



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

**annual | 2012**  
**report | 2013**



# contents

<b>Introduction</b>	<b>03</b>	<b>03</b> statement of compliance	<b>04</b> about us	<b>06</b> year in review				
<b>Section 1: agency in focus</b>	<b>11</b>	<b>12</b> Chairman & CEO report	<b>13</b> Agency brief	<b>14</b> leadership	<b>20</b> people	<b>21</b> enabling legislation	<b>22</b> governance	<b>28</b> performance management framework
<b>Section 2: scheme performance</b>	<b>33</b>	<b>34</b> claim numbers/ trends	<b>35</b> frequency rates	<b>36</b> scheme payments 2012/13	<b>36</b> average recommended premium rates	<b>37</b> scheme payments & premium income	<b>37</b> settlements	
<b>Section 3: report on operations</b>	<b>38</b>	<b>39</b> service 1: scheme regulation	<b>52</b> service 2: scheme services	<b>63</b> report against 2012/13 Strategic Commitments				
<b>Section 4: opportunities &amp; challenges</b>	<b>70</b>	<b>71</b> opportunity & accessibility	<b>77</b> Agency challenges	<b>78</b> IT initiatives				
<b>Section 5: disclosures &amp; legal compliance</b>	<b>79</b>	<b>80</b> report on funds management	<b>82</b> other financial disclosures	<b>83</b> Ministerial directives	<b>84</b> governance disclosures	<b>87</b> legal compliance	<b>89</b> government policy requirements	
<b>Section 6: key performance indicators</b>	<b>91</b>	<b>92</b> additional key performance indicator info	<b>99</b> key performance indicators	<b>100</b> summary of key performance indicators	<b>101</b> KPIs of effectiveness	<b>105</b> KPIs of efficiency		
<b>Section 7: financial statements &amp; notes</b>	<b>113</b>	<b>114</b> independent audit opinion	<b>116</b> financial statements	<b>119</b> notes to the financial statements				

WorkCover WA  
Annual Report 2012/13  
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# about this report

## Welcome to our 2012/13 Annual Report

This report delivers a comprehensive analysis of our oversight and regulation of Western Australia's workers' compensation and injury management scheme over the past year. An introduction to WorkCover WA (the Agency) and our year in review begins on page 4. For a more comprehensive analysis of aspects of the year refer to section(s):

1. Agency in focus » p. **11**
2. Scheme performance » p. **33**
3. Report on operations p. » **38**
4. Opportunities and challenges » p. **70**
5. Disclosures and legal compliance » p. **79**
6. Key performance indicators » p. **91**
7. Financial statements and notes » p. **113**.

This report was developed in line with the Public Sector Commission's *Western Australian Public Sector Annual Reporting Framework for the 2012–2013 Reporting Year* and the Department of Treasury's *Model Annual Report for Net Cost of Service Statutory Authorities*. In compliance with these guidelines costs were minimised for production and printing. As printed copies of each annual report are limited, this report is also published on the Agency's website [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au) in the 'Publications and Forms' section. It adheres to State Government requirements for accessibility and readability, and can be viewed in PDF format as a whole or in sections. Alternative formats are available on request.

This publication may be copied in whole or part, with acknowledgement of WorkCover WA.



## statement of compliance

To the Honourable Michael Mischin MLC  
Minister for Commerce

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the report of the WorkCover Western Australia Authority for the financial year ended 30 June 2013.

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

**Greg Joyce**  
Chairman  
WorkCover WA

29 August 2013

**Chris White**  
Acting Chief Executive Officer  
WorkCover WA

29 August 2013



# about us



» The WorkCover WA building at 2 Bedbrook Place, Shenton Park

## our profile

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

This includes monitoring compliance with the *Workers' Compensation and Injury Management Act 1981* (the Act); informing and educating workers, employers and other stakeholders about workers' compensation and injury management; and 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 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.

## our strategic direction

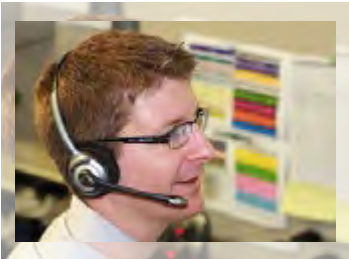
The Agency's *Strategic Plan 2012–2015* (see page 31) defines four strategic goals that direct the delivery of WorkCover WA's purpose:

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



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

## our values



### 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



### 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



### Respect

- We embrace diversity & 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



### Integrity

- We are trustworthy and accountable
- We act in a consistent and impartial manner
- We are transparent in our decision making



### Collaboration

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

## our stakeholders

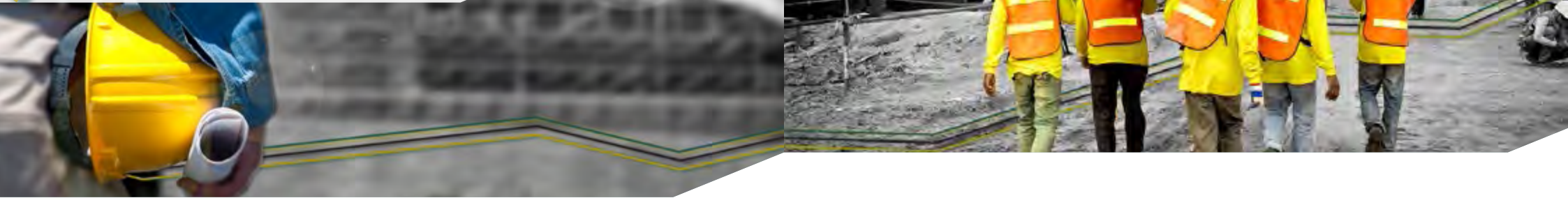
Includes every worker and employer who employs workers (including contractors and subcontractors), and the health providers and service providers practicing in a workers' compensation and injury management context.

// WorkCover WA has a strong emphasis on actively 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.

**Chris White**  
A/Chief Executive Officer  
WorkCover WA



# year in review



## year in numbers

<b>11,621 enquiries</b>	into lapsed policies, cancellations, new businesses and new owner checks
<b>187 investigations</b>	into complaints, enquiries and reporting
<b>83 prosecutions</b>	completed against non-compliant employers
<b>3,868 registrations</b>	of memoranda of agreement for the finalisation of workers' compensation claims via settlement
<b>1,588 conciliations</b>	cases completed
<b>312 arbitrations</b>	cases completed

<b>18,795 publications</b>	mailed to workers, employers, health providers and service providers
<b>116,551 visits</b>	to the WorkCover WA website (unique visits)
<b>24,222 contacts</b>	for advice and assistance handled by the Advice and Assistance Unit
<b>3,903 hours</b>	of staff training completed



## year in brief

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

As outlined in *Section 1: Agency in focus*, WorkCover WA's contribution to Government Goal 3, 'Results-Based Service Delivery', 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. The Agency's delivery of these services in 2012/13 is analysed in *Section 3: Report on operations* of this report. WorkCover WA's performance is also measured against key performance indicators (KPIs) of effectiveness and efficiency as detailed in *Section 6: Key performance indicators*.

The overall workers' compensation environment in the State remained healthy in 2012/13. *Section 2: Scheme performance* of this report analyses the WA workers' compensation and injury management scheme, using the most recent data available. It reflects a stable picture in terms of the number and cost of claims.



The Agency continued to consolidate its functions in 2012/13 following the significant changes introduced in the WA workers' compensation and injury management scheme by the *Workers' Compensation and Injury Management Amendment Act 2011* (Amendment Act). This has led to further amendments to the Agency's Outcome Based Management structure and KPIs, particularly with respect to the Conciliation and Arbitration Services established following the Amendment Act. These changes are described in detail in *Section 6: Key performance indicators*.

This report also marks the commencement of WorkCover WA's *Strategic Plan 2012–2015*. The four key goals of the Strategic Plan (page 31) have refocused the Agency's approach to strategic scheme management, stakeholder engagement, regulatory compliance and organisational excellence. As a result, nine strategic projects and initiatives have been delivered against these goals in the past year. The Agency's successful delivery of these strategic commitments is described in detail in *Section 3: Report on operations*.

Internally, the Agency remained committed to the health, wellbeing and general satisfaction of its staff in 2012/13 through a variety of developmental and occupational safety and health related initiatives, as outlined in *Section 4: Opportunities and challenges*. The Agency's compliance with State Government policies and its financial performance and activities for 2012/13 are disclosed in *Section 5: Disclosures and legal compliance* and *Section 7: Financial statements and notes* respectively.



## year in dollars

The majority of funding (84 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.

This snapshot represents a consolidation of both the General and Supplementation Funds. Please refer to the 'Report on Funds Management' (pages 80–81) and the financial statements and associated notes (starting page 113) for more detailed analysis and disclosure.

**Table 1: WorkCover WA totals for 2012/13**

<b>Revenue</b>	\$25.158 million
<b>Expenditure</b>	\$21.031 million

Staff costs account for 64 per cent of Agency expenditure. The remaining funds were expended on supplies and services, accommodation and other expenses.

**Full financial analysis and disclosures available at:**

- Report on Funds Management » p. 80–81
- Financial Statements and Notes » p. 113–152

**Figure 1: WorkCover WA income**



**Figure 2: WorkCover WA expenditure**







## year scorecard

### 2012/13 performance snapshot

The outcomes of WorkCover WA's activities and services are measured by key performance indicators (KPIs) comprised of **effectiveness** and **efficiency** indicators. This 2012/13 scorecard provides a snapshot view of our performance for this year only. Factors involved in the differential between the result vs target for effectiveness indicator 1.3, and efficiency indicator 1.1 are analysed in full in *Section 6: Key performance indicators*.

Full explanations on all measures, analysed against previous years, can be located on the page(s) referenced beside each indicator in table 2 and 3.

Table 4 over the page provides a summary of the delivery of our 2012/13 Strategic Commitments.

**Table 2: Indicators of effectiveness snapshot**

#	Description	2012/13 Target/Result	Reference
1.1	Number of non-compliance events identified as a result of a claim on the General Account	Target: 8 Result: 3	p.102
1.2	Proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	Target: 97.00% Result: 97.80%	p.103
1.3	Average number of days to resolve a dispute	Target: 100 Result: 152	p.104

**Table 3: Indicators of efficiency snapshot**

#	Description	2012/13 Target/Result	Reference
1.1	Average cost per employer compliance activity	Target: \$235 Result: \$265	p.106
1.2	Average cost per approved and monitored service provider	Target: \$3,232 Result: \$2,871	p.107
1.3	Average cost per client contact to provide information and advice	Target: \$124 Result: \$120	p.108
2.1	Average cost to complete a conciliation	Target: \$3,334 Result: \$2,844	p.110
2.2	Average cost to complete an arbitration	Target: \$17,083 Result: \$13,032	p.111
2.3	Average cost to process a Memorandum of Agreement	Target: \$261 Result: \$261	p.112



**Table 4: Delivery of 2012/13 Strategic Commitments**

Goal	Commitments	Outcomes
1: Strategic scheme management	Conduct review of the <i>Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001</i> legislation	<b>Delivered ✓</b> Review of the Terrorism Act was completed, resulting in recommendations to Government for long-term arrangements to manage workers' compensation risks associated with terrorism events.
	Continue the Legislative Review (Stage 2) to develop proposals for the redrafting and restructuring of the statute	<b>Delivered ✓</b> The internal review stage commenced and a public discussion paper will be released in 2013/14.
3: Regulatory compliance	Develop a Regulatory Services Case Management System (RSMS) to replace WorkCover WA's legacy Core Business Systems  <b>Note:</b> The RSMS initiative also contributes to Goal 4: Organisational Excellence	<b>Delivered ✓</b> RSCMS was completed and implemented on time and within budget. Functional improvements will continue to be progressed in 2013/14 as user familiarity matures.
	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	<b>Delivered ✓</b> Recommendations derived from Phase 1 of the AMS Project were implemented on schedule, including the consolidation of all AMS functions within one staff position.

Goal	Commitments	Outcomes
3: Regulatory compliance (continued)	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	<b>Delivered ✓</b> The Insurance Brokers' Code of Practice continued to be promoted and utilised by insurance brokers and the insurance industry more generally.
	Develop a process for inter-agency data-matching to identify and appropriately target employers operating without insurance to ensure compliance	<b>Delivered ✓</b> The process for inter-agency data matching greatly increases the Agency's ability to monitor and enforce employer compliance levels.
	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	<b>Delivered ✓</b> The development and implementation of a strategy to provide a cohesive and strategic approach to the Agency's injury management objectives.
4: Organisational excellence	Develop the capacity of the new dispute services to deliver effective arbitration, conciliation and registration functions	<b>Delivered ✓</b> Continued to improve the Dispute Case Management System; consolidated staffing arrangements within the Division; and established a professional development program for arbitrators and conciliation officers.
	Implement priority initiatives contained in the Workforce Plan 2012	<b>Delivered ✓</b> Developed and implemented a Manager Competency Program. Further initiatives included in the Workforce Plan are scheduled for implementation during 2013/14 and 2014/15.



# Section 1

## agency in focus

Chairman and CEO report	12
Agency brief	13
leadership	14
people	20
enabling legislation	21
governance	22
performance management framework	28



# Chairman and CEO report



» Above: Greg Joyce , Chairman WorkCover WA (left), and Chris White, Acting CEO WorkCover WA (right)

WorkCover WA is proud to manage a strong, sustainable and highly resilient workers' compensation and injury management scheme on behalf of all Western Australians. In uncertain economic times, the WA community can be confident that the scheme continues to operate fairly and efficiently for all stakeholders; from injured workers and their families, to employers and insurers, medical and allied health professionals, and other scheme participants.

Scheme outcomes for 2012/13 continue to be very positive. The number and cost of claims remained stable; premiums paid by employers were well below comparable rates in other states; and the proportion of total claim costs paid directly to workers was above the national average. This continues the long term trend in scheme performance which has enabled almost a 30 per cent reduction in recommended premium rates since 2005 without any reduction in the entitlements of injured workers. These indicators highlight how WorkCover WA continues to successfully balance the sometimes disparate needs and interests of scheme participants.

WorkCover WA is supremely conscious that it is funded by levies on workers' compensation premiums received by insurers, which are ultimately paid for by WA employers. We aim to give practical effect to our core values of 'customer service, innovation, respect, integrity and collaboration' by delivering targeted strategic and operational activities to reduce inefficiencies and create sustainable long-term benefits for our stakeholders.

This year saw the commencement of our 2012–2015 Strategic Plan. As you will read in this report, we have not only delivered against the 2012/13 goals of this Plan, but also the promises we made at the end of the last financial year. In 2012/13, we have progressed further legislative amendments and commenced stage two of our legislative review program, on the back of the 2011 amendments to the *Workers' Compensation and Injury Management Act 1981*. This stage of the program will deliver comprehensive recommendations for a new workers' compensation statute for consideration by the Government. We have also fine-tuned our regulatory systems to enhance the efficiency and breadth of our regulatory activities, and have continued to adjust dispute resolution processes within the Conciliation and Arbitration Services established in 2011. These adjustments have further improved our ability to respond to challenges and changes within the scheme over the next few years.

We have maintained a strong emphasis on actively working with external stakeholders through consultation, feedback and collaboration. This focus allows us to improve the workers' compensation system in ways that are meaningful and relevant to our stakeholders. We value the positive relationships we have with our stakeholders as these provide us with valuable feedback on the success of our various activities and functions and affords us the opportunity to make improvements.



## Agency brief

### workers' compensation and injury management: the Western Australian context

A notable achievement in this regard has been the development of the *Insurance Brokers' Code of Practice* in consultation with the National Insurance Brokers Association and the wider insurance industry. Published in August 2012, this collaborative publication has been widely promoted and distributed across the State, assisting insurance brokers to meet their professional obligations and enhancing effective interaction between brokers, insurers, employers and WorkCover WA.

This consultative and collaborative approach will continue to infuse our major initiatives. As we look to the future, we will strive to have the right systems and processes to deliver the best possible workers' compensation and injury management outcomes for the WA community.

Our achievements in 2012/13 would not have been possible without the dedication and professionalism of our people. We thank all WorkCover WA staff for their dedication and passion this year. They have continued to show exceptional commitment to our goals and values. We will continue to invest in our people through training, development opportunities, and health and wellbeing programs.

We would also like to extend our thanks to the WorkCover WA Board, which has continued to guide the operations of the Agency and ensure strong governance practice and financial management.

We look forward to 2013/14 and remain confident WorkCover WA, along with our committed group of stakeholders, will continue to deliver a workers' compensation and injury management scheme that works for all Western Australians.

The WA workers' compensation and injury management 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. Under the scheme, work-related injuries are actively managed to enable an injured worker's prompt and safe return to work.

The WA scheme is based on a 'no-fault' principle. This means an injured worker does not need to establish their employer was at fault or negligent to make a claim.

The scheme in WA is privately underwritten, with insurance coverage provided by approved incorporated insurance offices. Employers are obliged by the *Workers' Compensation and Injury Management Act 1981* (the Act) to maintain current workers' compensation insurance coverage for all their workers. WorkCover WA provides advice and assistance to employers to help them understand their legislative obligations, including who to cover.

A range of other related issues are also covered under the WA workers' compensation and injury management scheme, such as compensation related to noise-induced hearing loss, assessment of permanent impairment, and finalising claims through settlement or common law proceedings.

Refer to *Section 2: Scheme performance* from page 33 for an analysis of the workers' compensation environment in the Western Australian context using the most recent data available.

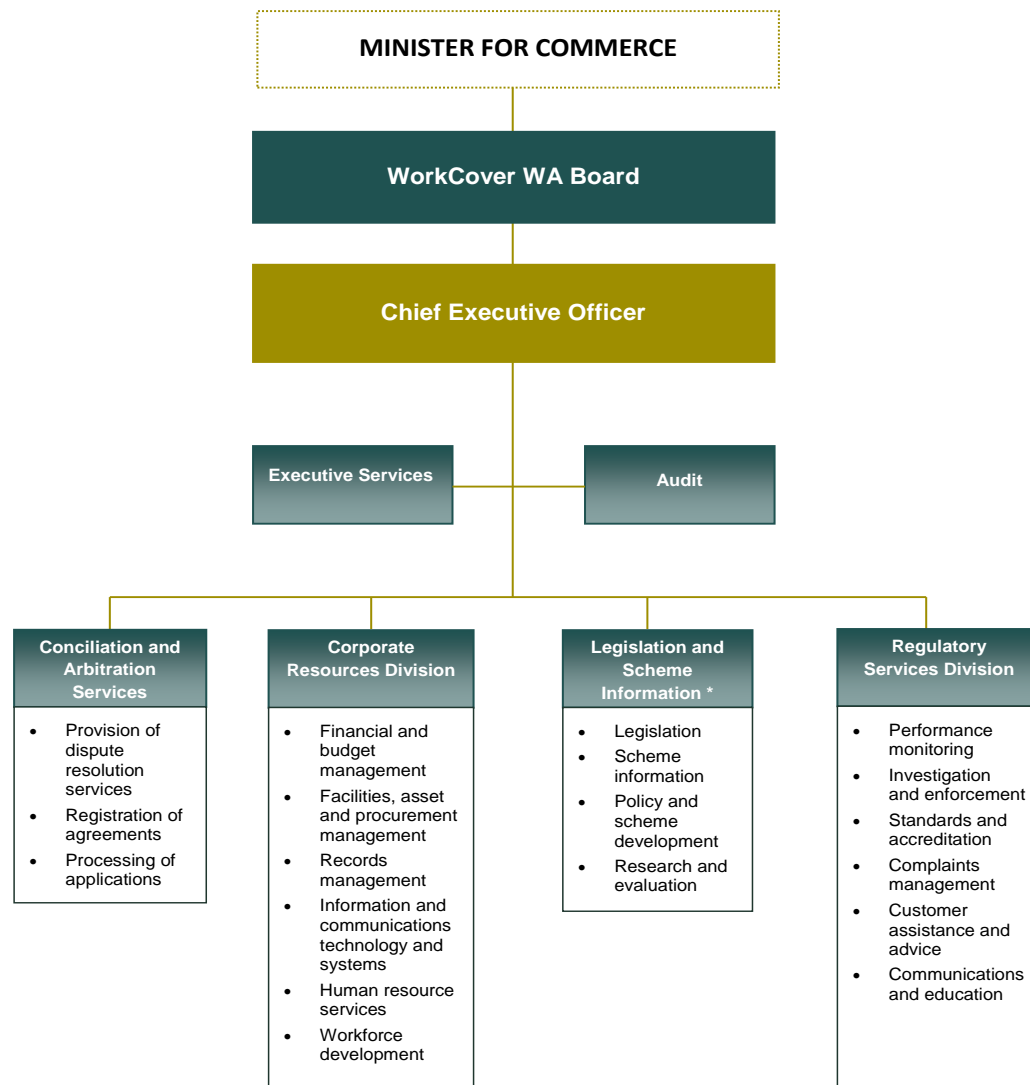


# leadership

## Agency overview

<b>Responsible Minister</b>	The Hon Michael Mischin MLC, Minister for Commerce
<b>Agency funding</b>	Funding for WorkCover WA's activities is provided via an annual levy on workers' compensation insurers and by a direct levy on employers who are approved by WorkCover WA to self-insure.
<b>Administration</b>	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.
<b>Organisational structure</b>	WorkCover WA comprises four Divisions as outlined in the following organisational structure diagram and divisional descriptions.

## organisational structure



\* In December 2012, the Legislation and Scheme Information and Policy and Performance Divisions were amalgamated into a single division called Legislation and Scheme Information.



## divisions and direction



» Above: General Manager Corporate Resources Jeff McDonough (left), A/General Manager Conciliation and Arbitration Services Damien Stewart, Registrar Shane Melville, A/CEO and General Manager Legislation and Scheme Information Chris White, A/General Manager Regulatory Services Harley White, and Chief Finance Officer John Hull (right)

### Corporate Executive

WorkCover WA is lead by a Corporate Executive team which comprises the Chief Executive Officer, divisional heads, the Registrar Arbitration and the Chief Finance Officer. The Corporate Executive is responsible for developing, monitoring and reporting the Agency's overall corporate direction, budgeting, planning and monitoring of operational performance outcomes.

### Conciliation and Arbitration Services

The Conciliation and Arbitration Services are responsible for the resolution of disputes in the WA workers' compensation and injury management scheme via conciliation (leads to final and appropriate agreements between parties in relation to disputes) and arbitration (enables disputes unresolved by conciliation to be determined according to their substantial merits with as little formality and technicality as possible).

