completed' is measured as the date that a Conciliation Officer records a Certificate of Outcome at the end of the conciliation process. A report showing the number of cases completed is produced directly from the DCMS.

The denominator used to derive this target for 2011/12 has been set based on the number of cases completed between 1 December 2011 and 31 March 2012, extrapolated to establish the expected number

of completed cases within the seven month period to 30 June.

The number of completed conciliations for this period was 1156. This includes 606 disputes still active as at 30 November 2011 which transitioned into the Conciliation Service. However 122 of these matters were immediately closed and moved into the Arbitration Service (the recording of these matters as conciliation applications was an artefact to enable data migration from the former Dispute Resolution Directorate database).

The target for indicator 2.1 excludes those 122 matters as their inclusion would provide a false indication of efficiency and therefore the denominator used to measure the actual cost for the period also excludes these 122 matters.

» **Analysis**

The average cost to complete a conciliation between 1 December 2011 and 30 June 2012 was \$2,658. This cost is 21.2 per cent lower than the projected average cost target of \$3,371 per completed conciliation.

As the Conciliation Service has only been in operation for some seven months since 1 December 2011, the target was based upon an estimation of conciliation activity after only four months of operation between 1 December 2011 and 31 March 2012. Based on this early information, the projected number of conciliation cases for the seven month period was 830 whereas the number of actual

conciliation matters completed was 1034. These 1034 matters include 484 cases transitioned from the old dispute resolution system which were in various stages of progress. Vacancies within the new Conciliation and Arbitration Services have also had an impact on the actual costs realised for this period. These two factors combined have contributed to the resultant lower actual figure against the estimated target.

Comparative data from previous years for KPI 2.1 cannot be provided due to the significant differences in the old and new dispute resolution systems.



Efficiency Indicator 2.2

Average cost (\$) to complete an arbitration

Table 32: Efficiency Indicator 2.2 results vs target

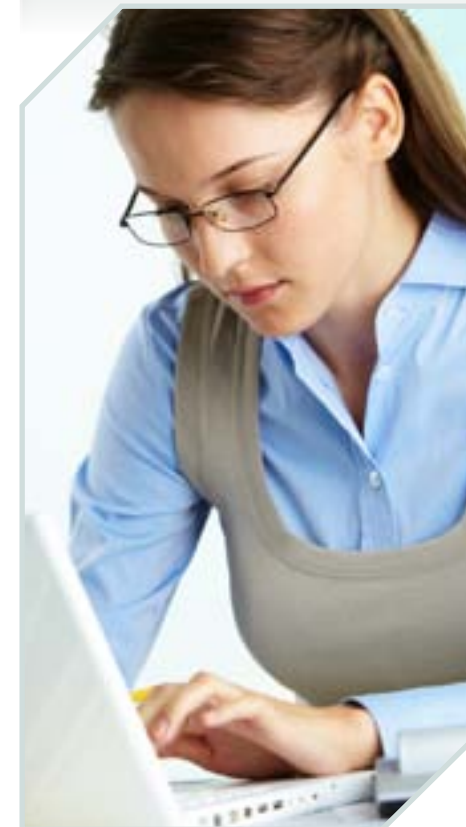
Indicator 2.2 (new from 2011/12)	2011/12	2011/12 Target
Average cost (\$) to complete an arbitration	\$13,821	\$15,566

» Description

This KPI measures the average cost to complete an arbitration application. It is measured by dividing the full costs of providing the arbitration process, including the determined WorkCover WA overhead allocation, by the number of arbitrations completed.

All arbitration applications are recorded in the Dispute Case Management System (DCMS), as are dates the matters are finalised. 'Finalised' can mean that a matter is discontinued or that finalising orders are issued by an Arbitrator. A report showing the number of cases completed is produced directly from the system.

The target denominator for this indicator for 2011/12 has been set based on the number of cases completed between 1 December 2011 and 31 March 2012 and extrapolated to establish the expected number of completed cases within the seven month period to 30 June. The budget figure for this period has then been divided by the end of year estimated matters completed.



» **Analysis**

The average cost to complete an arbitration in the seven months between 1 December 2011 and 30 June 2012 was \$13,821 which is 11.2 per cent lower than the target of \$15,566.