### Corporate Resources

The Corporate Resources Division ensures staff, financial, technical, information and physical resources are available to support the Agency's operations and delivery of outputs.

### Legislation and Scheme Information

The Legislation and Scheme Information Division maintains scheme viability and effectiveness through:

- policy and legislation development
- research and evaluation of scheme performance
- collection, quality assurance and analysis of data from approved insurers and self-insurers to assist compliance activities and set premium rates.

The Division has a strategic focus including responsibility for survey research that assists the Board and Government to effectively manage the workers' compensation system.

### Regulatory Services

The Regulatory Services Division ensures parties operating within the workers' compensation and injury management scheme are complying with their statutory and regulated obligations. This is achieved by:

- educating and informing stakeholders
- providing advice and assistance
- monitoring scheme participants' compliance with the Act and other standards
- delivering communications and education to staff and stakeholders.



## WorkCover WA Board

The WorkCover Western Australia Authority (the Board) is responsible for governance of the Agency; the provision of independent advice to the Minister and State Government; and the approval of certain service providers. Constituted under section 94(1) of the *Workers' Compensation and Injury Management Act 1981*, the Board is authorised to use and operate under the trading name 'WorkCover WA'.

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

### Chairman

appointed by the Governor on the recommendation of the Minister



**Mr Greg Joyce** has been a member and Chairman 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 WorkCover WA\*



**Ms Michelle Reynolds** has been a member of the Board since December 2008 as the WorkCover WA Chief Executive Officer. Ms Reynolds has more than 27 years' experience in the Western Australian public sector, the past 12 years in senior executive roles. Ms Reynolds' full profile is available in the following Senior Officers section.

\* **Mr Chris White**, WorkCover WA's General Manager of Legislation and Scheme Information, was Acting Chief Executive Officer of WorkCover WA from 1 July 2012 to 31 December 2012, and again from 13 May 2013 to 30 June 2013. Mr White fulfilled the Chief Executive Officer's Board commitments during this time. His full profile is available in the following Senior Officers section.

### 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. He served as Chairman of the former Workers' Compensation and Rehabilitation Commission from 2000 to 2005, and was the Western Australian member of the Australian Safety and Compensation Council from 2005 to April 2009. Mr Bradley is currently the Deputy Chair of the Western Australian Commission for Occupational Safety and Health, Western Australian member of Safe Work Australia and a member of the Legal Aid Commission.



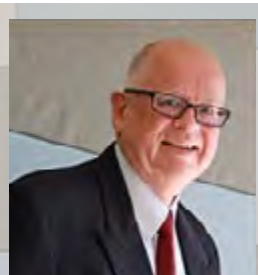


**Member**  
experienced in employers' interests



**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 and has over 15 years of experience in the area of workers' compensation. Ms Lee has previously worked at Allianz Insurance and WorkCover Qld, and as a solicitor in personal injury litigation matters. Ms Lee holds a Bachelor of Laws and a Graduate Certificate in Case Management (Rehabilitation). Ms Lee is a member of the Commission for Occupational Safety and Health WA.

**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 workers' interests



**Ms Linda Morich** was appointed to the WorkCover WA Board for a three-year term commencing 30 December 2008, then reappointed for a further three years from 30 December 2011. She is currently an 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 WA Commission for Occupational Safety and Health.

**Member**  
experienced in accounting and financial management



**Mrs Victoria Wilmot** was appointed to WorkCover WA's Board on 4 January 2005, then reappointed for a further three years from 4 January 2008 and again for a three year term commencing 4 January 2011. She is currently Associate Director in Treasury and Investments at the University of Western Australia. Mrs Wilmot is a member of the Institute of Chartered Accountants (CA) in Australia, is a Fellow of the Financial Services Institute of Australasia and is on the Board of the University Credit Society Ltd.

**Table 5: Board meeting attendance**

Member	Number of meetings eligible to attend	Number of meetings attended
Mr Greg Joyce (Chairman)	11	11
Mr Brian Bradley	11	10
Ms Linda Morich	11	8
Ms Karin Lee	11	9
Mr Ian Williams	11	10
Mrs Victoria Wilmot	11	10
Ms Michelle Reynolds	2	2
Mr Chris White	9	9



## senior officers

The Corporate Executive is WorkCover WA's senior management team. The Corporate Executive team meets monthly to discuss and progress strategic matters.

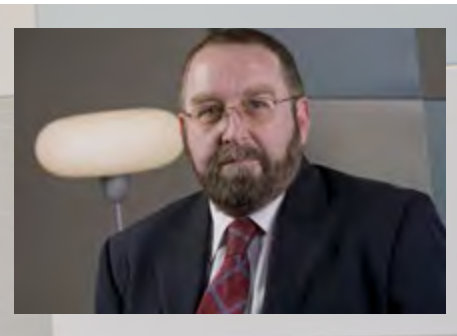
### Chief Executive Officer \* Michelle Reynolds



**Ms Michelle Reynolds** was appointed as the Chief Executive Officer of WorkCover WA on 22 September 2009 after acting in the role from 25 December 2008. Since commencing in the role, Michelle has been successful in delivering a legislative reform agenda which has resulted in the abolition of age restrictions in the *WA Workers' Compensation and Injury Management Act 1981* along with other progressive changes. Michelle has more than 27 years' experience in the Western Australian public sector, the past 12 years in senior executive roles. Michelle has a Bachelor of Arts and a Masters of Business Administration (University of Western Australia).

\* Ms Reynolds was seconded to the State Emergency Management Committee from 1 July 2012 to 31 December 2012, and to the Department of Premier and Cabinet from 13 May 2013.

### General Manager, Legislation and Scheme Information \* Chris White



**Mr Chris White** has been General Manager of Legislation and Scheme Information at WorkCover WA since May 2009. He has more than 30 years' experience in WA's workers' compensation and occupational safety and health policy. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe. Mr White holds a Master of Arts (Public Policy) from Murdoch University.

\* Mr White was **Acting Chief Executive Officer** of WorkCover WA from 1 July 2012 to 31 December 2012, and again from 13 May 2013 to 30 June 2013.

### General Manager, Conciliation and Arbitration Services; Director, Conciliation \* Wendy Attenborough



**Ms Wendy Attenborough** joined WorkCover WA in July 2008 as General Manager Scheme Development and transferred to her current role in October 2011. Prior to joining WorkCover WA, she was employed in a number of senior policy roles within the Western Australian Department of the Premier and Cabinet, including the Inter-governmental Relations Unit. Ms Attenborough holds a Bachelor of Arts from the University of Western Australia.

\* Ms Attenborough was seconded to the Department of Premier and Cabinet from 4 June 2013.

### General Manager, Conciliation and Arbitration Services; Director, Conciliation \* Damien Stewart



**Mr Damien Stewart** commenced as acting General Manager Conciliation and Arbitration Services on 4 June 2013. Mr Stewart joined WorkCover WA in June 2012 and has performed a number of senior roles in the Regulatory Services Division. Prior to joining WorkCover WA Mr Stewart was a General Manager with GESB, having responsibility for areas including Strategy, Risk, Governance, Legal, Compliance, Board, Stakeholder Relations and Information Security. Mr Stewart has also held senior roles in the Department of the Premier and Cabinet during his 23 year career in the Western Australian Public Sector.

## senior officers (cont.)

**General Manager,  
Corporate Resources**  
**Jeff McDonough**



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

**General Manager,  
Regulatory Services**  
**Harley White**



**Mr Harley White** is acting General Manager, Regulatory Services. He has been employed in workers' compensation and related fields since 1994, and has held positions in a number of areas within WorkCover WA including dispute resolution, policy and legislation, and regulation. He is a career public sector employee, having joined the sector in 1978 and holds a Diploma in Legal Studies.

**Registrar, Arbitration**  
**Shane Melville**



**Mr Shane Melville** was appointed as Registrar, Arbitration, in December 2011 and previously occupied the position of 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**  
**John Hull**



**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.



# people

The October 2012 Staff Climate Survey, completed by 67 per cent of WorkCover WA employees, indicated:

- overall employee satisfaction at WorkCover WA is high and has increased from 2011
- satisfaction with workloads and work life balance has increased significantly
- perception of colleagues, leadership and communication remains highly positive.



» Above: WorkCover WA staff from across the Agency

## workforce profile

The following figures offer an overview of the Agency's 2012/13 workforce profile. WorkCover WA's complete FTE profile is disclosed on page 82 under 'Employment and Industrial Relations' in *Section 5: Disclosures and legal compliance*.

**Figure 3: Staff by FTE**



## workforce policies

WorkCover WA's workforce policies are outlined under 'Opportunity and Accessibility' in *Section 4: Opportunities and challenges*, and the entries disclosed under 'Legal Compliance' in *Section 5: Disclosures and legal compliance*.

**Figure 4: Staff by division**





# enabling legislation

The WorkCover Western Australia 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*
- *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) Costs Determination 2011*
- *Workers' Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Regulations 2002*
- *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment – Third Edition*
- *Workers' Compensation and Injury Management Conciliation Rules 2011*
- *Workers' Compensation and Injury Management Arbitration Rules 2011*

## key legislation impacting on WorkCover WA's activities

- *A New Tax System (Fringe Benefits Reporting) Act 1999 (Commonwealth)*
- *A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)*
- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Electronic Transactions Act 2011*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Occupiers' Liability Act 1985*
- *Public and Bank Holidays Act 1972*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Public Sector Management (Redeployment and Redundancy) Regulations 1994*
- *Salaries and Allowances Act 1975*
- *Superannuation Guarantee (Administration) Act 1992 (Commonwealth)*
- *State Supply Commission Act 1991*
- *State Records Act 2000*



# governance

## other written laws impacting on WorkCover WA's activities

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



» **Above:** Acting CEO Chris White (foreground left) leads discussions at a Corporate Executive meeting

## delegation of authority

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 to provide objective administration and management of certain elements of the WA workers' compensation and injury management scheme. Governance issues for the committees are 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.



## 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.

Refer to page 85 under 'Governance Disclosures' in *Section 5: Disclosures and legal compliance* for full disclosures on this committee.

## Costs Committee

---

The Costs Committee is an independent committee established under section 269 of the Act that reports directly to the Minister of Commerce. It is empowered to make, amend or revoke a determination fixing maximum costs for legal services and registered agent services in relation to conciliation and arbitration.

Refer to page 85 under 'Governance Disclosures' in *Section 5: Disclosures and legal compliance* for full disclosures on this committee.

## Medical Committee

---

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

Refer to page 85 under 'Governance Disclosures' in *Section 5: Disclosures and legal compliance* for full disclosures on this committee.

## workplace consultation

### Emergency Planning Committee

---

The Emergency Planning Committee (EPC) meets quarterly and is responsible for identifying events which could reasonably produce emergency situations. The Committee prepares and reviews emergency plans, and appropriate emergency response procedures.

In conjunction with the Emergency Control Organisation (as defined by the WA Hendry Emergency Plan), the EPC ensured two evacuation tests were conducted during 2012/13. External reviewers assessed the efficiency and effectiveness of WorkCover WA's evacuation procedures and made recommendations for improvement. The EPC also ensured appropriate training was in place for wardens and personal emergency evacuation plans are in place for staff with disabilities.

### Equity and Diversity Committee

---

The Equity and Diversity Committee (EEO) meets quarterly to contribute to the development and monitoring of policies relating to equal employment opportunity, disability and indigenous issues, and associated action plans. This includes the development of initiatives that raise staff awareness and understanding of equity and diversity; matters affecting people with disabilities; and employment strategies that support diversity at WorkCover WA.

In 2012/13, the Equity and Diversity Committee contributed to the:

- development of EEO strategies for inclusion in the WorkCover WA Workforce Plan 2012–2016
- development of a new Reconciliation Action Plan (RAP)
- development of a new Disability and Access Inclusion Plan (endorsed in May 2013)
- sponsoring of fund-raising events to support RAP initiatives.



## IT Steering Committee

---

The IT Steering Committee governs investment in, and the use of, information systems, communications and technology on behalf of WorkCover WA. Meeting bi-monthly, the committee ensures WorkCover WA:

- achieves the greatest affordable benefit from information technology
- manages information according to legislation
- complies with government policies.

## Joint Consultative Committee

---

Comprising the WorkCover WA elected union delegates, the CEO, and senior management representatives, the Joint Consultative Committee (JCC) convenes quarterly, or as required, to ensure consultation occurs between staff and management on major issues affecting the working conditions of employees.

In 2012/13, the JCC reviewed and agreed upon the content and methodology for the Staff Climate Survey conducted in late 2012. In addition, JCC members provided feedback on all corporate policies prior to final approval.

## Occupational Safety and Health Committee

---

The Occupational Safety and Health (OSH) Committee facilitates consultation and cooperation between WorkCover WA and its employees by examining issues affecting the health and wellbeing of staff, and developing and implementing measures to prevent workplace accidents and injuries. The committee makes recommendations to both the Agency and its employees regarding the establishment, maintenance and monitoring of programs, measures and procedures in the workplace relating to the safety and health of all employees.

Members comprise the General Manager Conciliation and Arbitration Services, the Coordinator Workforce Development, the Administration Officer Business Services, and three elected employee representatives. The committee meets on a quarterly basis to discuss and resolve OSH issues, and review hazards and incident reports.

In 2012/13, the OSH Committee reviewed and recommended the following OSH initiatives:

- development and implementation of the 2013 OSH Management Plan
- development and implementation of Journey Management Procedures
- online Hazard Management System Review
- review of the OSH Policy and Procedures
- ergonomic Assessment Project
- development of Chemical Management Guidelines.

Under the OSH Audit Action Plan in 2012/13, WorkCover WA's OSH Management System received a Gold Certificate of Achievement during a follow-up audit conducted against the WorkSafe Plan assessment tool. For further information refer to 'OSH Audit Action Plan' on page 76.





## KPI Performance Reporting Committee

---

The KPI Performance Reporting Committee reviews and manages the Agency Outcome Based Management (OBM) structure. The objectives of the committee are to comply with relevant government directives, guidelines and legislation; as well as develop, implement and monitor organisational performance outcomes.

Members (consisting of Corporate Executive members and relevant staff) meet as required. The committee met for a total of six times in 2012/13, with some additional discussions around the changes to the OBM structure also taking place during Corporate Executive meetings.

The changes to the OBM and KPIs were the key focus of the committee in 2012/13. Refer to pages 94–98 for more details about these changes and how they will affect the Agency moving forward.

## Risk Management Review Group

---

The Risk Management Review Group (RMRG) oversees WorkCover WA's risk management processes and is responsible for maintaining the Agency's Risk Management Framework. The RMRG meets quarterly, preceding the Corporate Executive meetings where possible, in order to:

- monitor and track risks
- monitor, track and report the progress of risk treatment action plans
- encourage and promote greater awareness and understanding of risk throughout all levels of the Agency
- provide guidance on risk management.

While the RMRG has no executive powers, its members drove improvements to the treatment of project risks within the Agency in 2012/13 by ensuring that a consistent process is used to consider and record risks for all projects, and keeping the risk register accurate and up-to-date.

## communications policies

WorkCover WA has a number of policies which govern internal communications with staff and external communications with stakeholders. These policies are supported by WorkCover WA's Freedom of Information Policy, Records Management Policy and the Code of Conduct, to ensure the Agency is complying with relevant legislation whilst maintaining proactive, transparent and responsive internal and external communications. Every policy is reviewed periodically for adequacy, currency and effectiveness.

### Governance Policy: Official Communication

---

This policy defines the flow of information between members of the WorkCover WA Board, Board Committees and stakeholders, as well as the dissemination of information from the WorkCover WA CEO to Agency employees.

Communications by the Board occur for a variety of reasons, including:

- informing or involving internal and external stakeholders
- responding to the media, lobbyists, or other requests for information, compliance or reporting
- to promote or represent WorkCover WA.

This policy establishes:

- who should communicate with whom, and when (including authorisation to make public comment on behalf of WorkCover WA)
- the extent of what should be communicated, and
- confidentiality considerations.



## Customer First Feedback Policy and Procedures

---

Feedback from customers is the most immediate and effective way an agency can analyse public perception of its performance. A customer feedback system forms part of an agency's commitment to continuously improve services to customers and the community.

WorkCover WA's Customer First Feedback System complies with the Australian Standard on Complaints Handling (AS 10002-2006) and the Public Sector Commission Circular 2009-27: Complaints Handling. It provides customers with an avenue to deliver positive or negative feedback about the Agency's services, decisions, procedures, policies and facilities.

This feedback mechanism increases WorkCover WA's understanding of customer needs and expectations and identifies opportunities for organisational improvements. Customer feedback is reported regularly to the Agency's Corporate Executive for discussion and trend identification.

Customer feedback is recorded either verbally (in person or by telephone) or in writing (by Customer First Feedback Form, email, website, letter, fax or ministerial). Oral feedback must be responded to within five working days, and written feedback must be responded to within 10 working days. Complaints with longer timeframes are expected to be resolved within 30 working days.

2012/13 outcomes from the WorkCover WA Customer First Feedback System are available on page 60.

## External Data Release Policy

---

As WorkCover WA receives requests for aggregate and unit level data from external parties on a regular basis, this policy governs the supply of data to external parties such as government agencies, researchers, stakeholders and the general public. The policy protects the Agency's intellectual property and data confidentiality, and ensures the terms and conditions for the use of the supplied data are clearly outlined in written agreements.

## Restriction of Telephone Communications when Dealing with Unreasonable Customer Behaviour Policy

---

Open communication with stakeholders and the general public is part of WorkCover WA's Values and Code of Conduct. However, customers may be excluded from telephone contact with WorkCover WA staff where their behaviour is deemed unreasonable. This policy provides WorkCover WA staff with guidance on managing customers who have displayed unreasonable behaviour in the course of telephone communications.

In compliance with the WA Ombudsmen's guidelines for 'dealing with unreasonable complainant conduct', unreasonable behaviour is categorised as follows:

- habitual or obsessive complainants
- rude, angry and harassing complainants
- aggressive complainants.

In certain circumstances, customers that fit the above categories may be excluded from further telephone contact with WorkCover WA staff. These customers will continue to be communicated with in writing for a reasonable duration as determined by each circumstance.

## Disclosure of Personal Information Policy

---

This policy ensures all personal information concerning WorkCover WA staff remains strictly confidential unless the staff member in question has given written consent for its disclosure.



## risk management policies

### Risk Management Framework

WorkCover WA's approach to risk is based on the principle that every staff member has a role to play in risk management and mitigation. Policies informing staff of all risk and occupational safety and health responsibilities are embedded in business activities and consolidated through training initiatives. These procedures ensure the Agency manages risks in accordance with the Australian New Zealand standard AS/NZS ISO 31000:2009.

WorkCover WA's Risk Management Framework includes:

- an Audit Committee (see 'Governance Disclosures' in *Section 5: Disclosures and legal compliance*) charged with the responsibility of providing assurance to the Board on WorkCover WA's risks and controls
- an Audit Services Manager with the responsibility of advising the Agency on risk management
- a risk management policy and risk management guidelines
- a Risk Management Review Group (see 'Workplace Consultation: Risk Management Review Group' on page 25) which provides ongoing assurance to the Corporate Executive that risks are being addressed in a timely and appropriate manner
- a risk register that is monitored and maintained regularly.

### Risk Management Policy and Guidelines

The Agency's Risk Management Policy and Risk Management Guidelines cover all aspects of the active management of existing risks, as well as outlining the processes involved with the identification, recording and management of new risks. These policies and procedures are applied on an ongoing basis, ensuring the Agency's risk management activities are reported bi-annually to the Audit Committee.

### other policies and procedures

The Agency's other policies and procedures involving risk management include:

- an IT Risk Management Policy
- Occupational Safety and Health Procedures
- an Occupational Safety and Health Policy
- an Occupational Safety and Health Risk and Legal Register.

### risk management audit strategies

WorkCover WA's Risk Management Framework was reviewed in November 2012 by the Agency's internal audit service provider. Following the review, the Agency's Risk Management Guidelines were reviewed and revised in February 2013.

The Agency continually evaluates its risks through risk review workshops, the Risk Management Review Group's monitoring of risk and mitigation strategies, and further oversight by the Agency's Audit Committee and the WorkCover WA Board.





# performance management framework



## Outcome Based Management structure

WorkCover WA delivers services to minimise the social and economic impact of work-related injury and illness on workers, employers and the Western Australian community.

In doing this, WorkCover WA contributes to a range of State Government objectives related to **Government Goal 3: Results-Based Service Delivery**, which demands a 'greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'.

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

**Table 6: WorkCover WA Outcome Based Management structure**

Government Goal	
<p><b>Results-Based Service Delivery</b> Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.</p>	
WorkCover WA's Agency Desired Outcome	
<p>To ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated, whilst providing services that are fair, accessible, timely and cost effective for all participants.</p>	
WorkCover WA's Agency Services	
<p><b>1. Scheme Regulation</b> (regulation of workers' compensation scheme participants for compliance with legislative requirements).</p>	<p><b>2. Scheme Services</b> (provision of effective and equitable dispute resolution and other services to scheme participants).</p>



## changes to Outcome Based Management structure

### 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.

### shared responsibilities with other agencies

---

WorkCover WA did not share any responsibilities under the Act with other agencies in 2012/13.

Significant legislative change in 2011/12 led to a number of adjustments to WorkCover WA's Outcomes Based Management (OBM) structure and key performance indicators (KPIs). The Agency has made further refinements to its OBM structure and KPIs in 2012/13.

A summary of the 2012/13 changes has been included below for overview purposes only. For a comprehensive description of these changes, turn to *Section 6: Key performance indicators* starting page 91.

These changes were approved by the Under Treasurer on 3 January 2013 and noted by the Minister on 21 January 2013.

### refinements to WorkCover WA OBM structure

---

2012 Reviews of the OBM identified the need to include 'timeliness' in the Agency Outcome Statement. The revised Agency Desired Outcome is now:

"To ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants."



## refinements to WorkCover WA key performance indicators

Two satisfaction key performance indicators (KPIs) measured via an annual survey of scheme participants have been discontinued due to both a limited number of available survey participants and unavoidable bias present in responses received by survey participants who have been involved in binding conciliation and arbitration decisions regarding workers' compensation matters. (The issues related to the discontinuation of the surveys are outlined on page 95.)

The measure of timeliness for Arbitration Services was replaced with an indicator that measures the total time taken to resolve disputes, from the acceptance of an application for conciliation through to when the arbitration matter is finalised.

## how we measure our performance

In order to evaluate its contribution to State Government Goal 3 'Results-Based Service Delivery', WorkCover WA measures its performance in 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

The Agency's two services are linked to KPIs comprised of **effectiveness** and **efficiency** indicators (outlined in the table below) which analyse the extent to which WorkCover WA achieved its Agency Desired Outcome.

**Table 7: WorkCover WA's KPIs**

key effectiveness indicators		key efficiency indicators	
1.1	Number of non-compliance events identified as a result of a claim on the General Account	1.1	Average cost per employer compliance activity
1.2	Proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	1.2	Average cost per approved and monitored service provider
1.3	Average number of days to resolve a dispute	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



## Strategic Plan 2012–2015

In 2012, WorkCover WA adopted a new strategic plan in response to key challenges, such as maintaining scheme viability in times of economic volatility, as well as implementing and consolidating the changes emerging from the Legislative Review project.

The *Strategic Plan 2012–2015* recognises and reflects the Agency's increasing maturity as an organisation, and the significant gains that have been made to improve systems and develop an effective, motivated workforce. It emphasises the shift from an internal focus to an external one, enabling the Agency to give greater attention to the needs of scheme participants (view our strategic plan at <http://bit.ly/17tUOq5>).

### strategic goals and initiatives

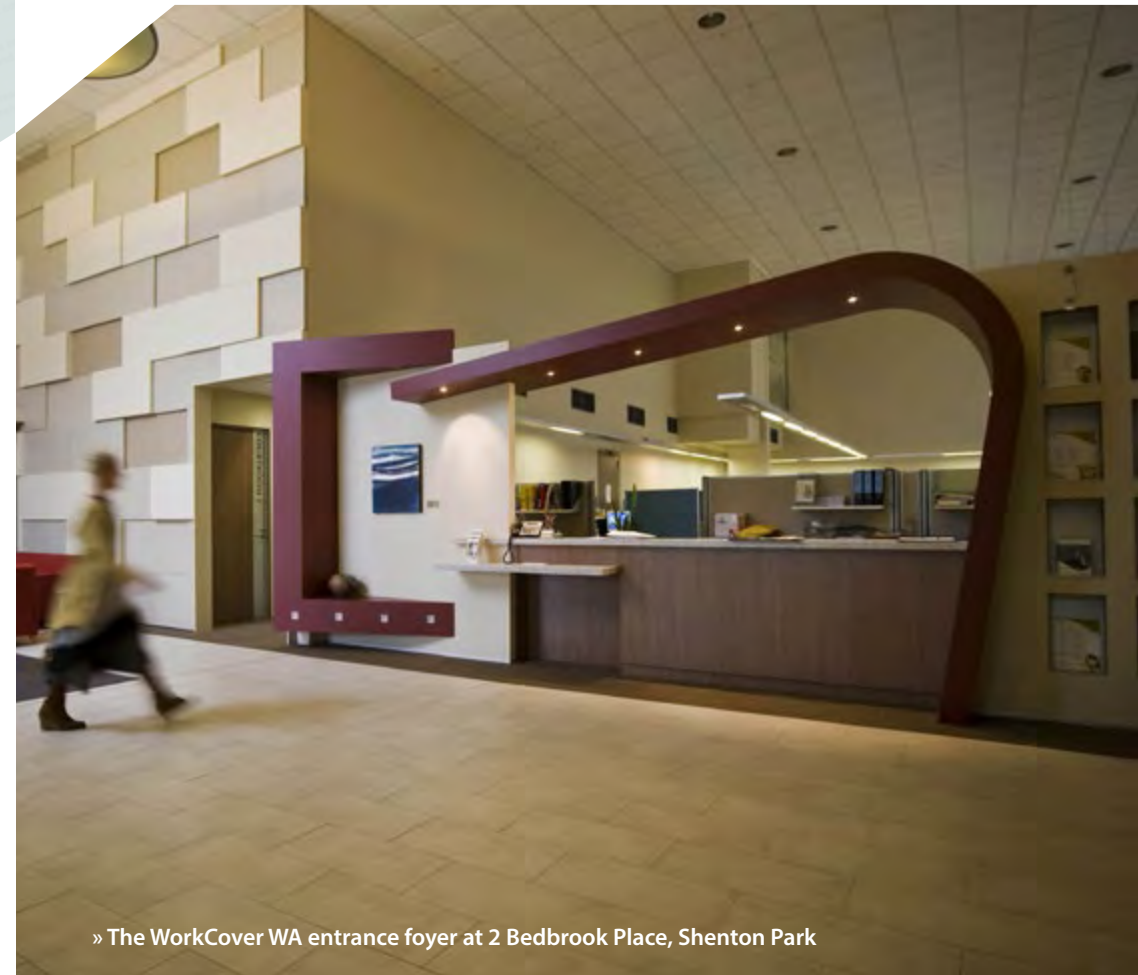
The Agency's *Strategic Plan 2012–2015* outlines four strategic goals that frame WorkCover WA's new initiatives and ensures projects relate to the Agency's Purpose, and ultimately, the Agency Desired Outcome.

The four strategic goals are:

1. Strategic scheme management
2. Stakeholder confidence and engagement
3. Regulatory compliance
4. Organisational excellence

Within each year of the strategic plan, WorkCover WA outlines Strategic Initiatives (previously entitled commitments) that will be developed or completed within that financial year. These projects are aligned with, and contribute to, one or more of the four strategic goals.

To view the Agency's performance against its 2012/13 Strategic Commitments turn to page 63.



» The WorkCover WA entrance foyer at 2 Bedbrook Place, Shenton Park



## outlook for the future

WorkCover WA's Strategic Initiatives for the 2013/14 financial year, and their alignment with the Agency's four strategic goals, are outlined in the following table.

**Table 8: 2013/14 Strategic Initiatives**

Goals	Strategic Initiative
2,3	<p><b>Review of Medical Certificates</b></p> <p>This project will deliver revised medical certificates for use in the WA workers' compensation scheme that are user-friendly and are supported by explanatory material.</p>
1,2	<p><b>Legislative Review Stage 2 (continued)</b></p> <p>Continuing from 2012/13, this project involves a complete redraft of the <i>Workers' Compensation and Injury Management Act 1981</i> with the objectives of introducing contemporary language and drafting conventions, and a logical and coherent structure, whilst preserving the current intent of the legislation. Identified policy issues will also be addressed during the review.</p>
1,2,4	<p><b>Core Business System – Scheme Performance (continued)</b></p> <p>Continuing from 2012/13, this project will deliver the redevelopment of the Scheme Information Systems.</p>
2,3	<p><b>Development of WorkCover WA Compliance Program</b></p> <p>This project will deliver a compliance framework; public release of a 2014/15 Compliance Program; and develop and document a process to update the Program each year.</p>
2,3	<p><b>Guidance Material for Medical Practitioners</b></p> <p>This project will develop useful guidance material for general practitioners (GPs) to support them in delivering injury management services. It will clarify the role of the GP and strengthen engagement and partnerships between WorkCover WA and the medical profession.</p>







# Section 2

## scheme performance

claim numbers	34
claim trends	34
frequency rates	35
scheme payments 2012/13	36
average recommended premium rates	36
scheme payments and premium income	37
settlements	37



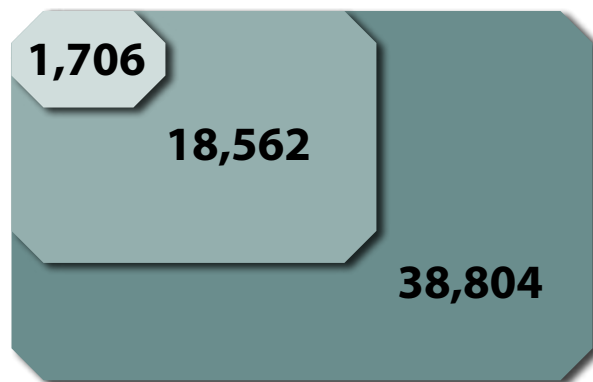
# claim numbers

**Important:** Due to the nature of the processes 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 2012/13 financial year was unavailable at the time of publishing this report and we have reported on information from the 2011/12 financial year.

In 2011/12, 38,804 claims were lodged. Of these, 48 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).

Further information on scheme performance is available from the WorkCover WA website at:  
<http://www.workcover.wa.gov.au/Publications+And+Forms/Research/Default.htm>

**Figure 5: Claim numbers**



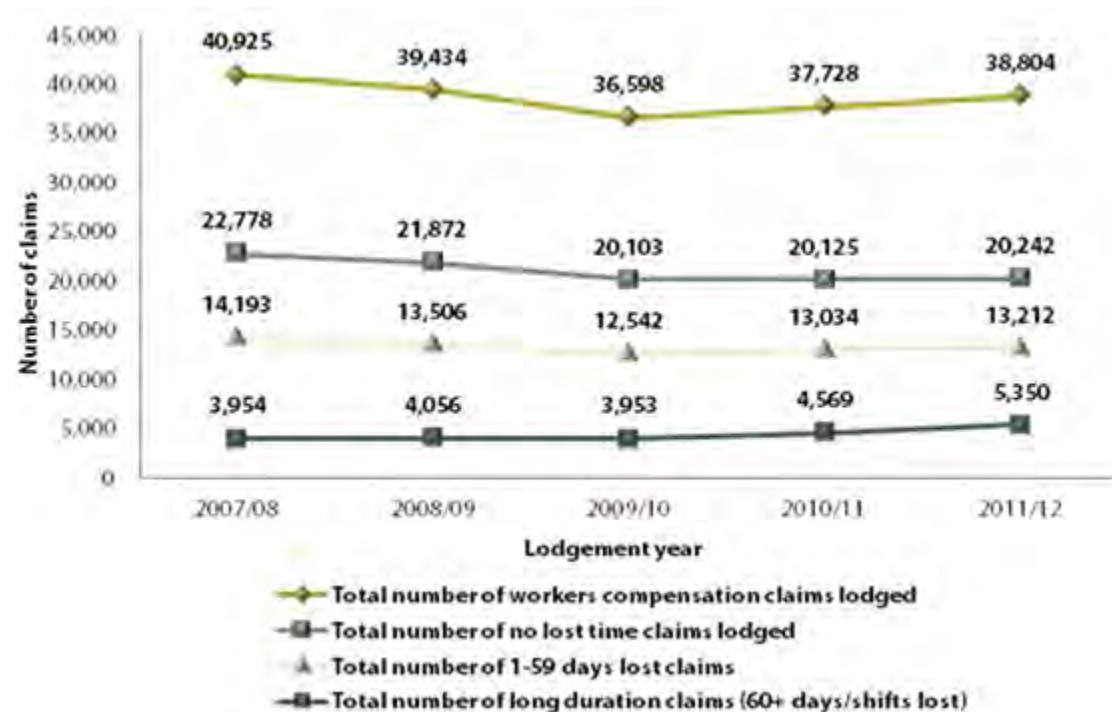
- Number of disputes lodged for workers' compensation claims
- Number of workers' compensation claims with lost time
- Total number of workers' compensation claims lodged in 2011/12



# claim trends

While the total number of claims lodged in the WA workers' compensation scheme decreased between 2007/08 and 2009/10, there has been a six per cent increase between 2009/10 and 2011/12.

**Figure 6: Claim trends**

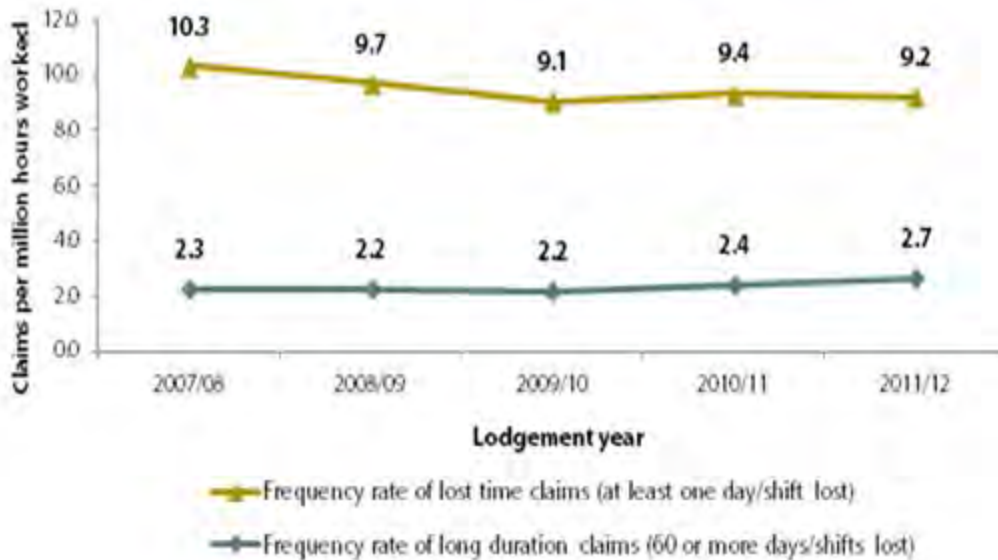




# frequency rates

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 (three 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 and 2011/12, after having remained stable during the previous three years.

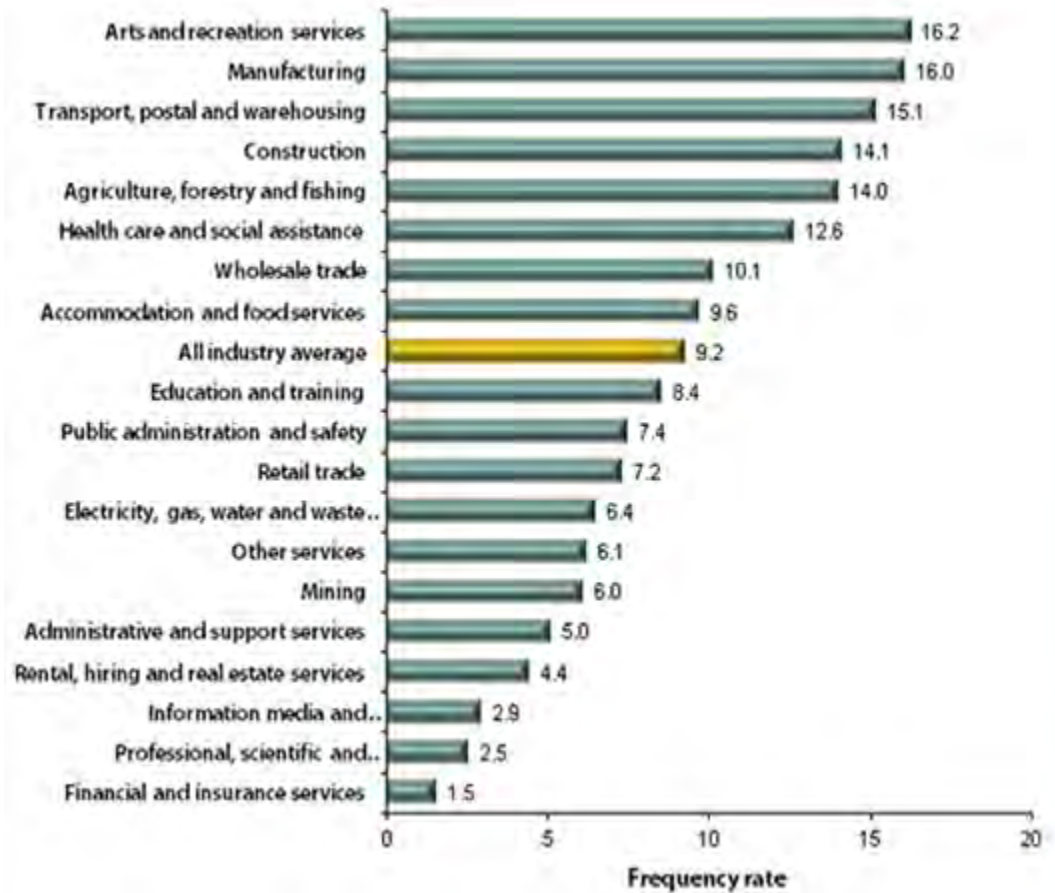
**Figure 7: Frequency rates**



# frequency of lost time claims by industry

In 2011/12 the industries with the highest lost time claim frequencies were arts and recreational services, manufacturing, and transport, postal and warehousing.

**Figure 8: Frequency of lost time claims by industry**

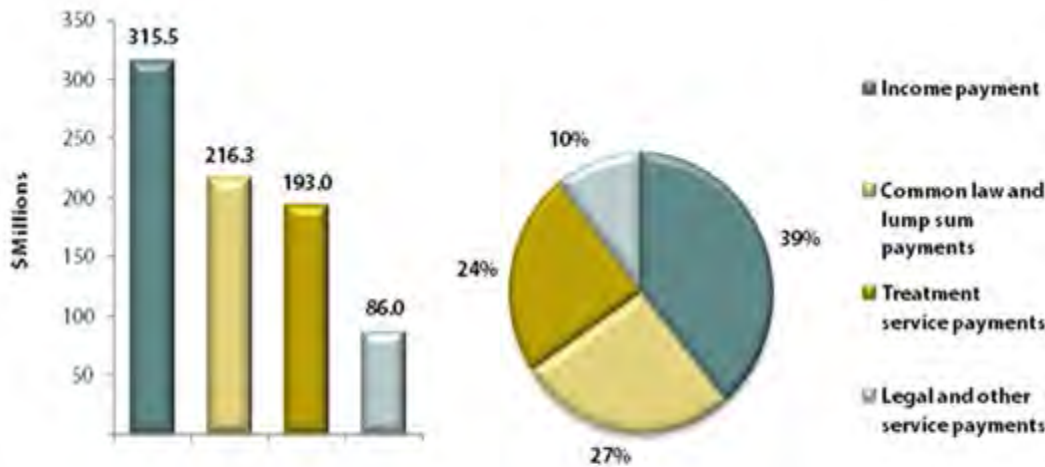




# scheme payments 2012/13

During 2012/13, 66 per cent of scheme payments were paid directly to workers in the form of weekly income replacement, settlements and common law payouts, while 24 per cent of payments were made for treatment services such as medical, allied health and vocational rehabilitation services. Ten per cent of payments were related to legal and other services.

**Figure 9: Scheme payments 2012/13**



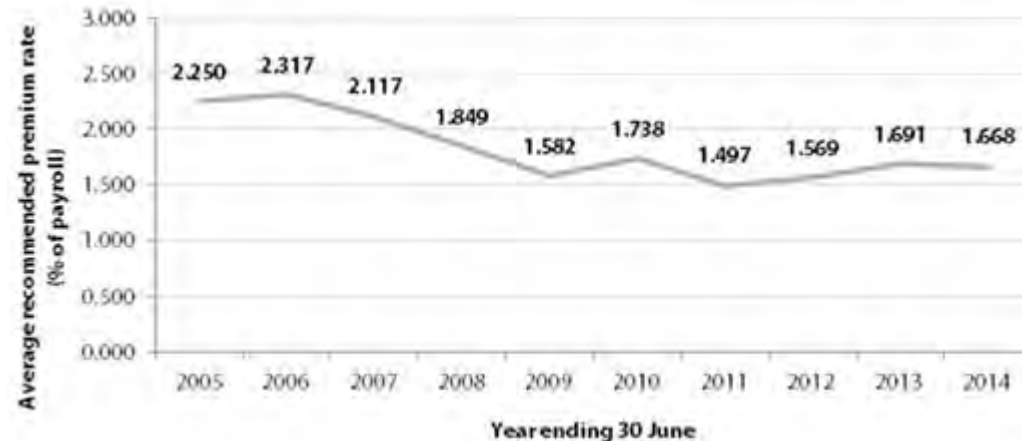
# average recommended premium rates

Each year, WorkCover WA publishes recommended premium rates for workers' compensation insurance for each industry. The average recommended premium rate for 2013/14 represents a decrease of 1.4 per cent on the previous rate, down from 1.691 per cent of wages to 1.668 per cent of wages.

The decrease in 2013/14 is largely due to continued wages growth in Western Australia. However, the positive impact of wages growth is offset by other factors, including modest increases in claim numbers and associated costs, and reductions in real rates of return for approved insurers.

The average recommended premium rate has reduced by 26 per cent since 2004/05. High wages, growth, improved safety performance and strong rates of return for insurers over the last 10 years were the main drivers of these reductions.

**Figure 10: WA average recommended premium rates**

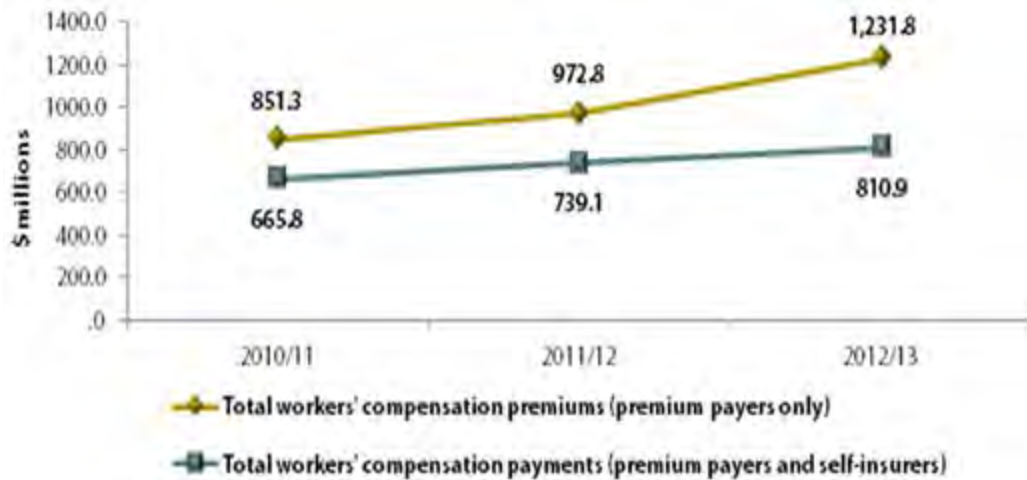




# scheme payments and premium income

This graph 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 11: Premiums collected and compensation paid**

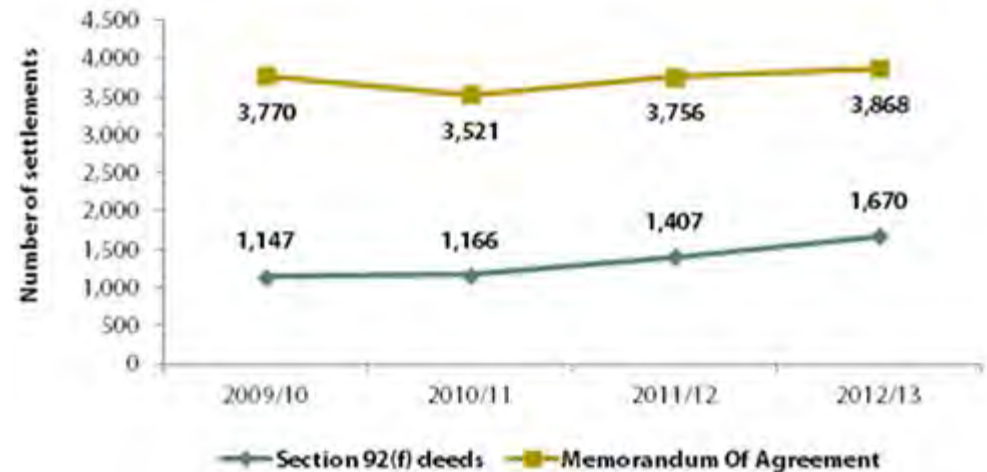


# settlements

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 judgements in the District Court.