The new Arbitration Service commenced on 1 December 2011 and the target for this indicator was based on the initial four months of operation between 1 December 2011 and 31 March 2012. Based on the figures to March, the projected number of arbitration matters for the seven month period was 140 however, the number of actual matters completed was 155. The 155 matters completed

includes 122 cases transitioned from the previous dispute resolution system which were in various stages of progress. The filling of positions across the new Conciliation and Arbitration Services has also had an impact on the actual costs realised for this period. These two factors combined have contributed to the resultant lower actual figure against the estimated target.

The provision of comparative data from previous years for KPI 2.2 cannot be provided due to the considerable differences in the previous and new dispute resolution systems.



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Efficiency Indicator 2.3

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

Table 33: Efficiency Indicator 2.2 results vs target

Indicator 2.3 (new from 2011/12)	2011/12 Actual	2011/12 Target
Average cost (\$) to process a Memorandum of Agreement	\$262	\$287

» **Description**

Subject to the provisions of section 76 of the Act, WorkCover WA is responsible for registering Memoranda of Agreement (MoAs), where parties agree to settle a claim in the workers' compensation scheme, either through redemption of weekly entitlements and medical expenses, and/or through an assessment of a worker's impairment.

Registering MoAs involves an assessment of the accuracy of the documentation provided by the parties, as well as of compliance with the Act.

Decisions as to whether or not to register MoAs can involve bringing the parties together to elicit more information. If there is a decision that the agreement

may not comply with section 76 of the Act, the MoA is referred to the Registrar who in turn will allocate it to an arbitrator for a final determination as to whether it should be registered or not.

Each MoA registered is recorded in the Memoranda of Agreements database which is part of the WorkCover Case Management System (WCCMS). The number of MoAs registered within the reference period is then extracted directly from this system via the MoA Monthly Measures Report.

The denominator used to derive the target for this KPI is based on the number of MoAs registered between 1 December 2011 and 31 March 2012, extrapolated to 30 June 2012.



This KPI provides the average cost to process a MoA and will be measured by dividing the full costs of providing the MoA operational activity, including the determined WorkCover WA overhead allocation by the number of MoAs registered (processed).

» **Analysis**

The number of MoAs registered for the period is 2162 which is a small increase of 109 on the number expected for the period. This has resulted in the unit cost of processing MoAs reducing slightly from the figure expected.

The processing of MoAs has been undertaken in previous years. However, due to significant changes in the dispute resolution system on 1 December 2011, and changes in the cost allocation model it is not feasible to provide comparisons with previous years for this indicator.

Ministerial Directives

No Ministerial Directives were received during the financial year.

» Capital Works Project

As part of the WorkCover WA Core Business System replacement program a new Dispute Case Management System was developed and the system went live on 1 December 2011.

Following the establishment of the Dispute Case Management System, work commenced on the Regulatory Services Case Management System in January 2012. The project is due for completion in December 2012.

Other Financial Disclosures

» Employment and Industrial Relations

Employees at WorkCover WA are employed under the provisions of the *Public Service Award 1992* and the *Public Service and Government Officers General Agreement 2011*.

» Workers' Compensation

During 2011/12 one new workers' compensation claim was recorded by the Agency. This compares with the one claim recorded in 2010/11.

» Staff Profile

For 2011/12 WorkCover WA had an approved budgeted staff of 146.4 full-time equivalent employees.

Table 34: Employee occupancy at 30 June 2011 and 2012

Employment type	2011	2012
Full-time permanent	120.00	115.00
Full-time contract	16.00	14.00
Part-time measured on an FTE basis	11.95	10.79
Total	147.95	139.79
Staff on Secondment	4	6

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» WorkCover WA staff at work in Shenton Park



Governance Disclosures

» Overview

WorkCover WA'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 aims to achieve high standards in corporate governance to assure the State Government, stakeholders and the community it is fulfilling its responsibilities and meeting expectations with due diligence and accountability.

The Board's governance responsibilities include:

- setting strategic direction
- establishing 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; and
- 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. In 2011/12, Board member Mr Brian 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 Ms Karin Lee is the Manager, Safety and Risk Services at the WA Chamber of Commerce and Industry (CCI). In 2011/12, Ms Lee declared that her employer CCI has a tender contract to deliver services under the ThinkSafe program and that she is listed as a consultant/supervisor of consultants under this arrangement.