Numbers of 92(f) deed settlements and MoAs increased between 2010/11 and 2011/12. The graph below shows settlement trends for matters within the jurisdiction of the Conciliation and Arbitration Services (CAS).

**Figure 12: Number of settlements**





# Section 3

## report on operations

<b>service 1: scheme regulation</b>	<b>  39</b>
» regulating service providers	39
» regulating employers	43
» acting on noise induced hearing loss	48
» improving scheme performance	48
» progressing legislative reform	51
<b>service 2: scheme services</b>	<b>  52</b>
» resolving disputes	52
» education and information	54
» training and seminars	59
» consultation and engagement with stakeholders	60
» handling complaints	60
» collaborations	61
<b>report against 2012/13 Strategic Commitments</b>	<b>  63</b>



# service 1: scheme regulation

» regulation of scheme participants for compliance with legislative requirements



## regulating service providers

This scheme service contributes to, and is aligned with:	Government Goal(s)	WorkCover WA Strategic Goal
	3 (& 5)	3

The Agency continued to approve and monitor service providers in 2012/13 to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service. The monitored service providers consist of approved insurers and self-insurers, workplace rehabilitation providers (WRPs), registered agents, audiometric officers and audiologists, and approved medical specialists. Regulatory activities regarding service providers in 2012/13 included:

- approval, monitoring and renewal of service providers (table 9)
- annual review(s) of approved insurers and self-insurers
- audits of service provider performance including WRPs and independent registered agents
- quality assurance checks based on Agency data and other intelligence
- management of complaints against service providers (table 10)
- provision of assistance and guidance to all stakeholders, including service providers and employers
- provision of training and workshops to service providers and other groups
- peer review of service providers.

**Table 9: Approval of service providers \***

Type of service provider	Approvals in 2011/12	Approvals in 2012/13	Total at 30 June 2013
Approved insurers	7	0	9
Approved self-insurers	27	0	27
Approved workplace rehabilitation providers *	2	30	31
Registered agents *	220	221	184
Approved medical specialists	26	7	219
Approved audiometric officers, audiologists and audiometrists	194	109	633
<b>Total approvals</b>	<b>476</b>	<b>367</b>	<b>1103</b>

\* **Note:** Not all agents and workplace rehabilitation providers remained registered for the full 12 month period.



## complaints handling

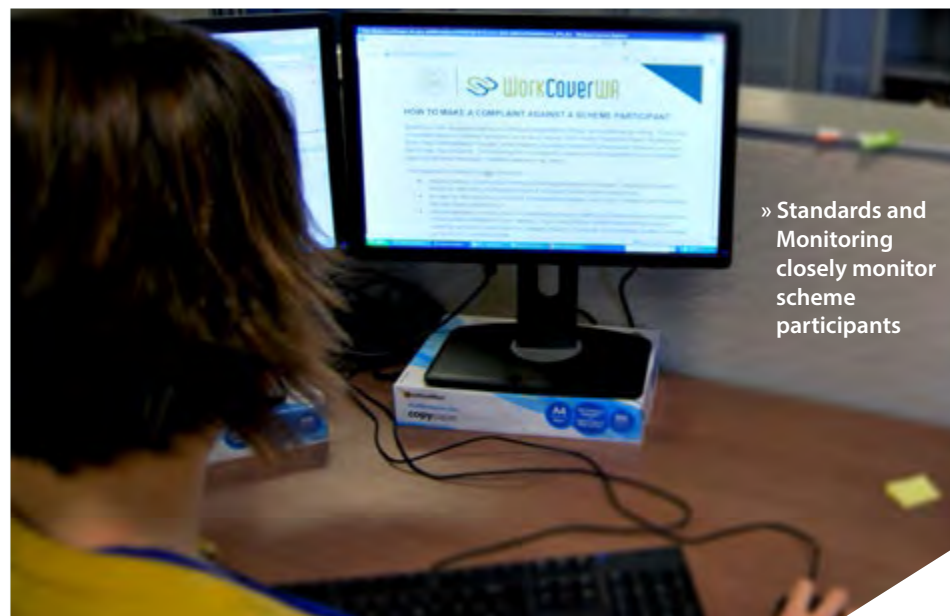
Where complaints require WorkCover WA intervention, complainants are requested to complete a specifically designed form to ensure all relevant information is collected and the exact nature of the complaint is identified. In instances where the complainant agrees to the release of details of the complaint to the party against whom the complaint is made, a response is sought to ensure all relevant information is considered and the principles of natural justice are maintained.

The service provider is formally advised when a complaint is substantiated. Service providers are asked to explain what measures will be taken to ensure similar complaints do not occur in the future, and may be subject to training and/or amendments to internal policies and procedures.

**Table 10: Complaints against service providers**

Type of service provider	2010/11	2011/12	2012/13
Approved insurers	11	11	17
Approved self-insurers	2	1	1
Approved workplace rehabilitation providers	4	4	7
Registered agents	1	6	6
Approved medical specialists	0	2	1
Approved audiometric officers, audiologists and audiometrists	0	2	0
<b>Total complaints</b>	<b>18</b>	<b>26</b>	<b>32</b>

## insurers and self-insurers



### insurer monitoring

In 2011/12, WorkCover WA met its statutory obligation by conducting a five-yearly review of approved insurers. All insurers were reapproved, with three requested to make improvements in:

- accuracy and timeliness of data
- injury management
- policies and procedures for training and induction programs
- developing performance review policies for service providers, and
- quality assurance measures.

During WorkCover WA's 2012/13 annual review of approved insurers, it was established that all of these issues had either been addressed or were in the process of being progressively and adequately addressed. Overall, general improvements have been noted from all insurers with regards to the timeliness and accuracy of data supplied to WorkCover WA. Any issues that remain outstanding will be assessed during the 2013/14 annual review of approved insurers.





## insurer complaints

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There were 17 complaints against approved insurers (including RiskCover) and one complaint against an approved self-insurer in 2012/13.

These complaints were dealt with in accordance with WorkCover WA's established procedure for complaints against a scheme participant. As each insurer or self-insurer is required to establish a fully documented internal procedure for resolving workers' compensation-related disputes, complainants were initially advised by WorkCover WA to attempt to resolve issues directly with the insurer or self-insurer through their Internal Dispute Resolution Procedures (IDRP). These IDRP processes are required to be free and readily accessible for complainants. WorkCover WA's performance criteria dictates that insurers and self-insurers establish procedures for monitoring disputes proceeding through their IDRPs and document general descriptive information relating to how the dispute was managed. Resolving complaints via these methods often circumvents the need to refer matters to the Conciliation and Arbitration Services.

In 2012/13, of the 17 complaints against approved insurers:

- two complaints were answered and resolved by WorkCover WA. In these instances the complaints were regarded as enquiries and the complaint procedure was not pursued
- two complaints were withdrawn by the complainants and two were found to be unsubstantiated
- five complaints were resolved or required a resolution through the Conciliation and Arbitration Services of WorkCover WA
- one complaint was substantiated and dealt with according to the complaints process
- five complaint investigations remain ongoing.

The one complaint against an approved self-insurer was found to be unsubstantiated.

## workplace rehabilitation providers

### audit framework

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Service Provision and Service Description Standards (the Standards) were implemented for Workplace Rehabilitation Providers (WRPs) in December 2011. To support the implementation of the Standards a compliance program was developed in 2012/13, which included the commencement of audits for WRPs against the Standards. Each WRP will be audited once during their three year period of registration to test compliance with the Standards.

Unlike the principles of the Nationally Consistent Approval Framework for WRPs which outlines delivery of the 'right service, at right time' in a broad sense, the Standards articulate specific timeframes to ensure adequate focus is maintained throughout the process to allow the best outcome to be achieved for the injured worker.

Commencing in February 2013, the audit program revealed issues of timeliness with reporting. WorkCover WA has been working with WRPs to resolve this and other areas of non-compliance. Feedback from WRPs regarding this initiative has been positive.

### workplace rehabilitation provider complaints

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There were seven complaints against WRPs in 2012/13.

Complaints against WRPs were dealt with in accordance with WorkCover WA's established procedure for complaints against a scheme participant.

Of the seven complaints against approved WRPs in 2012/13:

- one complaint was withdrawn by the complainant and two were found to be unsubstantiated
- one complaint was substantiated and dealt with according to the complaints process
- three complaint investigations remain ongoing.



## registered agents

### audit of independent registered agents: stage 2

The Audit of Independent Registered Agents: Stage 1 was conducted in early 2012 in order to assess compliance with legislative and regulatory requirements. During the audit, independent registered agents (IAs) were found to be non-compliant with Clause 8 (cost agreements) and Clause 9 (record keeping) of the Code of Conduct, as contained in Appendix IV of the *Workers' Compensation and Injury Management Regulations 1982*. All IAs were cautioned for breaching either one or both of the clauses and were provided with guidance on how to rectify the issues.

Recommendations arising from this audit required a follow-up audit to be conducted and completed by 30 June 2013. Stage 2 of the audit showed improvement in the required areas from all IAs. However, WorkCover WA will continue to work with IAs in 2013/14 to ensure full compliance is achieved on an ongoing basis.

### registered agent complaints

There were six complaints against independent registered agents in 2012/13.

Complaints against IAs were dealt with in accordance with WorkCover WA's established procedure for complaints against a scheme participant. Of six complaints against IAs:

- two complaints were withdrawn by the complainants and one was found to be unsubstantiated
- three complaint investigations remain ongoing.

## approved audiometric officers

Under the Noise Induced Hearing Loss Compensation Legislation Approved Procedures (the Procedures), audiometric officers (AAO) are approved to conduct baseline hearing tests once they meet strict criteria. This includes the successful completion of an audiometric officer course and online training. WorkCover WA requires AAOs to submit test results via the online database.

Following approval, each AAO is required to conduct at least 12 baseline hearing tests per year. If an AAO's approval status has lapsed by more than two years they must recomplete the full audiometric officer course and online training. These criteria provide a regulatory framework designed to maintain standards and ensure tests are conducted in a competent and professional manner.

No complaints were recorded against AAOs in 2012/13.

## approved medical specialists

Under section 146 of the Act, Approved Medical Specialists (AMS) are designated to assess a worker's degree of permanent whole of person impairment.

To monitor AMS reports for compliance and consistency, WorkCover WA completed the first three phases of an Approved Medical Specialist Peer Review project during 2012/13. Consisting of a review of randomly selected and de-identified permanent impairment reports, the findings from the project identified further education and training opportunities for AMS. The project is scheduled for completion in December 2013.

In 2012/13, the Agency also revised the terms of reference for the Medical Committee and amalgamated all AMS functions within one position at WorkCover WA in order to improve the Agency's capacity to monitor reports for compliance and consistency.



# regulating employers



This scheme service contributes to, and is aligned with:	Government Goal(s)	WorkCover WA Strategic Goal
	3 (& 4)	3

WorkCover WA understands the success of the workers' compensation scheme is reliant on stakeholders fulfilling their legislative responsibilities. Table 11 (right) outlines the outcomes of the Agency's 2012/13 annual compliance activities aimed at monitoring employers' compliance with, and knowledge of, their legislative obligations.

**Table 11: 2012/13 compliance outcomes \***

Compliance activity	Total number		
compliance investigations	<b>187</b>		
compliance enquiries	<b>11,621</b>	enquiries into lapsed/ expired policies	<b>7,650</b>
		enquiries into policy cancellations	<b>3,057</b>
		return to work *	<b>510</b>
		Australian Business Register (data matching)	<b>404</b>
letters of caution sent to employers	<b>51</b>		
prosecutions completed	<b>83</b>		

\* **Note:** Return to work enquiries were conducted as part of a one off project to promote injury management action and raise employers ability to identify risks and assess options for change.

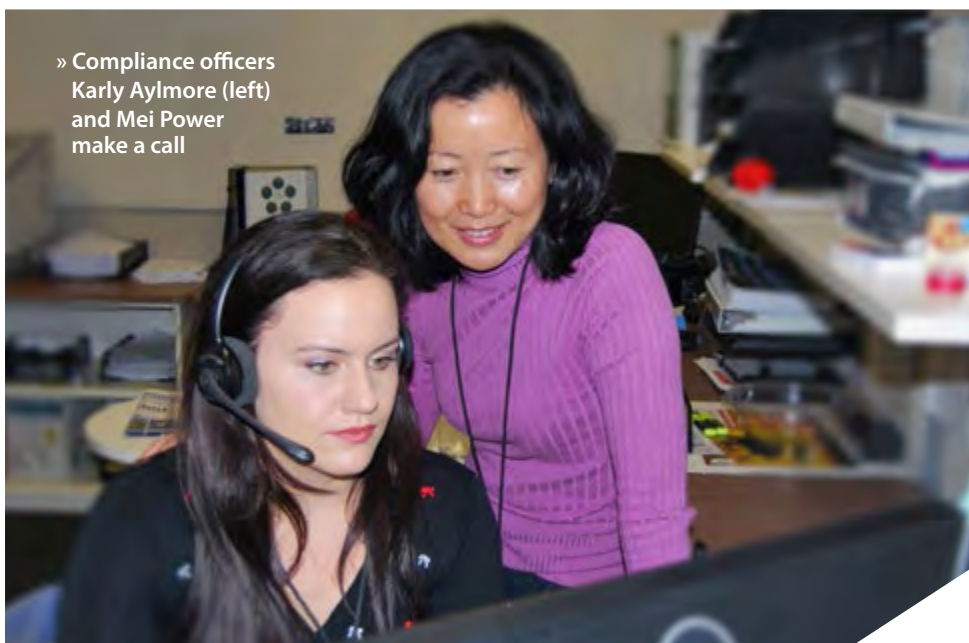


## targeting workers' compensation obligations

WorkCover WA undertook a targeted compliance program aimed at the residential building industry in 2011/12 in order to address the industry's over-representation in uninsured claims made on WorkCover WA's General Account. Random inspections of 125 residential building sites in the metropolitan area identified a number of employers who were not in possession of a workers' compensation policy at the time of the inspection.

In 2012/13, follow-up work was conducted for this project. All of the 29 investigations that were initiated have since been completed, resulting in:

- 13 investigations referred for prosecution
- three successful prosecutions recording \$50,507.97 in total costs, fines and avoided premiums
- three obligation reminder letters issued to at-risk employers.



» Compliance officers Karly Aylmore (left) and Mei Power make a call



## case study 1

### investigating non-compliance in the residential building industry

During follow-up work for a targeted compliance program aimed at the residential building industry, a WorkCover WA inspector conducted an investigation into a bricklaying company in early 2013.

The initial site inspection identified that the business had several workers engaged on-site; however the employer did not hold a current workers' compensation policy. Further investigations revealed the business had been operating without a policy for a total of 57 months, with wage records (obtained under section 175B(1)(c) of the Act) indicating four workers had been engaged as sub-contractors during this time.

The subsequent record of interview established substantial materials were provided for the sub-contractors, as well as general supervision and a daily rate of pay – all of which satisfies the extended definition of 'worker' under the Act.

When it was confirmed the employer did not hold a current workers' compensation policy, prosecution was initiated and achieved, securing the following outcomes against the employer:

- \$2,000 fine
- \$14,072.82 of avoided premium (calculated at the average premium rate of 5.7 per cent), and
- \$575 in court costs.



## targeting injury management and return to work obligations

WorkCover WA commenced an injury management and return to work initiative in May 2013, involving the distribution of 3,869 educational posters and flyers to employers who had encountered a workplace injury in the past year. The initiative was aimed at educating employers with fewer than 50 employees on the assumption that smaller employers are less likely to have well developed injury management systems and return to work programs in place.

Developed collaboratively with WorkSafe WA, the poster outlines important messages that encourage a proactive stance from employers with regards to injury prevention (WorkSafe WA) and injury management (WorkCover WA).

In 2013/14, WorkCover WA will follow-up 510 employers who received the mail-out and are considered to belong to industries that are statistically at 'high-risk' of non-compliance. The follow-up contact will ensure a compliant injury management system has been initiated and the subsequent return to work program has been implemented following a workplace injury.

## regional compliance visits

### Broome 2012

During 19 to 23 November 2012, two WorkCover WA inspectors visited businesses in the Broome region to conduct compliance inspections and offer information and guidance to local employers. A total of 101 inspections were completed, with all businesses advised about their obligations regarding injury management systems. As part of this educational initiative, all businesses were left with an injury management system template and other relevant information. Assistance was sought from local brokers to distribute the remaining information packs to employers to increase awareness of workers' compensation and injury management obligations.

During the visit, several employers engaged the inspectors in discussions over workers' compensation matters and recent claims experiences. Feedback was positive from the visit in response to WorkCover WA's presence in the region, and to the advice and education provided.

Of the 101 targeted inspections carried out, five employers were identified as being non-compliant with the obligation to hold a current workers' compensation policy. These instances of non-compliance were escalated to investigation status to determine potential breaches of section 160(1) of the Act. As a result of further investigation:

- three employers have been served with section 175(1)(c) notices requiring the production of wage records
- one employer was issued with a letter of caution
- one employer was found to have adequate cover in place.



## South West 2013

Between 18 and 22 March 2013, two WorkCover WA inspectors visited towns in the South West region of WA to conduct compliance inspections of local businesses and provide educational assistance. Towns visited included Australind, Bridgetown, Bunbury, Busselton, Capel, College Grove, Collie, Donnybrook, Dunsborough, Mandurah, Manjimup, Margaret River and Pemberton.

During the South West visit, the inspectors conducted 22 inspections of employers' with outstanding lapsed-policy cases and 18 random inspections of local businesses. All businesses were advised about injury management systems and provided with an injury management system template, as well as a comprehensive information pack. Industry-specific educational resources were provided to businesses engaged in the statistically 'high-risk' building and construction industry.

Of the 22 outstanding lapsed-policy inspections and 18 random inspections:

- eight investigations have been created as a result of the initial inspections and enquiries
- seven employers have been identified as not holding a current workers' compensation policy; these cases have been escalated to investigation status in order to determine potential breaches of section 160(1)
- six employers have been served with a section 175B(1)(c) notice, requiring the production of wage records
- a lapsed-policy case in Australind resulted in a record of interview being conducted
- one investigation has been referred for prosecution and another has been recommended for prosecution.

## Indian Ocean Territories 2013

Inspectors visited businesses on both the Christmas and Cocos (Keeling) Islands between 30 April and 7 May as part of an annual Service Delivery Agreement with the Commonwealth Government. This Agreement ensures compliance obligations are being met in the Indian Ocean Territories (IOT) and education and advice is available to local employers and injured workers.

The visit involved 105 random inspections of local businesses and the delivery of three free information sessions providing an overview of WorkCover WA's role in the WA workers' compensation and injury management scheme, and the responsibilities of employers. Injured workers were also encouraged to attend the sessions to discuss any questions they might have.

The inspections of local businesses in the IOT resulted in:

- identification of two potentially uninsured employers operating businesses. Investigations are continuing into one of these cases, the other has been recommended for prosecution
- a number of follow-up matters may result in further letters of caution
- identification, during discussions with employers, of a preference for the injury management system template to be translated and available in both Chinese and Malay.

WorkCover WA's IOT visit was promoted in advance through local news channels (including an advert translated in Malay), noticeboards and targeted email and letter campaigns to employers and injured workers. The promotions were designed to maximise the attendance at the information sessions, and reinforce key workers' compensation and injury management messages throughout the community.



## case study 2

### regional compliance inspections in the South West

As part of the Agency's regional compliance visit to the South West region, WorkCover WA inspectors inspected a number of local businesses based primarily on a pattern of targeted visits in relation to lapsed workers' compensation policies. The inspectors also conducted 18 random inspections of local businesses along their route. Example outcomes from these inspections are outlined below:

#### example outcome 1

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Two wineries that were inspected during the compliance tour were both identified as potentially being at-risk of non-compliance with obligations under the *Workers' Compensation and Injury Management Act 1981* (the Act). Both businesses were found to be trading and employing during the inspection, however due to the seasonal nature of the industry, the businesses only engaged workers for three to four weeks each year during the fruit-picking seasons. Both businesses have been issued with a letter of caution, and have since obtained a workers' compensation policy to cover casual workers.

#### example outcome 2

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On day one of the South West visit, several workers were observed during a compliance inspection of a restaurant. The business owner claimed an insurance broker took care of all of the required policies and that a current workers' compensation policy was in place to cover all of the observed workers. However, the broker in question subsequently advised the WorkCover WA inspector that a current policy was not in place.

On the final day of the South West visit, the inspector returned to the restaurant and served a section 175B(1)(c) notice, requiring the employer to produce wage records and policy details.

The employer has taken out a policy and provided documents as required by the notice. The employer has agreed to participate in a record of interview during a follow up trip to the area planned for 2013/14.



## acting on noise-induced hearing loss

<b>This scheme service contributes to, and is aligned with:</b>	<b>Government Goal(s)</b>	<b>WorkCover WA Strategic Goal</b>
	3 (& 5)	3

In 2012/13, WorkCover WA continued to offer advice and guidance to workers and employers across the State with regards to noise-induced hearing loss (NIHL) matters. Table 12 below outlines the Agency's activities involving the monitoring and management of NIHL claims.

**Table 12: Involvement in noise-induced hearing loss**

<b>NIHL activity/outcome</b>	<b>Total number</b>
workers identified with potential NIHL claims	<b>894</b>
full audiological assessments arranged	<b>106</b>
otorhinolaryngology (ear, nose and throat) assessments of occupational hearing loss arranged	<b>64</b>
successful claims for work-related gradual onset NIHL	<b>101</b>
first election claims (10 per cent permanent hearing loss)	<b>88</b>
subsequent election claims (Additional 5 per cent permanent hearing loss)	<b>13</b>

## improving scheme performance

<b>This scheme service contributes to, and is aligned with:</b>	<b>Government Goal(s)</b>	<b>WorkCover WA Strategic Goal</b>
	3 (& 2, 5)	1

In accordance with the Act, WorkCover WA continued to actively manage the workers' compensation and injury management scheme during the financial year to ensure stakeholders have access to a viable, equitable and robust system. This included the calculation and gazettal of variations to entitlement limits, and to other workers' compensation amounts, for the financial year commencing 1 July 2013; as well as the indexation of medical and allied health fees, effective 1 November 2013. Other activities are outlined over the page.







## Medical Assessment Panels

Pursuant to section 145 of the Act, WorkCover WA maintains a register of medical practitioners who have nominated for participation on Medical Assessment Panels (MAPs). MAPs are convened where a conflict of medical opinion exists regarding the nature or extent of an injury and/or a worker's capacity for work between a doctor engaged by the worker and a doctor engaged and paid for by the employer.

A project commenced in March 2013 to update the MAP register to:

- confirm contact and professional details of all medical practitioners currently listed on the register, and
- recruit additional medical professionals from fields currently lacking adequate representation, such as anaesthetics, general surgery and rehabilitation medicine.

The project will deliver a MAP register that provides a broader representation of required specialties, and confirm the details of all practitioners currently listed on the register. This will improve WorkCover WA's ability to convene MAPs in a timely manner. The project is scheduled for completion in July 2013.

## National Insurer Data Specification

During 2012/13, WorkCover WA commenced a major project to implement the National Insurer Data Specification (NIDS). Replacing the longstanding Q1 specification on which it is based, NIDS has been adopted by workers' compensation authorities in Western Australia, Tasmania, the Australian Capital Territory and the Northern Territory as a common standard for the supply of data by insurers and self-insurers.

Set for completion in 2013/14, the project will facilitate the establishment of an integrated data collection, storage and quality assurance framework within WorkCover WA. The new systems will streamline processes for insurers and self-insurers through the discontinuation of existing manual data collection processes. In a concurrent initiative, the Agency is redeveloping its IT systems in order to implement NIDS from January 2014.

In 2012/13, the Agency provided a test data submission environment for insurers and self-insurers that enabled the supply of test NIDS data. The test environment proved successful and sample data was received well in advance of the project's intended completion.



## new industry classes for recommended premium rates

WorkCover WA commenced a long-term project in 2012/13 to support the transition from premium rating industry classifications based on the Australian and New Zealand Industry Classification (ANZSIC) 1993 system to premium rating classifications based on the ANZSIC 2006 system. The project focuses on data collection management to ensure that the necessary data is collected from insurers to produce gazetted recommended premium rates based on the ANZSIC 2006 premium rating classifications. Once the transition is completed for 2016/17, it will align the Western Australian workers' compensation scheme with the classification system used by the Australian Bureau of Statistics and other workers' compensation jurisdictions.

To date, WorkCover WA has been working closely with approved insurers to ensure a smooth transition by communicating changes to systems and processes. The first full sets of dual-coded policy data are expected to be received from insurers in 2014.

reliance on the document, or for any consequences of any such act or omission.

**Prescribed Amount**

Download the [Variations to the Prescribed Amount 2013-14 \(PDF - 222kb\)](#). F

**Recommended Premium Rates**

**Recommended Premium Rates 2013-2014**

The [Recommended Premium Rates 2013-14 \(PDF\)](#) were published in the *Western Australian Government Gazette* at 4pm on 30 June 2013. For previous years, see the [Previous Years' Fees](#) page.

- [Actuarial Assessment of the Recommended Premium Rates for 2013-14](#)
- [Recommended Premium Rates 2013-14 Consolidated WC11 2011-12](#)
- [Media Statement from the Chairman WorkCover WA \(PDF\)](#)
- [Transition to ANZSIC 2006 for Recommended Premium Rates](#)

**Medical Fees**

These fees are current from 1 November 2012. For previous years, see the [Previous Years' Fees](#) page.

[Approved Medical Specialists \(PDF - 42kb\)](#)

» Above: Recommended Premium Rates can be found on the WorkCover WA website on the 'Rates, Fees and Payments' page



# progressing legislative reform

This scheme service contributes to, and is aligned with:	Government Goal(s)	WorkCover WA Strategic Goal
	3 (& 2, 5)	1

## Amendment Act 2012

As a result of the legal uncertainty over the scope of the insurance obligation introduced by the legislative amendments on 1 October 2011, the *Workers' Compensation and Injury Management Amendment Act 2012* and associated regulations were established to clarify common law insurance requirements for employers, insurers and brokers. The Amendment Act received Royal Assent on 3 July 2012 and commenced operation on 1 August 2012.

The supporting *Workers' Compensation and Injury Management Amendment Regulations 2012 (No.1)* also commenced operation on 1 August 2012.

## Amendment Regulations (No.2) 2012

The *Workers' Compensation and Injury Management Amendment Regulations (No.2) 2012* were made by the Governor in Executive Council on 11 December 2012 and came into effect on 15 December 2012. The Amendment Regulations (No.2) enact a small number of technical amendments which:

- accommodate the Australian Bureau of Statistics' recent changes to reporting periods for Average Weekly Earnings which is used to set the cap on weekly workers' compensation benefits
- change regulation 44B to accommodate the name change of the accreditation body for exercise physiologists
- make minor changes to regulated Forms 2D, 6, 16 and 17 from Appendix 1 of the Regulations.

## Amendment (Jockeys) Act 2012

On 14 December 2012, new laws came into effect to align the rate of weekly compensation paid to licensed jockeys with their pre-injury average weekly earnings, on the same basis as other non-award workers under the Act. The legislation clarifies the scope of the workers' compensation insurance obligation between Racing and Wagering Western Australia and licensed trainers regarding work done by jockeys for trainers at unlicensed facilities.

These changes were the result of recommendations made to the Minister for Commerce following extensive consultative reviews conducted by WorkCover WA with racing stakeholders in 2011/12 regarding the methodology for determining weekly compensation for licensed jockeys who suffer an injury.

## presumptive workers' compensation legislation for firefighters

National and international studies indicate firefighters are at increased risk of certain types of cancer through their accumulated exposure to carcinogens. On 31 October 2012, the Government publicly announced its commitment to a volunteer and firefighter support package in recognition of the risks faced by firefighters and volunteers when providing fire and emergency services in Western Australia.

One of the elements of the package relates to the development of new presumptive workers' compensation laws that provide easier access to entitlements for firefighters who contract cancer. During 2012/13, WorkCover WA advised the Government on model legislative arrangements and for a rebuttable presumption in favour of career firefighters who contract cancer. This ensures the contracted cancer is considered an occupational disease and is therefore compensable, unless proven otherwise.



# service 2: scheme services

» provision of effective and equitable dispute resolution and other services to scheme participants



» Above: An arbitration in progress

## resolving disputes

This scheme service contributes to, and is aligned with:	Government Goal(s)	WorkCover WA Strategic Goal
	3 (& 2)	4

In accordance with section 177 of the *Workers' Compensation and Injury Management Act 1981* the Conciliation and Arbitration Services (CAS) provide a fair and cost effective system for the resolution of disputes that:

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

In addition to providing conciliation and arbitration services, CAS is responsible for the finalisation of workers' compensation claims via settlements (i.e. registration of Memoranda of Agreement and section 92f deeds) and the processing of documents submitted in relation to common law proceedings (Part IV of the Act). CAS registered 3,868 Memoranda of Agreements in 2012/13.

General CAS initiatives in 2012/13 included the:

- establishment of a professional development program for conciliation officers and arbitrators. This program involved defining competencies for both conciliation officers and arbitrators, and developing and implementing a performance appraisal process which responds to their development needs.
- development of a Standard Operating Procedures Manual to document over 130 technical and administrative processes overseen and administered by CAS staff.
- establishment of a Dispute Services Users Group to provide a forum for exchange with legal and other practitioners who use the Conciliation and Arbitration Services.

**CAS registered 3,868 Memoranda of Agreements in 2012/13**



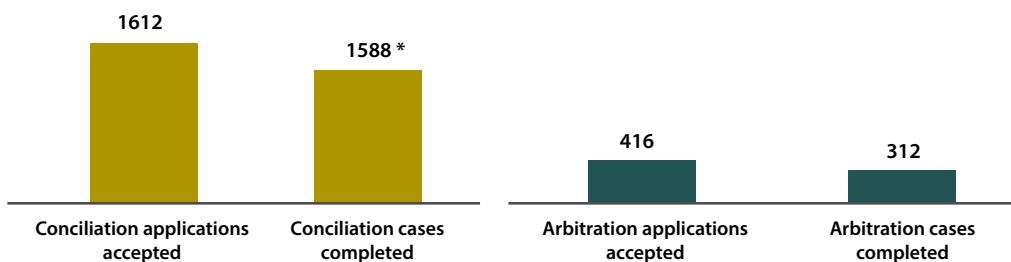
## separation of conciliation and arbitration functions

On the back of legislative amendments, the Conciliation and Arbitration Services (CAS) began operations on 1 December 2011 as discrete and independent dispute resolution authorities within WorkCover WA. The objective of the Conciliation Service is to provide a time constrained service to assist parties to resolve their dispute within eight weeks. Conversely, the Arbitration Service's sole focus is on resolving disputes according to the substantial merits of the matter. The following figures illustrate WorkCover WA's achievement of these objectives. In figure 14, KPI effectiveness indicators 1.2 and 1.3 relate to the Conciliation and Arbitration Services respectively.



» Above: Registrar Arbitration Shane Melville (left) converses with Director Conciliation Damien Stewart on CAS matters

Figure 13: 2012/13 CAS applications and cases



\* Two transitional conciliation cases were also completed in 2012/13

Figure 14: 2012/13 KPI effectiveness indicators related to CAS

#	Description	2012/13 Target/Result	Reference
1.2	Proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	Target: 97.00% Result: 97.80%	p.103
1.3	Average number of days to resolve a dispute	Target: 100 Result: 152	p.104



# education and information

## responding to stakeholder needs

As part of a continuous improvement strategy in 2011/12, WorkCover WA sought feedback from stakeholders on their involvement in the dispute resolution system via an annual satisfaction survey. This survey was discontinued in 2013 due to:

- The highly contested environment in which conciliation and arbitration is conducted. Binding decisions are made in relation to disputes between employers and injured workers on workers' compensation matters. Outcomes of the dispute undoubtedly influence participants' overall perception of the service received.
- Participants in the survey are drawn from workers and representatives (legal practitioners or registered agents who assist parties in dispute matters). With the limited number of representatives working within this field, it is not uncommon for the same representatives to be selected as survey participants multiple times and in consecutive years.
- The survey is run at considerable cost to the Agency. A more effective way of ascertaining service improvement information is to include a dispute resolution module in general surveys coordinated by the Agency.

Although the survey was discontinued, the Agency remained responsive to stakeholders' dispute resolution needs in 2012/13. The 2012 version of the Stakeholder Satisfaction Survey found that 23 per cent of unrepresented workers had difficulty completing the conciliation application form (Form 100). In response to this outcome, an internal review group was established to recommend amendments to the form to help clarify requirements for workers. As part of this process, it is intended for guidance material to be produced to assist workers when completing the form. The recommendations from this review group, and the production of supporting instructional information, will be implemented during the 2013/14 financial year.



The following scheme services contribute to, and are aligned with:	Government Goal(s)	WorkCover WA Strategic Goal
	3 (& 4)	2

» Above: Acting CEO Chris White address the audience during this year's Insurance Brokers' Breakfast Seminar

The Agency regularly provides education, advice and assistance to all workers' compensation scheme participants and the general community via a number of avenues and resources. The provision of education and information is a vital WorkCover WA service aimed at establishing and increasing stakeholders' knowledge of rights and responsibilities with respect to workers' compensation and injury management.



## publications

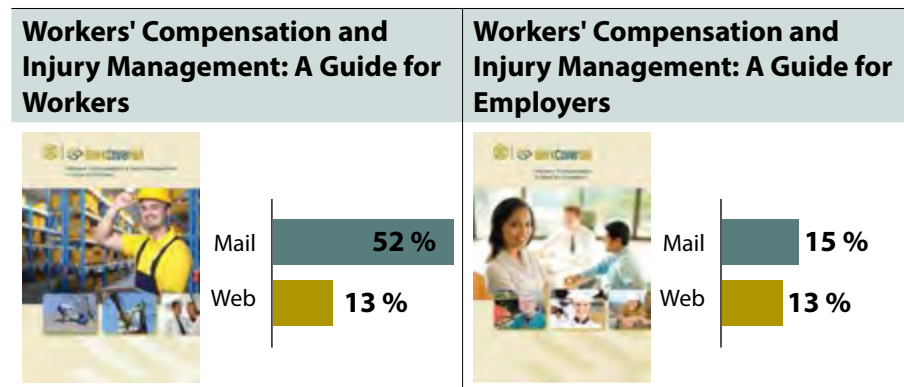
**Figure 15: Publication numbers**



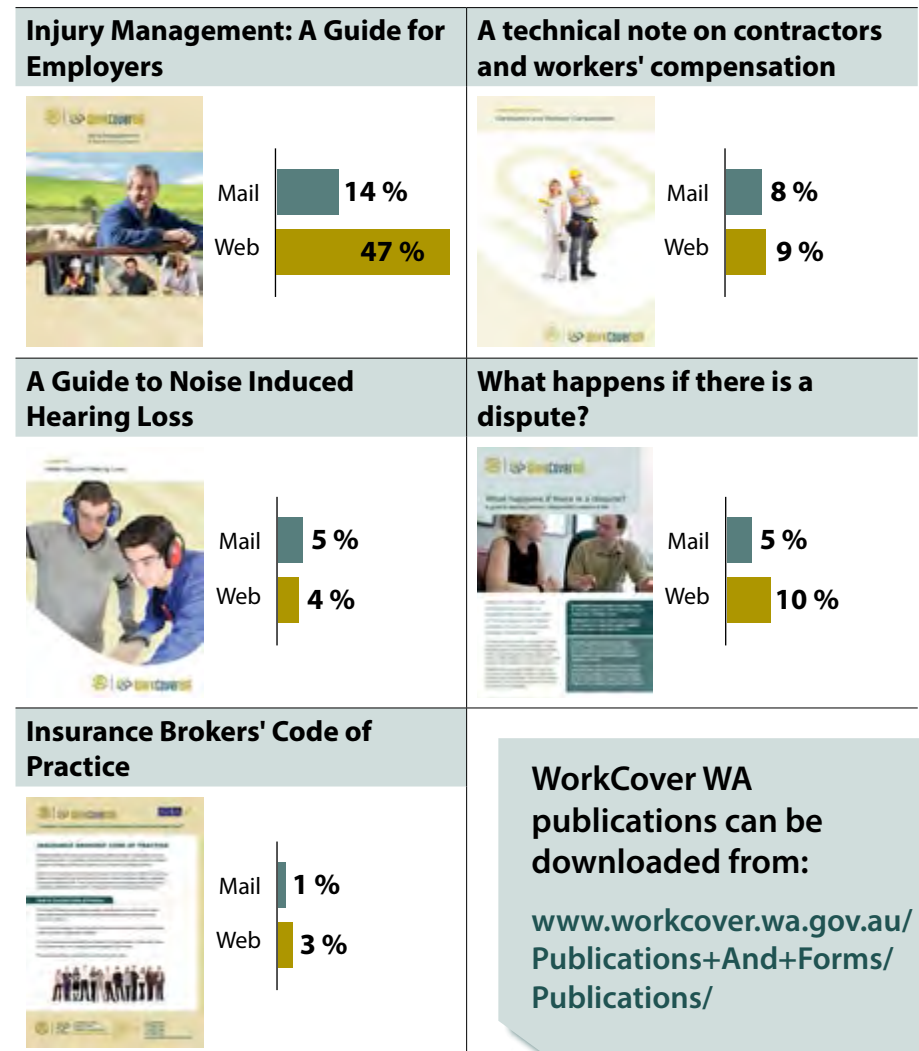
The significant legislative changes during 2011/12 provided WorkCover WA with the opportunity to consolidate its publications, providing workers, employers, insurance brokers and other scheme participants with relevant and comprehensive sources of information. In 2012/13, these publications continued to be promoted and utilised across the State by stakeholders and the general public. *Workers' Compensation and Injury Management: A Guide for Workers* was the most requested publication by mail, recording 52 per cent of all publications ordered. In contrast, *Injury Management: A Guide for Employers* was the most downloaded publication, recording 47 per cent of all downloads. This indicates the different distribution methods required for workers and employers.

Full statistical breakdowns for all publications are outlined in figure 16.

**Figure 16: 2012/13 publications by delivery method**



**Figure 16: continued**





## translation project

The Agency's provision of information and advice services involves the utilisation of interpreters and translators for customers and clients who are unable to communicate effectively in either spoken or written English. As part of this service, WorkCover WA translates key publications into alternative languages.

Responding to a diversifying demand from non-English workers and employers, the Agency's range of alternative languages was expanded in 2012/13. To ensure the added languages correctly reflect the linguistic needs of customers, data from the latest national census was examined, along with records of interpreter requests made to the Conciliation and Arbitration Services.

Following this process, the translations information page is now available in 14 languages. New languages include Tigrigna, Amharic, Khmer, Farsi, Burmese, Macedonian and Arabic. In addition, the three main information booklets have been translated into Malay, Vietnamese, Italian, Chinese and Arabic.

» A total of 142 translated publications have been downloaded from the WorkCover WA website since December 2012.



## web

The Agency maintained an informative internet presence throughout 2012/13, presenting information about WorkCover WA's services and expertise, and stakeholders' rights and responsibilities in an accessible, accurate and user-friendly manner. This has included the dissemination of 24 latest news articles to WorkCover WA website subscribers. Other internet outcomes for 2012/13 are outlined below.

## downloads

There have been a total of 68,614 unique downloads of publications, forms, reports and other information in 2012/13. Other than publications, key download highlights include:

<b>Workers' Compensation Claim Forms</b>	<b>894</b>
<b>Form 100 – Application for Conciliation</b>	<b>106</b>
<b>Variations to the Prescribed Amount 2012–13</b>	<b>64</b>
<b>Recommended Premium Rates 2012–13</b>	<b>101</b>

Figure 17: Site visits



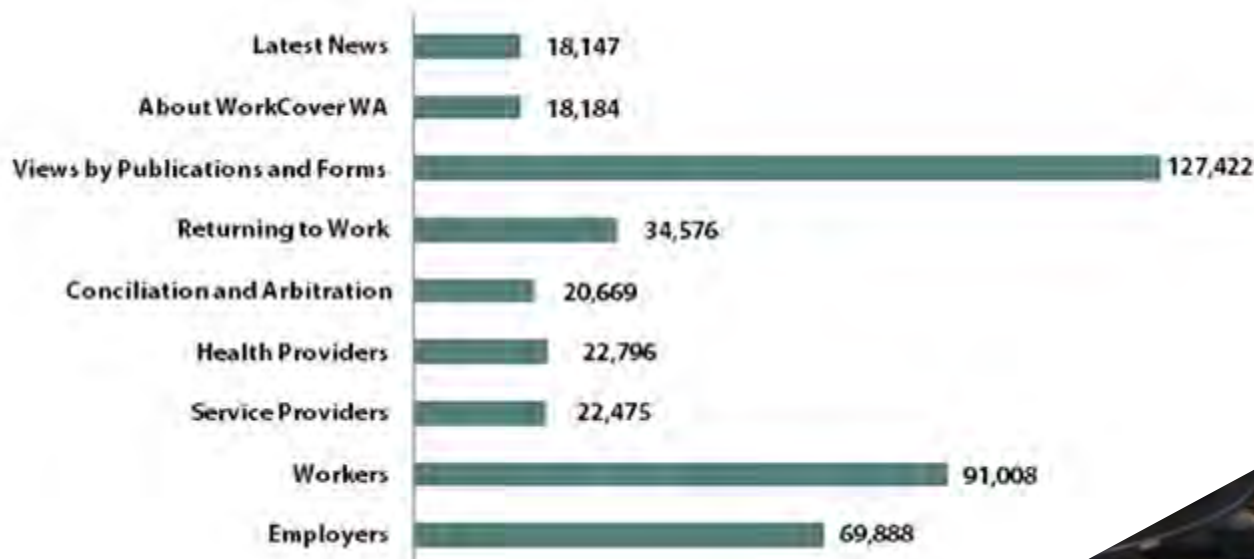




Figure 18: Traffic sources



Figure 19: Views by WorkCover WA website channels



## Advice and Assistance Unit

WorkCover WA's Advice and Assistance Unit is the Agency's frontline service for workers, employers and other scheme participants who require immediate answers to questions related to workers' compensation and injury management matters.

In 2012/13, the Unit provided advice and assistance to workers and employers in 24,222 instances. Topics covered included the claims process, injury management, return to work, weekly wage rates and entitlements, workplace rehabilitation entitlements and dispute resolution.



» Senior Advisory Officer Daniel McBride takes one of the many daily calls for advice and assistance



## Chevron Noise Expo

The Noise Induced Hearing Loss Section continued its commitment to educate stakeholders by running a stand at the Chevron Noise Expo in August 2012, as part of Hearing Awareness Week. The Agency's involvement in the Noise Expo offered the opportunity to provide information and guidance on occupational noise-induced hearing loss and potential compensation.

Approximately 60 visitors attended the stand with questions and/or to collect noise-induced hearing loss information packs. Visitors to the stand were generally interested in the role of WorkCover WA, particularly with respect to its involvement in noise-induced hearing loss matters. The feedback from such conversations was positive, with many people indicating a better appreciation and understanding of the role of WorkCover WA (as distinct from the prevention role played by WorkSafe WA).