» 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. On 11 January 2012, the Minister fixed the remuneration at \$29,650 per annum for the Chairman and \$15,500 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, which is in line with the accepted industry standard.

The total premium for the insurance policy, effective from 16 May 2011 to 16 May 2012, was \$20,091.50 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, Costs Committee and Medical Committee were established. Governance issues for the committees are now included as a standing item at Board meetings.

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.

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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.

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; and
- the role of approved medical specialists within the scheme.

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 in WorkCover WA's Conciliation and Arbitration Services.

The Costs Committee met in 2011 as a result of changes to the dispute resolution system. The *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2011* came into effect from 1 December 2011.

Industrial Diseases Medical Panel

The Panel members are listed on the next page in Table 38. Please see page 192 for the full outline of the Panel's responsibilities.

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Table 35: Audit Committee membership and attendance

Audit Committee Member	No. of meetings eligible to attend	No. of meetings attended
Mrs Victoria Wilmot (Chair)	5	5
Mr Greg Joyce	5	5
Mr Brian Bradley	5	2

Table 36: Medical Committee membership and attendance

Medical Committee Member	No. of meetings eligible to attend	No. of meetings attended
Ms Michelle Reynolds (Chair)	2	2
Dr Marcus Adonis	2	2
Dr Heather Campbell	2	2
Dr Alan Home	2	1
Mr Barrie Slinger	2	0
Dr Neil Ozanne	2	2
Mr David Colvin	2	2

Table 37: Cost Committee membership and attendance

Cost Committee Member	No. of meetings eligible to attend	No. of meetings attended
Ms Michelle Reynolds (Chair)	2	2
Ms Karin Lee	2	1
Mr Marcus Cocker	2	2
Mr David Bruns	2	2

Table 38: 2011/12 Industrial Diseases Medical Panel members

Industrial Diseases Medical Panel Chairman (rotating)	Members
Dr K C Wan	Dr D Bucens
Dr E Gabbay	Dr M Musk
Dr M K Tandon	Dr A E Tribe
Dr Q Summers	Dr P Psaila-Savona



» Industrial Diseases Medical Panel

The Industrial Diseases 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, lung cancer and, from 1 October 2011, diffuse pleural fibrosis 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. It operates independently, with WorkCover WA providing administrative support and funding only. In 2011/12, the panel convened on 25 occasions and made 49 determinations.

Table 39: Number of applications

Applications	2009/10	2010/11	2011/12
New	40	38	42
Reviewed	6	6	7
Total	46	44	49

Table 40: Number of determinations where disease is present with a level of impairment > 0%

Disease	2009/10	2010/11	2011/12
Pneumoconiosis	18	9	12
Pneumoconiosis & Diffuse Pleural Fibrosis	N/A	N/A	5
Pneumoconiosis & Lung Cancer	0	0	1
Diffuse Pleural Fibrosis	N/A	N/A	1
Mesothelioma	22	21	20
Lung cancer	6	5	5
Sub total	46	35	44
Determinations where disease not present or disease present but a 0% level of impairment	0	9	5
Total	46	44	49

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 2011/12 financial year.

Table 41: Advertising expenditure 2011/12

Method	Expenditure (\$)	Organisation
Advertising agencies	18,059.33	AdCorp Australia Limited
Direct mail organisations	5,161.69	Quickmail
Market research organisations	69,891.80 21,290	Painted Dog Research Pty Patterson Research Group
Media advertising organisations	2,964.59 1,237.57	Mitchell Communications AdCorp Australia Limited
Polling organisations	Nil	
Total	118,604.98	



» **Above:** NIHL Coordinator Carolyn Parker displays the marketing collateral at hand during the 2011 Chevron Noise Expo. Communicating WorkCover WA's key messages via advertising, publications, seminars and events is vital to the Agency's goals



For the list of enabling legislation and legislation administered by WorkCover WA, see pages 15–16.

» Other key legislation impacting on WorkCover WA's activities

- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Electronic Transactions Act 2003*
- *Equal Opportunity Act 1984*
- *Freedom of Information Act 1992*
- *Government Employees' Superannuation Act 1987*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *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 (Redeployment and Redundancy) Regulations 1994*
- *Salaries and Allowances Act 1975*
- *State Superannuation Act 2000*
- *State Supply Commission Act 1991*
- *State Records Act 2000*

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» Compliance with Public Sector Standards and Ethical Codes

WorkCover WA has 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, the online induction and the online training system.

In 2011/12, no Breach of Standard claims against the Public Sector Commissioner's Instruction Employment Standard were received.

During the same reporting period, no Breach of Standard claim against the Grievance Resolution Standard were received.

There were no claims lodged in 2011/12 relating to the *WA Public Sector Code of Ethics* or the *WorkCover WA Code of Conduct*.

During 2011/12, WorkCover WA's compliance against the Employment Standard was assessed by an independent auditor. The findings of this audit indicated WorkCover WA was compliant with the Standard.

In response to *PSC Circular 2009-03 Training on Accountable and Ethical Decision Making in the Western Australian Public Sector*, new and existing staff undertook training that provided them with an understanding of their obligations and responsibilities as public sector officers. At 30 June 2012, 95 per cent of staff had completed the training.

All transactions completed within WorkCover WA under the *Public Sector Standards (Human Resource Management)* are quality assured by human resources staff to ensure compliance. Checklists and documented 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.

WorkCover WA is required to demonstrate the Agency and its employees are complying with the plan, by providing evidence in the four key areas identified here:

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

The State Records Commission approved WorkCover WA's Recordkeeping plan in October 2009 for a period of five years. The next review of the plan is due in 2014. During 2011/12, a number of existing policies were reviewed and amalgamated into a more comprehensive records management policy. WorkCover WA has commenced a review of its Retention and Disposal Schedule in alignment with the *State Records Act 2000*, and engaged the services of an archivist to facilitate retrieval and assessment of existing records.

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

The online Records Management training module was revised and updated in the past financial year. Training initiatives are reviewed regularly to ensure the information being provided to WorkCover WA staff complies with relevant legislation and standards.

2. The organisation conducts a recordkeeping training program.

At WorkCover WA, recordkeeping training is compulsory for all staff and associated statistics are reported quarterly to the Corporate Executive. In 2011/12, Corporate Information provided guidance on the use of the online recordkeeping training program and encouraged all new and existing staff to complete the course.

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

Records management is a mandatory component of the WorkCover WA induction program. Supplementary to the online induction, individual sessions are conducted monthly with new employees, providing an overview of their records management responsibilities. Recordkeeping information, policies and procedures are also available on the intranet for staff to use.

Government Policy Requirements

» Occupational Safety, Health and Injury Management

The WorkCover WA Board and Corporate Executive are committed to ensuring all employees are able to perform their duties in a safe working environment. A report presenting OSH matters is referred to the Corporate Executive on a quarterly basis.

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 to review hazard and incident reports.

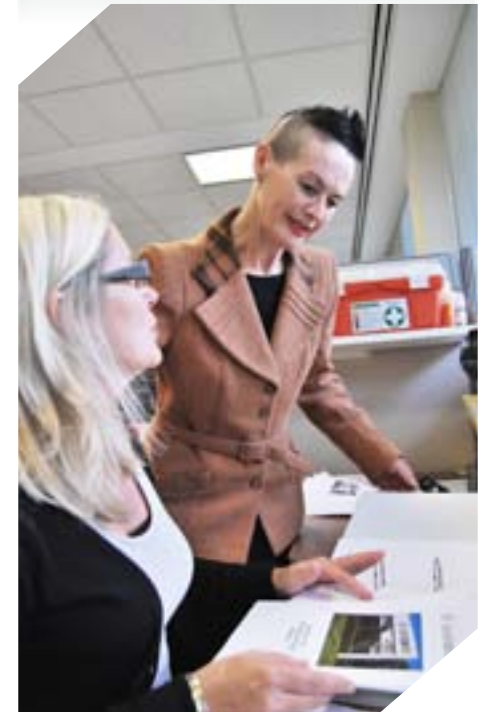
Management of workplace injuries and rehabilitation solutions are undertaken in accordance with the provisions of the *Workers' Compensation and Injury Management Act 1981*.

The OSH and injury management policies and practices are advertised regularly and promoted across the Agency through the use of intranet articles, posters/signage and training opportunities.