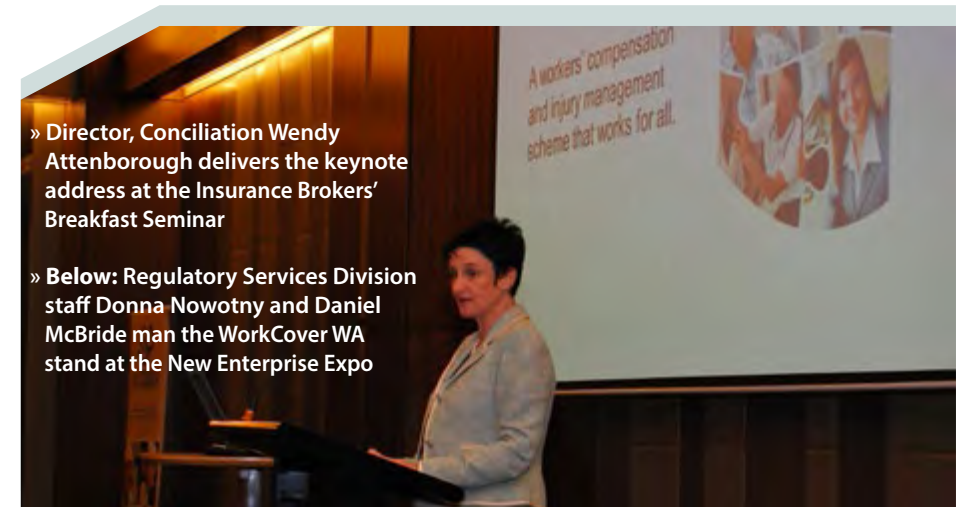
## New Enterprise Expo

Organised by Business Foundations, a not-for-profit provider of training and advice for small to medium enterprises (SME) in Western Australia, the New Enterprise Expo targeted people who have recently started up, or are interested in starting up, a small business. The Expo also featured 45 new small businesses established through the New Enterprise Incentive Scheme (NEIS) in Kwinana, Rockingham and Fremantle, funded by the federal Department of Education Employment and Workplace Relations.

Running a trade stand at the Expo for the first time, WorkCover WA used the opportunity to engage with small business – a key target audience group – on workers' compensation and injury management obligations. Regulatory Services Division staff attended the event to provide advice and assistance to visitors and to distribute publications to small business owners. Utilising contacts made at the Expo, WorkCover WA followed up this initiative by including key publications in the event bag handed to attendees of the NIFNEX Small Business Expo, held in May 2013.

## Safe Work October 2012

In support of National Safe Work Australia Week, occupational health and safety authorities in each state and territory host their own safety initiatives during October. WorkCover WA participated in Western Australia's Safe Work October 2012 and delivered a joint presentation session with RiskCover on workers' compensation and injury management matters. Due to the successful reception of the presentation the Agency will present at the event again in October 2013.





## training and seminars

The Agency delivered a range of education and information events throughout the year in the form of seminars, information sessions and presentations. These activities engaged and informed scheme participants and the general public on relevant issues surrounding workers' compensation and injury management. These events also promoted collaboration and mutual respect between stakeholder groups by providing insight into the various elements of the scheme.



» **Above:** CEO WorkCover WA Michelle Reynolds addresses the audience during the May Welcome to WorkCover WA seminar

### Welcome to WorkCover WA

Welcome to WorkCover WA seminars have become a regular event in the Agency's calendar. Providing a concise and informative introductory overview of WorkCover WA and its role within the workers' compensation and injury management scheme, the seminar offers scheme participants a forum to discuss individual queries and concerns with experienced divisional heads.

WorkCover WA conducted three seminars in 2012/13, informing and educating a total of 132 stakeholders about the overall scheme.

### Insurance Brokers' Breakfast Seminar

A highlight of the 2012/13 events calendar, the Insurance Brokers' Breakfast Seminar was conducted in April 2013. Providing insurance brokers with knowledge of WorkCover WA's role and the WA workers' compensation and injury management scheme, this annual seminar encourages insurance brokers to utilise their increased understanding of the scheme to provide a better service to their clients.

Delivered by WorkCover WA Divisional General Managers and former WorkCover WA Board member Mr Steve Burns (Manager of Underwritten States at QBE), the 2013 seminar was presented to 125 insurance brokers. Feedback from attendees was overwhelmingly positive and several attendees engaged with the Agency's General Managers about issues particular to them.

The seminars are accredited for professional development by the National Insurance Brokers Association.

### Approved Medical Specialists training

WorkCover WA organises training in the WorkCover WA modules for individuals seeking to become Approved Medical Specialists (AMS). AMS play an integral role in the scheme by assessing the level of permanent impairment of an injured worker. The Agency organised one training module presentation for participants during the financial year in November 2012. Attendees included doctors and medical practice personnel who attended for personal development reasons. Following the training, four doctors were approved as AMS in early 2013.

### presentations on request

WorkCover WA regularly receives requests for the delivery of external presentations to various stakeholders. During 2012/13, the Agency delivered 15 tailored presentations to employers, health providers, workers and service providers regarding the operation of the WA workers' compensation and injury management scheme.



## consultation and engagement with stakeholders

### Commission for Occupational Safety and Health

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.

### National Return to Work Survey

In 2012/13, WorkCover WA participated in the new National Return to Work survey commissioned by Safe Work Australia to investigate the experiences of injured workers. The results will inform business activities in relation to injury management, return to work processes and satisfaction with services provided throughout the WA workers' compensation scheme. The report is expected to be finalised by the end of 2013.

### stakeholder networking event

WorkCover WA held its annual stakeholder networking event in September 2012, with a key address delivered by the Minister for Commerce. The Agency utilised the event to engage with key stakeholders, and inform scheme participants about important developments within the workers' compensation and injury management scheme for 2012/13 and beyond.

## handling complaints

WorkCover WA's Customer Feedback System provides customers with an avenue to deliver positive or negative feedback about the Agency's services, decisions, procedures, policies and facilities. See page 26 for a full description on WorkCover WA's commitment to customer feedback.

Outcomes for 2012/13 are as follows:

<b>compliments</b>	<b>10</b>
<b>complaints</b>	<b>8</b>
<b>suggestions</b>	<b>10</b>

All customer feedback was responded to within the agreed deadlines of five working days for verbal feedback and 10 working days for written feedback. Since 2011/12, the number of complaints has more than halved from 20 to eight.



## collaborations

The Agency is involved in many collaborative initiatives that contribute to the effective management of the workers' compensation and injury management scheme, and ensure stakeholders are educated and informed about their rights and responsibilities under the *Workers' Compensation and Injury Management Act 1981*.

### Public Sector Safety and Injury Management Steering Committee

WorkCover WA is a member of the Public Sector Safety 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.

### Australian Business Register

In a proactive move to increase compliance by employers in relation to their mandatory insurance obligations, WorkCover WA entered into a Memorandum of Understanding (MOU) with the Australian Business Register in 2012/13. The MOU allows the Agency to obtain data in relation to new business entities that have registered for GST and/or have a turnover of greater than \$75,000 – both of which indicate an intention to employ. This information is then matched against WorkCover WA data, providing the Agency with a new source of intelligence regarding employers who may not be appropriately covered by a policy of insurance.

2012/13 outcomes for this initiative are outlined under the 'Report against 2012/13 Strategic Commitments' on page 67.

### Industrial Foundation for Accident Prevention

The cooperative partnership with the not-for-profit Industrial Foundation for Accident Prevention (IFAP) continued in 2012/13 with the provision of free information sessions to injured workers. IFAP is a registered training organisation that provides sessions to educate and inform injured workers about the workers' compensation, injury management and return to work process.

In the past year, 10 free IFAP seminars were delivered to a total of 110 injured workers in the metropolitan area, and four were delivered in regional Western Australia (Karratha, Geraldton, Bunbury and Kalgoorlie) to a total of 38 injured workers.

### Personal Injury Education Foundation

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).

### WorkSafe WA

WorkCover WA shares relevant data with WorkSafe WA to facilitate analysis of workers' compensation data from a prevention perspective. In 2012/13, the Agency also collaborated with WorkSafe WA on the development of a joint educational poster to inform employers about injury prevention and injury management best practices and responsibilities. This initiative is outlined on page 45.



## ThinkSafe Small Business Program

During the year, the WorkCover WA Board approved a contribution of \$250,000 for WorkSafe's ThinkSafe Small Business Program for each financial year up to and including 2016/17. The Program is a collaborative, co-badged arrangement with WorkSafe WA. In order to promote the prevention of accidents and injuries in Western Australian workplaces, the Program introduces small businesses to:

- hazard identification and risk reduction
- safety and health policies
- safe work systems, and
- good injury management practice.

Delivered through on-site safety assessments and group information seminars for businesses employing less than 30 workers, the Program provides essential information regarding workers' compensation and injury management obligations directly to employers.

During on-site assessments, consultants review the adequacy and effectiveness of a business' injury management system (IMS) and return to work programs. Recommendations are made to employers who do not have appropriate systems and programs in place. The Program also includes a follow-up visit 12 months after the initial consultation.

In 2012/13, WorkCover WA consolidated proactive approaches for targeting industry sectors displaying higher rates of non-compliance with workers' compensation and injury management obligations. The Agency will utilise information gathered through compliance-related activities to make informed selections of target industries for the ThinkSafe Small Business Program. This will ensure 'at-risk' sectors receive the information and education they require.

Outcomes for 2012/13 are as follows:

<b>individual business consultations conducted</b>	<b>10</b>
<b>follow-up visits conducted</b>	<b>8</b>
<b>businesses advised of the availability of the ThinkSafe Small Business Program</b>	<b>10</b>



# report against 2012/13 Strategic Commitments

At the conclusion of 2011/12, WorkCover WA committed a number of resources towards the achievement of strategic projects aligned with the *Strategic Plan 2012–2015*. The Agency's performance against these commitments is detailed in the following section. As per the Agency's Performance Management Framework, the following projects relate to State Government objectives embedded within 'Goal 3: Results-Based Service Delivery' and the achievement of WorkCover WA's Agency Desired Outcome as outlined on page 28 of this report.

## goal 1: strategic scheme management

» maintain the integrity and stability of the scheme

### review of the acts of terrorism legislation

In 2001, the Western Australian Parliament enacted the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* (the Terrorism Act). Originally designed as an interim arrangement pending the development of a national terrorism insurance scheme, the Terrorism Act contains a sunset clause which has subsequently been extended several times, most recently to 31 December 2014.

The Commonwealth Government legislated for a national scheme in 2003. The national arrangements however, exclude workers' compensation liabilities, which remain the responsibility of the states and territories. In order to secure a more permanent and contemporary legislative arrangement for workers' compensation liabilities arising from acts of terrorism, a review of the Terrorism Act was completed in 2012/13. The review resulted in recommendations to Government for long-term arrangements to manage workers' compensation risks associated with terrorism events, as well as amendments to address a number of anomalies that exist in the current legislative framework.

outcome	key points
delivered ✓	The review was completed and recommendations delivered to Government.





## legislative review phase 2

In 2009, the Government supported a WorkCover WA review of Western Australia's workers' compensation legislation, the outcome of which recommended a two-stage program of reforms to WA's workers' compensation system. Stage one of the review has been completed with the passage of the 2011 amendments to the *Workers' Compensation and Injury Management Act 1981*.

Stage two of the review will deliver a review report and comprehensive drafting instructions for a new workers' compensation statute which addresses:

- outstanding recommendations from the 2009 legislative review
- identified technical and process issues with the current legislation
- a complete redraft of the Act with the objectives of introducing contemporary language and drafting conventions, and a more coherent structure.

In 2012/13, WorkCover WA commenced the second phase of the review of the *Workers' Compensation and Injury Management Act 1981*. It is anticipated that a public discussion paper will be released in early 2013/14.

outcome	key points
delivered ✓	<ul style="list-style-type: none"> <li>• Legislative review phase 2 commenced with the internal review of the Act and the development of a discussion paper for consultation with stakeholders.</li> <li>• Through consultation with stakeholders, the Legislative Review also contributes to strategic Goal 2: Stakeholder confidence and engagement.</li> </ul>

» **Right:** Policy Officer Leanne Fretwell (left), Manager Policy and Legislative Services Kevin Gillingham, Principal Legislation Officer Christine Kain and Senior Policy Officer Duane Poi (right) discuss policy and legislation matters

## goal 2: stakeholder confidence and engagement

» promote stakeholder confidence and engagement in the sustainability of the Scheme

No Strategic Commitments were registered against Goal 2 for the 2012/13 period.







# goal 3: regulatory compliance

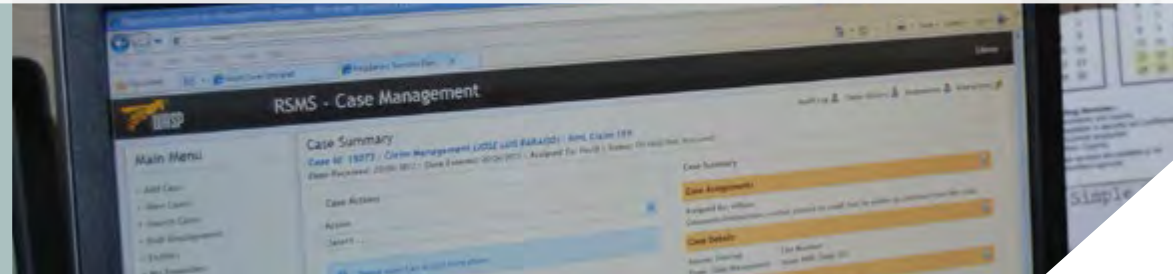
» ensure compliance with the regulatory requirements of the Scheme

## Regulatory Services Case Management System

At WorkCover WA, case management was previously conducted by the Regulatory Services Division using legacy information technology systems which were limited in functionality and capability, contributing to operational inefficiency. In response, a new Regulatory Services Case Management System (RSMS) was developed and implemented in 2012/13 to improve the quality and timeliness of information; and support improved business processes within the Division.

RSMS has been actively used by staff since going live in December 2012 and has improved:

- the Agency's regulatory efficiency via an increased ability to identify, track and report business activities
- Regulatory Services' compliance activities through the introduction of data-matching functionality
- resource allocation and management oversight of cases
- effectiveness and efficiency in day-to-day operations.



» **Above:** The Regulatory Services Case Management System has improved the quality and timeliness of information gathered during WorkCover WA's regulatory activities

Minor efficiency changes were also made to existing online user interfaces connected to RSMS. These interfaces are accessed by external stakeholders such as insurers and service providers for reporting purposes. Following the implementation of RSMS, the changes to the online user interfaces were phased-in over a period of time in order to:

- simplify data reporting arrangements between WorkCover WA and scheme participants, including the streamlining of online reporting arrangements
- provide better scheme data for reporting and compliance purposes
- promote a shift to an email-based correspondence system to increase efficiency.

The Regulatory Services Division will continue to collaborate with the IT Branch during 2013/14 to enhance RSMS functionality and compatibility with Agency processes.

outcome	key points
delivered ✓	<ul style="list-style-type: none"> <li>• RSMS was completed and implemented on time and within budget.</li> <li>• RSMS also contributes to strategic Goal 4: Organisational excellence.</li> </ul>



## AMS project phase 2: implementation of recommendations emanating from the evaluation of internal processes, systems and controls relating to AMS

Phase 1 of the AMS Project was completed in 2011/12, resulting in the WorkCover WA Board approving several recommendations regarding necessary improvements to the Agency’s internal processes, systems and controls relating to the function of Approved Medical Specialists (AMS).

In 2012/13, the Agency’s delivery of these recommendations involved:

- consolidation of all administrative aspects of AMS and permanent impairment assessment into a single organisational area of WorkCover WA
- establishing a single point of coordination for the training and approval of medical practitioners seeking to be AMS
- development of revised terms of reference for the Medical Committee that more appropriately reflect the role undertaken by that Committee
- implementation of a revised peer review process in relation to permanent impairment assessments undertaken by AMS.

outcome	key points
delivered ✓	<ul style="list-style-type: none"> <li>• Recommendations derived from Phase 1 of the AMS Project were implemented on schedule in 2012/13.</li> <li>• The consolidation of the AMS function within one solitary position also contributed to strategic Goal 4: Organisational excellence.</li> </ul>

## implementation and evaluation of *Insurance Brokers’ Code of Practice*: for brokers operating in Western Australia

Following an extensive feedback and consultation process, the *Insurance Brokers’ Code of Practice* (the Code) was developed in 2011/12 with collaborative input from the National Insurance Brokers Association (NIBA). The Code assists insurance brokers to meet their professional obligations, and enhances effective interaction between brokers, employers, insurers, and the Agency, during insurance policy discussions.

In 2012/13, the Code continued to provide insurance brokers, and the industry more generally, with clear guidance on the important role brokers play during workers’ compensation arrangements in Western Australia. NIBA also continued to partner WorkCover WA in the promotion of the Code, ensuring it retains a high profile and is utilised as required within the industry.

The Code was distributed through various channels, with particular emphasis on electronic distribution via email and website downloads. This culminated in 400 downloads from the WorkCover WA website since the Code was made available on 26 July 2012. NIBA had a major role in the initial emailed circulation of the Code within its 50–60 strong membership group. NIBA’s continued support of the document has led to many more copies of the Code being downloaded from the NIBA website, ensuring the Code is widely circulated and discussed within the industry.

Since release of the print version of the Code in August 2012, 650 copies of the Code have been distributed to insurance brokers, insurers and other third parties via mail-outs, events and seminars. Of this number, 123 have been mailed direct to brokers following requests submitted to the Advice and Assistance Unit and a further 125 were given to attendees of the Insurance Brokers’ Breakfast Seminar in April 2013.

outcome	key points
delivered ✓	The <i>Insurance Brokers’ Code of Practice</i> continued to be promoted and utilised by insurance brokers and the insurance industry more generally.



## development of a process for inter-agency data matching

The development of a process for inter-agency data matching has greatly increased the Agency's ability to both educate employers and achieve greater levels of employer compliance. The inter-agency data matching identifies new businesses that may require a workers' compensation policy but do not have one in place, allowing the Agency to proactively seek compliance with this obligation and educate employers about ongoing obligations.

The project commenced in May 2013 and in its first month 404 businesses that may require a workers' compensation policy were contacted.

outcome	key points
delivered ✓	The process for inter-agency data matching greatly increases the Agency's ability to control employer compliance levels.



## strategy to promote injury management action that enables workers to return to work in a timely fashion

In recent years, the Agency has instigated numerous injury management initiatives. To date these activities have not been viewed as part of a broader strategy but rather a series of individual initiatives. In order to promote injury management and return to work messages in a more focused manner, an Injury Management Strategy 2012–15 has been developed during this financial year. The Strategy provides a cohesive and strategic approach to injury management objectives by identifying core stakeholder groups and a range of initiatives that are designed to improve both injury management activities and outcomes.

The following five key principles have been identified in relation to the objectives of the Strategy:

1. Workers and employers are the primary stakeholders in the WA workers' compensation system.
2. The employer (or their insurer), worker and treating medical practitioner are the key parties in the injury management process and their cooperation and consultation is fundamental.
3. Good work is an integral part of a healthy life, so maintenance in or return to meaningful, productive work is critical (following an injury).
4. Injury management intervention must be early and proactive, and adopt a biopsychosocial approach.
5. Injury management should be transparent, evidence-based, cost-efficient and effective.

» **Left:** Policy Officer Leanne Fretwell delivers a presentation on the benefits of an early return to work for injured workers as part of an internal Injury Management Strategy workshop



## strategy to promote injury management action ... (continued)

Four key goals were defined for progression in 2012–15, which are:

1. shared commitment to early, safe and durable return to work
2. timely and appropriate medical management
3. effective communication and support
4. regulatory compliance and best practice.

In 2012/13, injury management promotional and educational material was sent to over 3,800 employers. As part of this project, 510 employers received personal follow-up contact from WorkCover WA regarding the adequacy of their return to work programs. These employers had earlier been identified as belonging to 'high-risk' industries in terms of lost-time injury claims, as well as employer size (less than 50 staff).

Initiatives implemented or finalised in 2012/13 involved:

- targeted injury management initiatives directed toward 'at-risk' workplaces
- review of the *Injury Management: A Guide for Employers* publication
- national Return to Work survey 2013 (full report will be finalised end of 2013)
- review of the Injury Management Code of Practice
- promotion of key injury management messages internally and externally
- addressing injury management as part of the *legislative review phase 2*.

outcome	key points
delivered ✓	<ul style="list-style-type: none"> <li>• The development and implementation of the Strategy provides a cohesive and strategic approach to the Agency's injury management objectives.</li> <li>• The Strategy also contributed to strategic Goal 1: Strategic scheme management and Goal 2: Stakeholder confidence and engagement.</li> </ul>

## goal 4: organisational excellence

» ensure WorkCover WA has the right people, culture, systems and processes to deliver high quality outcomes

### develop the capacity of the new dispute services to deliver effective arbitration, conciliation and registration functions

WorkCover WA enhanced the capacity of its Conciliation and Arbitration Services (CAS) to deliver effective arbitration, conciliation and registration functions in 2012/13 via the establishment of a professional development program for conciliation officers and arbitrators. This program involved defining competencies for both conciliation officers and arbitrators, and developing and implementing a performance appraisal process which responds to their development needs. All arbitrators and conciliation officers participated in the development program. Integrated within the Agency's performance appraisal process, outcomes from the professional development program will be ongoing.

outcome	key points
delivered ✓	CAS established a professional development program for conciliation officers and arbitrators.



## implement priority initiatives contained in the *Workforce Plan 2012*

Several key initiatives were developed and implemented at WorkCover WA in 2012/13 to ensure the Agency has the right workforce environment and mix of skilled and motivated staff to effectively deliver its services both today and in the future. The initiatives provide a framework to increase the overall competency and effectiveness of current managers and enable the identification and development of future managers.

Four key initiatives were implemented within the past financial year:

### 1. Alternate Attraction and Recruitment Methodologies

This initiative involved research into alternate attraction and recruitment methodologies currently used by other private and public sector organisations, culminating in a submission to the Corporate Executive outlining a range of strategies that could be adopted. For the full description of this initiative refer to 'Attraction and Retention' under *Section 4: Opportunities and challenges* on page 72.

### 2. Manager Competency Program

The Manager Competency Program involved the identification of WorkCover WA manager competencies; development of training programs and assessment plans; and delivery of the training programs. For the full description of this initiative refer to 'Staff Training' under *Section 4: Opportunities and challenges* on page 71.

### 3. Performance Management Review

This initiative involved a review of the existing WorkCover WA Performance Appraisal System and its accompanying guide and forms. For the full description of this initiative refer to 'Staff Training' under *Section 4: Opportunities and challenges* on page 72.

### 4. Succession Management Review

The Succession Management Review included the development of new succession planning strategies and the refinement of existing strategies included in the WorkCover WA Succession Framework. The Review also examined critical positions in the WorkCover WA organisational structure and strategies supporting succession planning for these roles. For the full description of this initiative refer to 'Attraction and Retention' under *Section 4: Opportunities and challenges* on page 73.

These initiatives will ensure WorkCover WA staff increase their skills and attain a greater understanding of their roles. The initiatives also enhance the likelihood that new employees are a 'good organisational fit' and arrive with the appropriate skills and abilities to perform their roles.

outcome	key points
delivered ✓	<ul style="list-style-type: none"> <li>The Alternate Attraction and Recruitment Methodologies initiative is complete.</li> <li>Further initiatives within the Manager Competency Program, Performance Management Review and the Succession Management Review are scheduled for implementation across the 2013/14 and 2014/15 financial years.</li> </ul>



# Section 4

## opportunities and challenges

opportunity and accessibility	71
» workforce development	71
» equality and inclusion	74
» safety, health and wellbeing	75
Agency challenges	77
IT initiatives	78

# opportunity and accessibility



» Above: WorkCover WA OSH Representatives inspect the newly installed safety features outside the WorkCover WA entrance

## workforce development

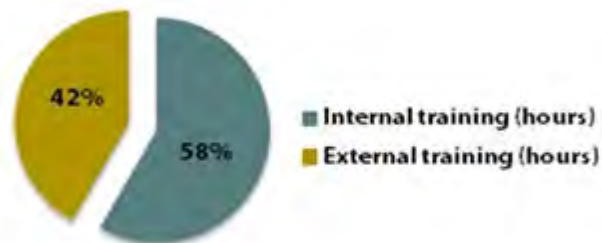
The following initiatives are aligned with, and contribute to:

**WorkCover WA Strategic Goal**  
4 – Organisational Excellence

### staff training

**Figure 20: General staff training**

training hours in total	<b>3902.95</b>
training hours per employee	<b>28.70</b>



### » Manager Competency Program

The development of the Manager Competency Program involved the identification of required WorkCover WA manager competencies; development of training and assessment plans; design and development of training programs; and the delivery of a series of targeted internal and external training sessions for designated managers and nominated aspiring managers. The Program aims to enhance workplace competency and capability by providing managers with the requisite knowledge and skills.

Branch managers, team leaders, and eligible staff were included in the Program. The first training session was delivered in February 2013, with a total of five training sessions delivered by 30 June 2013. To date, 24 staff have participated in the Program, with training delivery set to continue throughout 2013/14 and 2014/15. Training programs are repeated periodically to cater for the appointment of new managers.

Feedback from participants has been positive, indicating that the Program is meeting its intended outcomes. However, more formal measurements of the Program's performance will be conducted in the following financial year once a larger sample size of training sessions and results is available.



### » performance management review

WorkCover WA's performance management system is facilitated through a Performance Development Agreement (PDA) system. An internal review of the PDA system was conducted, including a review into the associated user guides and forms. The review identified the need to strengthen processes by incorporating strategies such as position-specific competency plans, succession planning, and knowledge management.

A range of recommended improvements were developed following the review. Initiatives completed in 2012/13 include:

- development of a competency framework for all WorkCover WA positions
- development of competency measures
- development and delivery of performance management training for the various stages of the project
- implementation of performance management effectiveness surveys.

The review will continue into 2013/14 in order to develop and implement assessment methods to analyse the effectiveness of the performance management process.

## attraction and retention

---

### » Graduate Program

WorkCover WA initiated a Graduate Program in 2012/13 aimed at advancing graduate career opportunities in an exciting, supportive and diverse environment. The Graduate Program ties into the WorkCover WA Workforce Plan by developing future management and leadership capabilities.

The first graduate in the Program has successfully completed two work placements. The placements offer graduates a working knowledge of different divisions and provide opportunities to expand individual capabilities by undertaking a range of duties. A further intake of graduates is planned for 2013/14.

### » alternative attraction and retention methodologies

WorkCover WA explored options for alternate attraction and recruitment methodologies in 2012/13 in order to enhance the Agency's ability to identify the most suitable and available candidates for appointment. This project has involved researching the attraction and recruitment strategies of a range of public and private sector organisations to glean methods that could be adopted by WorkCover WA; validating the effectiveness of identified alternate methodologies; ascertaining future divisional requirements in relation to impending or existing vacancies; and implementing approved alternate attraction and retention methodologies via their inclusion in WorkCover WA Employment Procedures.

The alternate attraction and recruitment methodologies WorkCover WA has identified include:

- engaging with former employees
- developing a dedicated 'careers page' on the WorkCover WA website
- utilising recruitment agencies to source candidates and employees
- networking via contacts at events, and
- professional Association Membership to assist the Agency to source candidates and employees.

Due to the recent implementation of these methodologies, their effectiveness will be measured from 2013/14.



## » Succession Management Review

Aiming to align and integrate succession management strategies with the performance management process and manager competency program, the Succession Management Review was initiated in 2012/13 to improve succession planning outcomes across the Agency. The Review involved:

- a review of the existing succession management framework
- the integration of the competency framework in succession management
- identification of critical positions and gaps
- the development and delivery of succession management training
- the integration of succession planning in the performance management process
- the identification of additional succession planning strategies including project mentoring, higher duties acting reviews, and the Corporate Executive annual succession planning meeting.

This outcome is an essential step toward the Agency meeting the emerging and future demands for staff in supervisory and management roles. To date, the Agency has delivered the first two initiatives (as outlined above) in 2012/13. A significant proportion of the initiatives will be undertaken in 2013/14.

## workplace consultation

### » induction materials review

In early 2013, a small project team comprising both recent and longer-serving staff members was charged with reviewing the current online induction program in order to facilitate content and structural changes to the program. The review has involved project team members completing each module of the online induction program; canvassing alternative approaches via consultation and research; and drafting a report on their findings. General staff who have previously completed the online induction program and HR staff who designed and implemented the program were consulted during the review.

Recommendations from the review were approved in May 2013 and will be included in a revised online induction program.



» HR staff Michele O'Connell and Veronica Levay discuss the training on offer at WorkCover WA



## equality and inclusion

The following initiatives all fall under the banner of the Equal Employment Opportunity Plan. All initiatives are aligned with, and contribute to:

WorkCover WA  
Strategic Goal

4 – Organisational  
Excellence

### Disability Access and Inclusion Plan

The Agency's Disability and Inclusion Plan (DAIP) outlines how WorkCover WA contributes to an accessible and inclusive community for people with disabilities, as well as their families and carers. This includes ensuring that people with disabilities:

- have the same opportunities as other people to access WorkCover WA services and events
- have the same opportunities to access the building and 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
- have the same opportunities to participate in any public consultation.

In 2012/13, the Agency commenced a review of the WorkCover WA website to ensure that structural, design and formatting elements complied with the State Government's web content accessibility guidelines. A range of improvements to the WorkCover WA building and access area were also completed, including the installation of additional ACROD signage and the laying of tactile surfaces for access areas. An additional audit of the building that was conducted as part of the DAIP indicated that the WorkCover WA premises are compliant with the prevailing codes and standards.

Personal emergency evacuation plans were also developed for staff with a disability to ensure priority evacuation during an emergency.

### Traineeship Program

Primarily targeted at youth under the age of twenty-five, WorkCover WA's Traineeship Program also contains an emphasis on engaging with young indigenous Australians. In the first instance, candidates are granted eligibility for the Traineeship Program by the Public Sector Commission, after which the Agency's trainees are selected on referral from the Commission. Once instated at WorkCover WA, trainees are required to complete a Certificate III in Government while they undertake a range of work placements across the Agency. This arrangement provides trainees with skills and experience to enable them to be 'job ready' for future employment opportunities.

Of the three trainees that commenced the WorkCover WA Traineeship Program in 2012/13, two graduated from the traineeship in early 2013. Both trainees are now WorkCover WA employees.

### Reconciliation Action Plan

WorkCover WA recently revised its Reconciliation Action Plan (RAP). The RAP aims to raise awareness about the culture and values of indigenous Australians. Promotion of significant cultural events and days such as Reconciliation Week; publication of intranet articles focusing on issues that affect indigenous Australians; and cultural awareness training for staff were all progressed as part of the RAP in 2012/13.

The RAP is also intended to instigate strategies that promote employment and development opportunities for indigenous Australians. In 2012/13, outcomes for this objective of the RAP included a traineeship program with a focus on indigenous employment, as well as the development of a mentoring strategy for indigenous staff. One young indigenous Australian gained employment at WorkCover WA in 2013 via the completion of a traineeship.



## safety, health and wellbeing

The following initiatives are aligned with, and contribute to:

WorkCover WA Strategic Goal

4 – Organisational Excellence

### Occupational Safety and Health Management Plan

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 on Occupational Safety and Health (OSH) matters is referred to the Corporate Executive on a quarterly basis. The subsequent Chief Executive Officer report provides OSH updates to the WorkCover WA Board on a quarterly basis.

The OSH Committee facilitates consultation and cooperation between WorkCover WA and its employees by collaboratively examining issues affecting the health and wellbeing of staff, and developing and implementing measures to prevent workplace accidents and injuries. The Committee's members and activities are outlined in detail on page 24 under 'Workplace Consultation' in *Section 1: Agency in focus*.

In accordance with the *OSH Act 1984*, the *OSH Regulations 1996*, the *Public Sector Occupational Safety and Health Code of Practice 2007* and the *WorkSafe Plan 2010*, WorkCover WA's Occupational Safety and Health (OSH) Management Plan ensures the Agency maintains a systematic and consistent approach to OSH management. As such, documented OSH requirements, management processes and other OSH-related activities all contribute to improving and maintaining proactive OSH outcomes.

Management of workplace injuries and rehabilitation solutions, including return to work plans, are undertaken in accordance with the provisions of the *Workers' Compensation and Injury Management Act 1981*.

During 2012/13, initiatives arising from the OSH Management Plan included:

- development and implementation of OSH contractor procedures
- development of chemical management procedures
- development of ergonomic guidelines
- implementation of employee ergonomic assessments for all staff
- development and implementation of online OSH training for all staff
- development and implementation of journey management procedures
- development of personal emergency evacuation plans for staff with a disability.

As part of the Health and Wellness Program, the following programs were offered in 2012/13:

- healthy heart checks
- skin cancer screening checks
- flu vaccinations
- Weightwatchers program
- fitness classes
- massages
- blood donations.

Each year, the OSH and injury management policies, practices and initiatives are regularly promoted throughout the organisation via intranet articles, posters and signage, and a range of staff training opportunities. The implementation of the above procedures and guidelines, and the programs delivered in 2012/13, have all contributed to heightened staff awareness regarding both OSH responsibilities and health issues, creating a safer and healthier working environment for WorkCover WA employees.



## Occupational Safety and Health Audit Action Plan

Developed in 2012, the OSH Audit Action Plan devised a timeline to address recommendations from the 2011/12 external audit of WorkCover WA's OSH Management System using the WorkSafe recognised assessment tool. In order to do so, findings were reviewed against the elements of the WorkSafe Plan and categorised into three categories of risk: High, Medium and Low.

Recommendations were subsequently implemented according to the timeline, ensuring 90 per cent of the recommended actions were completed in 2012/13. As per the timeline, the remaining 10 per cent of recommendations are scheduled for completion in 2013/14.

The implementation of the recommended actions has strengthened WorkCover WA's OSH Management System, as well as the general approach to managing safety across the Agency. In April 2013, a further audit conducted against the WorkSafe Plan resulted in WorkCover WA receiving a Gold Certificate of Achievement.

## Election of new occupational health and safety representatives

The OSH Committee comprises elected employer and OSH representatives. It is constituted to examine issues affecting the health and wellbeing of staff, and to advise management on strategies to prevent workplace accidents and injuries. For more information refer to 'Workplace Consultation: OSH Committee' on page 24.

OSH Representatives have functions in lieu of 'duties' that include monitoring discrete work areas on a monthly basis. These functions are articulated in the *OSH Act 1984* and remain unchanged from 2011/12. Consistent with the provisions of the *OSH Act 1984*, an election of new OSH Representatives was conducted in 2013 following the expiry of the incumbent representatives' term of office.

All existing WorkCover WA staff were eligible to nominate, including previous representatives. A total of five people nominated, with three OSH Representatives elected.



# Agency challenges

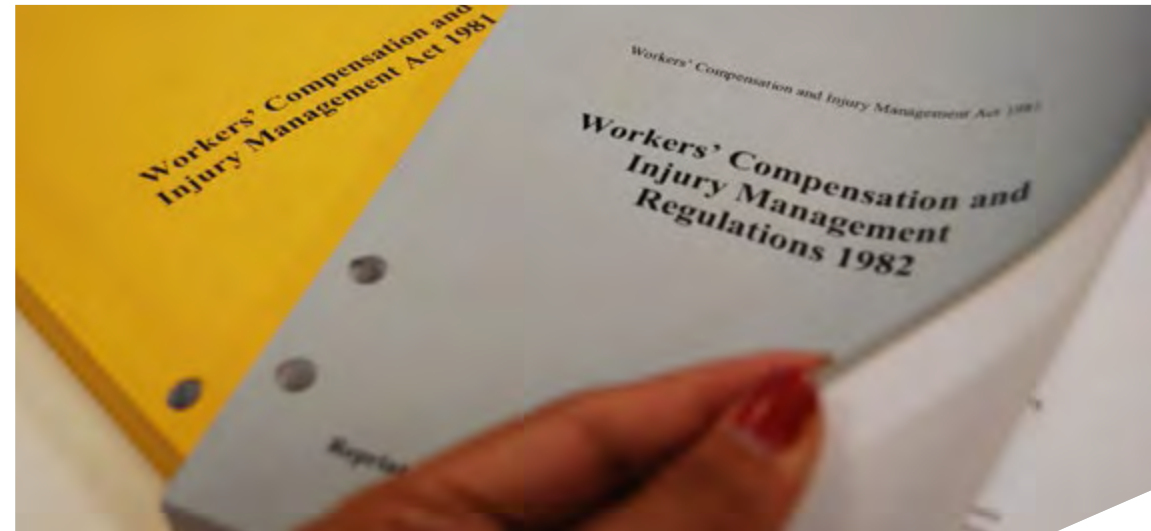
## Health and Wellness Survey 2013

In early 2013, a Health and Wellness Survey was distributed to staff via the intranet to elicit feedback regarding current health and wellness facilities, services and fitness classes offered at WorkCover WA as part of the Health and Wellness Program. The survey represented an opportunity to extract feedback from staff who have not participated in health and wellness initiatives in order to ascertain where the Program can be improved in 2013/14.

A total of sixty-nine staff completed the survey, with 90 per cent of participants indicating they currently take part in one or more of WorkCover WA's health and wellness initiatives. Feedback on current health services was positive, particularly the Healthy Heart Check program, however a significant number of respondents indicated they would be interested in any proposed new initiatives.

Following the survey, seven recommended updates to the Health and Wellness Program were approved for implementation during 2013/14. These include:

- conducting an annual health and wellness survey
- conducting three 'Lunch and Learn' sessions annually
- promoting and sponsoring employees for one charity fun run per year
- introducing new fitness classes on a short-term rotational basis and closely monitoring participation rates.



## adjusting to legislative change

Several areas of the Agency's operations continued to be fine-tuned throughout 2012/13 in response to the legislative amendments of 2011/12, with the most significant changes occurring around the Conciliation and Arbitration Services (CAS) and the key performance indicators that measure the performance of CAS.

Refer to *Section 6: Key performance indicators* from page 91 for more details on the changes to WorkCover WA's KPIs.



## Electronic Document and Records Management System

WorkCover WA currently utilises a legacy information technology system for the management of hard-copy records. A new Electronic Document and Records Management System is under development to securely, reliably and accurately support the management of the Agency's records and information, in both hard-copy and electronic form.

Using a phased approach initially focused on replacing the existing system, the new platform will be subsequently implemented across other business areas of the Agency once the core component is established.

The first phase of the project is progressing on schedule for delivery by the start of 2014.



## IT initiatives

### IT Strategic Plan

Supporting WorkCover WA's strategic planning process, the IT Strategic Plan defines the IT strategies to ensure the Agency is appropriately supported by technology.

In 2012/13, as part of the IT Strategic Plan, the new Regulatory Services Case Management System (RSMS) was completed and implemented on time and within budget. Minor efficiency updates were also made to the online user interfaces that are connected to RSMS – these interfaces are accessed by external stakeholders such as insurers and service providers. Ongoing production support will continue into the next year in the form of continuous improvements to support changing business requirements.

For more information on RSMS refer to page 65 under 'Report against 2012/13 Strategic Commitments' in *Section 3: Report on operations*.

### Memoranda of Agreements System project

The previous legacy information technology system used to register Memoranda of Agreements was outdated, inefficient and limited in both functionality and capability, and primarily acted as a database rather than a tool to assist workflow processes.

A replacement Memoranda of Agreement (MoA) System was developed and implemented in 2012/13 to:

- integrate workflow processes into Conciliation and Arbitration Services' Dispute Case Management System
- provide a consistent resource for monitoring, managing and reporting on the processing of MoAs
- ensure all statutory functions relevant to MoAs are carried out in an efficient and timely manner.



# Section 5

## disclosures and legal compliance

report on funds management	80
other financial disclosures	82
Ministerial directives	83
governance disclosures	84
legal compliance	87
government policy requirements	89



# 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 *Workers' Compensation and Injury Management Act 1981* (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 3.34 per cent for all trust accounts.

## uninsured claims management

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

As part of its operations, the compliance activity establishes an employer's insurance status to ensure monies released from the General Account are in accordance with the provisions of the Act. This year, the compliance activity investigated 25 potential claims on the General Account pursuant to section 174, compared with 18 last year. There were four new claims this year and 29 continuing claims from previous financial years. The cost of new claims was \$53,760.05 and ongoing claims amounted to \$1,466,902.26.

At 30 June 2013, the total outstanding debt from uninsured employers was approximately \$1,520,662.31. Recovery action against these employers is ongoing.

## 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 2012/13 were nil. Since its inception (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 2012/13 were nil. The *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* came into effect in 2001, but the first claim payment was not received until December 2005.

**Table 13: Claim payments and receipts for insurers in liquidation**

Item	HIH Insurance (\$)	National Employers' Mutual General Insurance Co. (\$)
Value of outstanding claims in Western Australia	1,090,250	337,794
Received from liquidators in 2012/13	117,777	10,255
Claim payments for 2012/13	1,083,170	95,397
Claim payments since liquidation commenced	75,188,068	6,033,118





## debts and investments

At 30 June 2013, there were 49 outstanding debtors resulting from fines and penalties awarded under section 170 of the Act, with debts outstanding of \$386,652.08. In 2012/13, the weighted average rate of return on General Account investments was 4.76 per cent.

**Table 14: Actual results vs budget results**

Item	2012/13 Target \$000	2012/13 Actual \$000	Variation \$000
<b>Total Revenue</b> (sourced from Statement of Comprehensive Income)	<b>25,528</b>	<b>25,158</b>	<b>370</b> <sup>(a)</sup>
<b>Total Expenses</b> (sourced from Statement of Comprehensive Income)	<b>23,542</b>	<b>21,031</b>	<b>2,511</b> <sup>(b)</sup>
<b>Total Equity</b> (sourced from Statement of Financial Position)	<b>58,648</b>	<b>70,775</b>	<b>12,127</b> <sup>(c)</sup>
<b>Net increase/(decrease) in cash held</b> (sourced from Statement of Cash Flows)	<b>1,902</b>	<b>1,165</b>	<b>737</b> <sup>(d)</sup>
<b>Approved full-time equivalent (FTE) staff level</b>	<b>145.5</b>	<b>132.8</b>	<b>12.7</b>

Further explanations are also contained in Note 33 'Explanatory statement' to the financial statements.

- (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.



# 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*.

**Table 15: WorkCover WA FTE status**

Employment type	2011	2012	2013
Full-time permanent	120	115	109
Full-time contract	16	14	15
Part-time measured on an FTE basis	11.95	10.79	12.09
<b>Total</b>	<b>147.95</b>	<b>139.79</b>	<b>136.09</b>
Staff on secondment	4	6	7
Staff on traineeship	2	2	2
Staff in Graduate Program *	-	-	1

\* Staff Graduate Program commenced in 2013

## internal workers' compensation claims

There were no workers' compensation claims made by WorkCover WA staff in 2012/13.

## Board remuneration

In accordance with section 99(2) of the Act, the Chairman and Board members are 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 2012 to 16 May 2013, 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.



## Ministerial directives

No Ministerial directives were received during the financial year.



## capital works projects

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

**Table 15: 2012/13 expenditure**

capital works project	Total spent \$000'	YTD \$000'
Regulatory Services Case Management System	1,235	697
Memoranda of Agreement database into Dispute Case Management System	139	120
Scheme Information Management System	571	571
Electronic Document Records Management System implementation	-	-



# governance disclosures

## Board responsibilities

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:

- the setting of strategic direction
- establishment of goals for the Agency and monitoring achievement against those goals to optimise the Agency's performance
- ensuring compliance with statutory requirements
- approving Corporate Executive recommendations
- making recommendations to the Minister (where appropriate)
- giving effect to Ministerial directives
- managing strategic risk.

## conflicts of interest

In accordance with Treasurer's Instruction 903 (14) (iii), senior officers and members of the WorkCover WA Board declared any interest they held in existing or proposed contracts with WorkCover WA.

In 2012/13, 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 Karin Lee is the Manager Safety and Risk Services at the WA Chamber of Commerce and Industry (CCI). In 2012/13, 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.



## committees

### 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 strategic and annual internal audit plans, monitors the progress of audit recommendations, and provides stewardship by promoting discussion with internal and external auditors to ensure effective systems and policies are in place.

**Table 16: Audit Committee attendance**

Audit Committee member	No. of meetings eligible to attend	No. of meetings attended
Mrs Victoria Wilmot (Chair)	4	3
Mr Greg Joyce	4	4
Mr Brian Bradley	4	3

### Costs Committee

The Costs Committee is an independent committee, reporting directly to the Minister of 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 did not meet in 2012/13.

### Medical Committee

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

- the WorkCover WA Guides for the Evaluation of Permanent Impairment
- the criteria for designation and monitoring of Approved Medical Specialists providing impairment assessments
- the role of Approved Medical Specialists within the scheme.

In 2012/13, the Medical Committee endorsed seven applicants for designation as an Approved Medical Specialist (AMS). The applicants were subsequently added to the AMS register.

**Table 17: Medical Committee attendance**

Medical Committee member	No. of meetings eligible to attend	No. of meetings attended
Ms Michelle Reynolds (Chair)	1	1
Chris White (Chair)	1	1
Dr Marcus Adonis	2	2
Dr Heather Campbell	2	2
Dr Alan Home	2	2
Mr Barrie Slinger	2	1
Dr Neil Ozanne	2	2
Mr David Colvin	2	2



## Industrial Diseases Medical Panel

The Industrial Diseases Medical Panel (IDMP) 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 diffuse pleural fibrosis are referred to the IDMP for determination as to whether:

- the worker is or was suffering from the prescribed diseases
- the extent of the disability caused by the disease
- a number of other related questions.