During 2011/12, a number of new OSH initiatives were undertaken, including:

- the review of the OSH Management Plan in line with the WorkSafe Plan
- the delivery of safe work practices training
- the training of OSH representatives to undertake ergonomic assessments
- workplace ergonomic assessments for all staff
- the development and implementation of OSH contractor documentation and processes
- the formation of an Emergency Planning Committee

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» **From left:** Human Resources Officer Michele O'Connell and Senior Advisory Officer Bronwyn Salter discuss OSH initiatives



» **Above:** A/Chief Executive Officer Chris White accepts the WorkSafe Plan Silver Certificate of Achievement for WorkCover WA's 2011/12 OSH practices from WorkSafe Executive Director Lex McCulloch

- enhancements to emergency evacuation procedures
- renewed commitment to OSH through the appointment of a Corpex member as Chair of the OSH Committee
- evacuation procedures testing; and
- an external audit that assessed the occupational safety and health management system using the WorkSafe recognised assessment tool. The final report was received on 12 June 2012 and WorkCover WA has been awarded a WorkSafe Plan Silver Certificate of Achievement.
- An Action Plan detailing timelines to address audit findings has also been developed.

Table 42: Workers' compensation and injury management for WorkCover WA employees

OSH Matter	2009/10	2010/11	2011/12 Target	2011/12 Actual
Number of fatalities	0	0	0	0
Lost-time injury/disease incidence rate ¹	0	0.67	0	0
Lost-time injury/disease severity rate	0	0	0	0
Percentage of injured workers returned to work within 28 weeks	100%	100%	100%	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	78%	82%	> 80%	92%

¹ The lost-time injury/disease incidence rate is the number of lost-time injuries/diseases where one day/shift or more was lost in the financial year per 100 employees

WorkCover WA Publications

» New and Revised Publications

The significant legislative changes during 2011/12 presented the Agency with an opportunity to consolidate and revise its publications to present a uniform message to all its stakeholders and the general public.

The following list of publications were revised during 2011/12:

- *Workers' Compensation: A Guide for Employers*
- *Workers' Compensation and Injury Management: A Guide for Workers*
- *Injury Management: A Guide for Employers*

- *What happens if there is a dispute?*
- *A Technical Note on Contractors and Workers' Compensation*
- *A Guide to Noise Induced Hearing Loss*
- *Workers' Compensation Insurance: A brief guide for the building and construction industry*

» Other Guides

- > *WorkCover WA Guidance Notes for Approved Medical Specialists*
- > *Conciliation and Arbitration Services – Information Resources*

» **Right:** *Workers' Compensation Insurance: A brief guide for the building and construction industry* is available in hard copy or on the website: www.workcover.wa.gov.au

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Workers' Compensation Insurance

A brief guide for the building and construction industry



All publications and forms can be accessed from the website or hard copies can be sourced by calling WorkCover WA's Advice and Assistance Unit on **1300 794 744**.

» Communicating our Message

WorkCover WA's range of publications and other resources assist employers and their workers in meeting their workers' compensation obligations under the Act.



Injury Management: A Guide for Employers

Detailed information, templates and strategies on developing injury management systems and return to work programs in accordance with the Act.



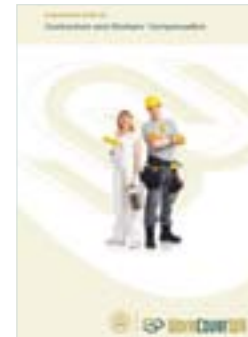
Insurance Brokers' Code of Practice

A best practice guide and reference for insurers and employers when dealing with a workers' compensation insurance broker.



A Guide to Noise Induced Hearing Loss

Important information for employers and workers exposed to high noise levels in their workplace environments.



A Technical Note on Contractors and Workers' Compensation

Detailed information to clarify liability and legal obligations in relation to contractors and sub-contractors.



Workers' Compensation and Injury Management: A Guide for Workers

A comprehensive guide to assist injured workers' through the compensation process, injury management and return to work.



Workers' Compensation: A Guide for Employers

A comprehensive guide to assist employers with their workers' compensation obligations in accordance with the Act.



What happens if there is a dispute?

A guide to resolving disputes that may arise between the various parties in the workers' compensation process.



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