The IDMP comprises physicians who specialise in diseases of the chest or occupational disease. The Panel operates independently, with WorkCover WA providing administrative support and funding only.

In 2012/13, the panel convened on 22 occasions and made 36 determinations.

**Table 18: Industrial Diseases Medical Panel Members**

2012/13 Industrial Diseases Medical Panel Chairman (Rotating)	Members
Dr E Gabbay	Dr D Bucens
Dr M K Tandon	Dr M Musk
Dr K C Wan	Dr A Tribe
	Dr P Psaila-Savona

**Table 19: Number of IDMP applications**

Applications	2009/10	2010/11	2011/12	2012/13
new	40	38	42	38
reviewed	6	6	7	2
<b>total</b>	<b>46</b>	<b>44</b>	<b>49</b>	<b>40</b>

**Table 20: Number of disease determinations**

Disease	2009/10	2010/11	2011/12	2012/13
pneumoconiosis	18	9	12	12
pneumoconiosis and diffuse pleural fibrosis	N/A	N/A	5	3
pneumoconiosis and lung cancer	0	0	1	0
diffuse pleural fibrosis	N/A	N/A	1	2
mesothelioma	22	21	20	13
lung cancer	6	5	5	6
<b>sub total</b>	<b>46</b>	<b>35</b>	<b>44</b>	<b>36</b>
determinations where disease not present or disease present but a 0% level of impairment	0	9	5	4
<b>total</b>	<b>46</b>	<b>44</b>	<b>49</b>	<b>40</b>



# legal compliance

## Public Sector standards and ethical codes

WorkCover WA has policies, procedures and guidelines in place to ensure Agency obligations are met with respect to the *Public Sector Standards (Human Resource Management)*, the *WA Public Sector Code of Ethics*, and the *WorkCover WA Code of Conduct*.

These policies and supporting guidelines are available to all staff via the WorkCover WA intranet, the online induction and the online training system. To support knowledge of these Standards and Codes, training on accountable and ethical decision-making in the Western Australian Public Sector continued to be delivered to new staff via the online induction system in 2012/13. Results of an all staff survey conducted in November 2012 indicated that staff awareness of the Agency's obligations with respect to the aforementioned Standards and Codes has increased over the past two years.

### Public Sector Code of Ethics

There were no claims lodged in 2012/13 relating to the *Public Sector Code of Ethics*.

### WorkCover WA Code of Conduct

In 2012/13, the *WorkCover WA Code of Conduct* was reviewed, and minor amendments made, to reflect current public sector and agency policy. Minor adjustments were also made to the WorkCover WA Employment Procedures to provide clarity around the application of the Public Sector Commissioner's Instructions.

There were no claims lodged in 2012/13 relating to the *WorkCover WA Code of Conduct*.

## Public Sector Commissioner's Instruction Employment Standard

An independent audit of WorkCover WA found the Agency to be compliant with the Employment Standard in 2012/13. There were no breaches of standard claims against the Employment Standard in 2012/13.

## Grievance Resolution Standard

There were no breaches of standard claims against the Grievance Resolution Standard in 2012/13.

## Disability Access and Inclusion Plan

The Agency's Disability Access and Inclusion Plan is outlined from page 74 in *Section 4: Opportunities and challenges*.

## Recordkeeping Plan

Every government organisation is required to have a Recordkeeping Plan (RKP) under s19 of the *State Records Act 2000* (the Act). The RKP is to provide an accurate reflection of the recordkeeping program within the organisation and must be complied with by the organisation and its officers. Under part 3, Division 4 of the Act, the organisation must review its RKP every five years or when there is any significant change to the organisation's functions.

WorkCover WA demonstrates that the Agency and its employees are complying with the plan, by providing evidence in the four key areas identified over the page.



## Recordkeeping Plan (continued)

### Report against WorkCover WA Recordkeeping Plan

#### 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 which will coincide with some significant planned changes.

Corporate Information procedures have been reviewed extensively throughout the year. WorkCover WA's Agency Specific Retention and Disposal Schedule is currently being reviewed in line with the development of a more robust Business Classification Scheme. Progress is being made towards the first-stage project of implementing an Electronic Document and Records Management System.

#### 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.

98 per cent of WorkCover WA staff have completed recordkeeping training.

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

The online Records Management training module within the Agency's induction program has been revised and updated in the past financial year. Training initiatives and materials are reviewed regularly to ensure the information provided to WorkCover WA staff is meeting requirements and complies with relevant legislation and standards.

#### 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, one-on-one sessions are conducted monthly with new employees to provide an overview of employees' records management responsibilities.

Recordkeeping information, policies and procedures are also available on the Intranet for staff use. The effectiveness of the induction program is regularly reviewed to ensure compliance with the Recordkeeping Plan and the *State Records Act 2000*.



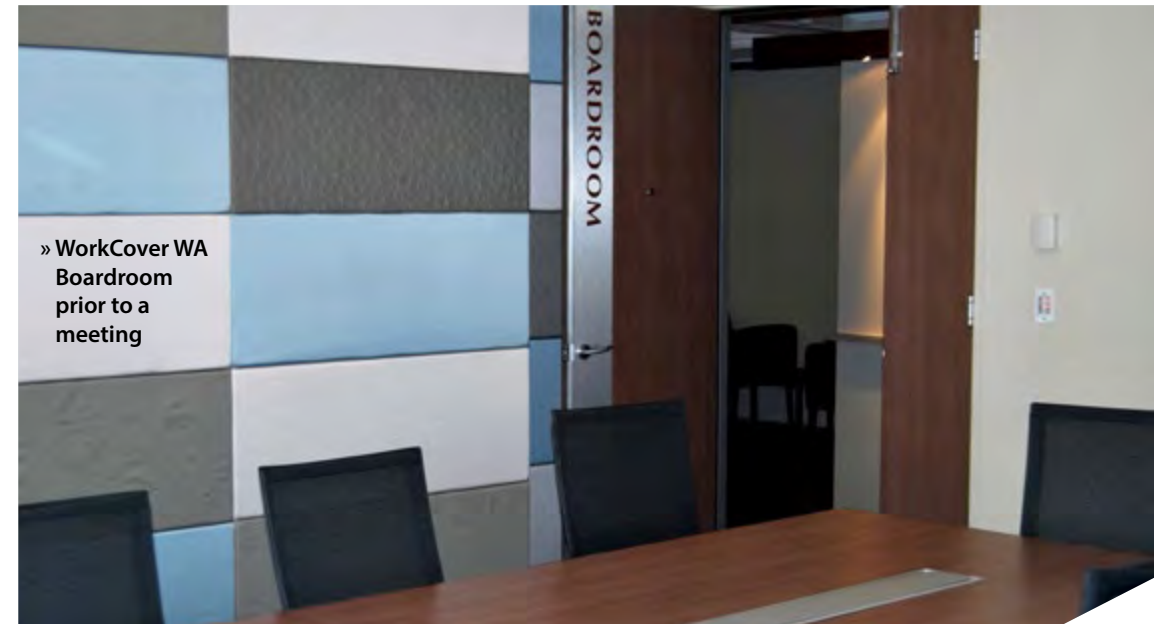
## government policy requirements

### 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. Expenditure during 2012/13 related to advertising for job vacancies, notifying of compliance visits, mailing out to advise change of legislations, and publishing educational advertorials in magazines and newspapers. Below is a statement of expenditure for the 2012/13 financial year.

**Table 21: 2012/13 advertising expenditure**

Type	Organisation	2012/13 Expenditure (\$)
advertising agencies	AdCorp Australia Limited	<b>7,891</b>
direct mail organisations	Quickmail	<b>5,582</b>
market research organisations	-	-
media advertising organisations	Mitchell Communication	<b>5,094</b>
polling organisations	-	-
<b>Total</b>		<b>18,567</b>



### substantive equality

WorkCover WA's compliance with Public Sector Standards and Ethical Codes is detailed under 'Opportunity and Accessibility' in *Section 4: Opportunities and challenges* from page 71 of this report.

### occupational safety, health and injury management

WorkCover WA's Occupational Safety, Health and Injury Management policies are detailed under 'Opportunity and Accessibility' in *Section 4: Opportunities and challenges* from page 75 of this report.



## OSH and injury management performance

WorkCover WA's OSH and injury management data for this reporting period is disclosed in table 22. Comparative data has been included where possible.

**Table 22: 2012/13 OSH performance data**

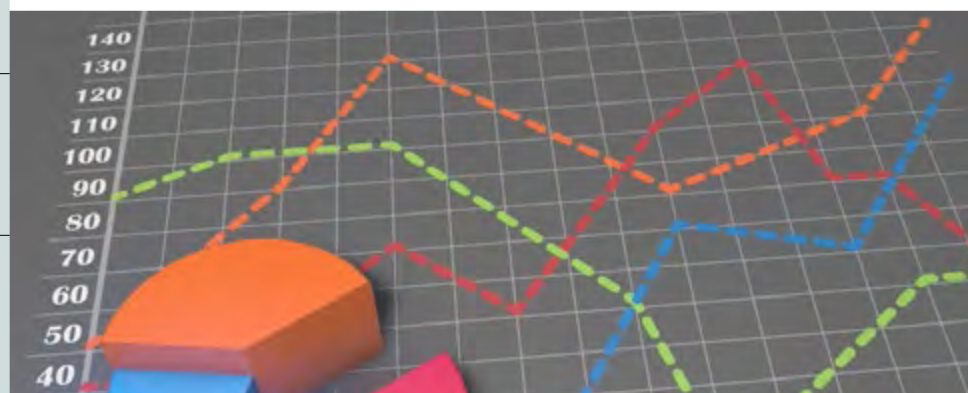
OSH indicator	2009/10	2010/11	2011/12	2012/13 Target	2012/13 Actual
number of fatalities	0	0	0	0	0
lost-time injury/disease incidence rate *	0	0.67	0	0	0
lost-time injury/disease severity rate	0	0	0	0	0
% injured workers returned to work within 13 weeks	-	-	100%	100%	N/A **
% injured workers returned to work within 26 weeks	-	-	100%	100%	N/A **
% managers trained in occupational safety, health and injury management responsibilities	78%	82%	92%	100%	92%

### OSH training for managers and supervisory staff

All managers and supervisors are required to undertake the WorkCover WA online OSH training module. The module comprises a number of sections, including:

- legislative framework and requirements
- WorkCover WA OSH Management System
- supervisor responsibilities
- OSH resources
- Hazard and Incident Management System.

Completion rates are monitored by Human Resources and reported to the Corporate Executive on a quarterly basis. As indicated in table 22, 92 per cent of all managers and supervisors completed the module in 2012/13.



\* 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

\*\* Not applicable – no claims were recorded in 2012/13



# Section 6

## key performance indicators

additional key performance indicator information	92
» detailed information in support of KPIs	92
» changes to Outcomes Based Management Structure	94
» summary of changes to Outcomes Based Management Structure	96
key performance indicators	99
summary of key performance indicators	100
key performance indicators of effectiveness	101
key performance indicators of efficiency	105



## additional key performance indicator information



### certification of key performance indicators

We hereby certify 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 2013.

**Greg Joyce**  
Chairman  
WorkCover WA  
29 August 2013

**Chris White**  
Acting Chief Executive Officer  
WorkCover WA  
29 August 2013

### detailed information in support of key performance indicators

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.

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.

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.



## detailed information in support of KPIs... (continued)

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. Consistent with our vision and purpose our agency desired outcome is:

“To ensure a workers' compensation and injury management scheme that is financially viable, contemporary and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants”.

The Agency Services provided to 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)

The following table shows the WorkCover WA Outcome Based Management (OBM) Structure including the Agency Desired Outcome and Agency Services.



**Table 23: WorkCover WA's links to Government Goals through its Agency Desired Outcome and Services**

Government Goal	
<b>Results-Based Service Delivery</b>	
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 providing services that are fair, accessible, timely and cost effective for all participants.	
WorkCover WA's Agency Services	
<b>1. Scheme Regulation</b> (regulation of workers' compensation scheme participants for compliance with legislative requirements).	<b>2. Scheme Services</b> (provision of effective and equitable dispute resolution and other services to scheme participants).



## changes to the Outcomes Based Management Structure in 2012/13

WorkCover WA made significant changes to its Outcomes Based Management Structure (OBM) and Key Performance Indicators (KPIs) in line with the proclamation of the *Workers' Compensation and Injury Management Amendment Act 2011* (the Amendment Act) which came into effect from 1 December 2011.



The Amendment Act made significant changes to the WA workers' compensation dispute resolution processes and the new Workers' Compensation Conciliation and Arbitration Services 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 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.

With the implementation of these changes, WorkCover WA made further refinements to its OBM and KPIs to better reflect the true intent of the business.

This led to further review of the agency's OBM in 2012 and identified the need to include 'timeliness' in the Agency Outcome Statement. The changes are consistent with the feedback received leading up to the Amendment Act and have a direct link to the Agency's purpose which is "Fair and **timely** dispute resolution".

'Timely' is also included in the description of the conciliation and arbitration functions under Part XI, section 177 of the Act.

Consequently, the Under Treasurer has approved amendments to WorkCover WA's OBM consistent with our vision and purpose. Our revised agency desired outcome is now: 'To ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated whilst **providing services that are** fair, accessible, **timely** and cost effective for all participants'.



## changes to the OBM in 2012/13 (continued)

Amendments to agency KPIs have also been necessary to properly reflect activity in the changed dispute resolution environment. Two satisfaction KPIs measured via an annual survey of scheme participants have been discontinued. The ongoing use of a satisfaction survey for this purpose raised issues such as:

- The highly contested environment in which conciliation and arbitration is conducted. Binding decisions are made in relation to disputes between employers and injured workers on workers' compensation matters. Outcomes of the dispute undoubtedly influence a participant's overall perception of the service received.
- Participants in the survey were drawn from workers and representatives (legal practitioners or registered agents who assist parties in dispute matters). With the limited number of representatives working within this field, it is not uncommon for the same representatives to be selected as survey participants multiple times and in consecutive years. This is a relatively small cohort and it is not particularly useful.
- The survey was run at considerable cost to the Agency. A more effective way of ascertaining service improvement information is to include a dispute resolution module in general surveys coordinated by the Agency.

A further change was to replace the measure of timeliness for Arbitration Services with a more meaningful indicator to provide guidance on the expected full timeframe for resolving a dispute.

Unlike conciliation there is no statutory framework within which arbitration matters are required to be completed. The 18 week time period formerly adopted was a direct breakdown of a previous objective to complete Part XI disputes within 26 weeks with the 18 weeks being the period after the 8 weeks allowed for conciliation.

This indicator is replaced by an indicator of timeliness which measures the total time taken to resolve disputes from the acceptance of an application for conciliation through to the finalisation of the arbitration matter.

These changes were approved by the Under Treasurer on 3 January 2013 and noted by the Minister on 21 January 2013.

A summary of the changes is outlined in the following table (starting page 96).



**Table 24: Summary of changes to Outcome Based Management Structure in 2012/13**

OBM Element	Previous	Current	Rationale(s)/ Comment(s)
<b>Government Goal(s)</b>	<b>Outcomes Based Service Delivery</b>  Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	<b>Outcomes Based Service Delivery</b>  Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	No Change
<b>Agency Level Government Desired Outcome(s)</b>	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	To ensure a workers' compensation and injury management scheme that is financially viable, contemporary, and integrated whilst <b>providing services that are fair, accessible, timely</b> and cost effective for all participants.	Include the word timely consistent with the Agency purpose and the objective for resolution of disputes under the Act.

**Table 24: Summary of changes to Outcome Based Management Structure in 2012/13**

OBM Element	Previous	Current	Rationale(s)/ Comment(s)
<b>Key effectiveness indicators</b>	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 user satisfaction with conciliation services	Deleted	These indicators have been used to determine the satisfaction levels of clients with the service received from WorkCover WA during the resolution of a dispute and have been measured via the use of a yearly satisfaction survey.
	1.3 The percentage of user satisfaction with arbitration services	Deleted	Issues for continuing with this practice include :  <ul style="list-style-type: none"> <li>Highly contested environment, where outcomes are expected to influence a participants overall perception of the service received</li> <li>Duplication over time of survey participants</li> <li>Cost of conducting survey.</li> </ul>





**Table 24: Summary of changes to Outcome Based Management Structure in 2012/13**

OBM Element	Previous	Current	Rationale(s)/ Comment(s)
Key effectiveness indicators	1.4 The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted.	1.2 The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted.	Change the KPI number to 1.2
	1.5 The proportion of arbitrations completed within 18 weeks of the date the application for arbitration was accepted.	1.3 The average number of days to resolve a dispute	<p>Unlike conciliation, there is no statutory framework within which arbitration matters are required to be completed.</p> <p>The 18 week time period adopted was a direct breakdown of a previous arrangement to complete a Part XI dispute within 26 weeks with the 18 weeks being the subsidiary period after the 8 weeks allowed for conciliation.</p>
			This indicator has now been replaced by a new indicator of timeliness that will measure the total time taken to resolve disputes from the acceptance of an application for conciliation through to when the arbitration matter is finalised.

**Table 24: Summary of changes to Outcome Based Management Structure in 2012/13**

OBM Element	Previous	Current	Rationale(s)/ Comment(s)
Service(s)	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	1.1 Average cost per employer compliance activity	1.1 Average cost per employer compliance activity	No Change
	1.2 Average cost per approved and monitored Service Provider	1.2 Average cost per approved and monitored Service Provider	No Change



**Table 24: Summary of changes to Outcome Based Management Structure in 2012/13**

OBM Element	Previous	Current	Rationale(s)/ Comment(s)
Key efficiency indicators (continued)	1.3 Average cost per client contact to provide information and advice	1.3 Average cost per client contact to provide information and advice	No Change
	2.1 Average cost to complete conciliation	2.1 Average cost to complete conciliation	No Change
	2.2 Average cost to complete an arbitration	2.2 Average cost to complete an arbitration	No Change
	2.3 Average cost to process a Memorandum of Agreement	2.3 Average cost to process a Memorandum of Agreement	No Change





# key performance indicators

**Table 25: WorkCover WA's key performance indicators 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 The number of non-compliance events identified as a result of a claim on the General Account		1.2 The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted		1.3 The average number of days to resolve a dispute	
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



## summary of key performance indicators

**Table 26: Key performance indicators of effectiveness**

#	Indicator	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
1.1	The number of non-compliance events identified as a result of a claim on the General Account	5	6	5	3	8
1.2	The proportion of conciliations completed within 8 weeks of the date the application for conciliation was accepted	-	-	96.7%	97.8%	97.0%
1.3	The average number of days to resolve a dispute	-	-	-	152	100

**Table 27: Key performance indicators of efficiency**

#	Indicator	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
1.1	Average cost per employer compliance activity	\$231	\$281	\$235	\$265	\$235
1.2	Average cost per approved and monitored service provider	\$2,719	\$2,942	\$3,087	\$2,871	\$3,232
1.3	Average cost per client contact to provide information and advice	\$140	\$126	\$133	\$120	\$124
2.1	Average cost to complete a conciliation	-	-	\$2,658	\$2,847	\$3,334
2.2	Average cost to complete an arbitration	-	-	\$13,821	\$13,041	\$17,083
2.3	Average cost to process a Memorandum of Agreement	-	-	\$262	\$261	\$261

## 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 **providing services that are** fair, accessible, **timely** 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 and timeframes for managing conciliation and arbitration processes.

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.





## Indicator 1.1

### the number of non-compliance events identified as a result of a claim on the General Account

(new from 2009/10)

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
5	6	5	3	8

#### » description

Effectiveness indicator 1.1 was first introduced in 2009/10 and remains unchanged in the recent review of KPIs.

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.

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 2012/13 is estimated to be approximately 40,000; therefore, a performance target of eight events has been set.

The continued low number of uninsured claims (equal to or less than eight) 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 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 2012/13 there were three new claims against the General Account. This is 62.5 per cent less than the set target of eight accepted by the WorkCover WA Board and a reduction of two (40 per cent) on the number of claims for 2011/12.

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



## Indicator 1.2

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

(new from 2011/12)

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
-	-	96.7%	97.8%	97.0%

Effectiveness indicator 1.2 measures the time taken to complete a conciliation matter.

Measurements for this indicator are produced directly from data extracted from the Dispute Case Management System (DCMS) which supports the business needs of the Conciliation and Arbitration Services (CAS).

### » 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 an 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 an 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 2012/13 has been set based on the performance of the Conciliation Service for 2011/12 and trends emerging in the first quarter of 2012/13. The target is 97 per cent completed within eight weeks.

### » analysis

The outcome for this KPI of 97.8 per cent represents 1,555 out of 1,590 conciliations closed within the eight week statutory timeframe. This has marginally exceeded the target and is an improvement on last year.

Of the 35 matters not completed within the initial eight weeks only two were not completed within the extended timeframe. One was completed two days beyond the extension and the other matter is a complex transitional matter that was not originally attached to a timeframe.



### Indicator 1.3

#### the average number of days to resolve a dispute

(new from 2012/13)

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
-	-	-	152	100

#### » description

This KPI reports the time taken to resolve a dispute and is consistent with Part XI, section 177 of the Act, which states:

The main objectives of the Conciliation and Arbitration functions are to:

Provide a fair and cost effective system for the resolution of disputes under the Act that –

- a) is timely
- b) is accessible, approachable and professional
- c) minimises costs to parties to disputes
- d) in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes, and
- e) 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 KPI measures the average number of days to resolve disputes. It specifically measures the time taken to resolve disputes which proceed from conciliation to arbitration and measures the total time taken from the lodgement of an application for conciliation through to when final orders for an arbitration decision are issued or the arbitration matter has been otherwise finalised.

The time period measured includes the number of days between acceptance and finalisation of a conciliation application, added to the number of days between the acceptance and finalisation of an arbitration application. It does not include the statutory period (28 days) allowed for an applicant to decide whether or not to make an arbitration application once a conciliation has finalised.

This KPI provides an average overall timeframe within which matters are resolved. The target is an average of 100 days.

Comparative data from previous years for KPI 1.3 cannot be provided due to the considerable differences in the previous and new dispute resolution systems. Whilst the new arrangements commenced in December 2011, figures for the seven month period of 2011/12 are not a true comparison as the total possible timeframe is artificially shortened to the seven month period.

#### » analysis

The average number of days to resolve a dispute for 2012/13 is 152 days. This is 52 per cent more than the projected target with the outcome affected by the significant increase in the number of applications for arbitration received during the year. The target of 100 days average resolution time was premised on an expected 228 matters and the available resources to deal with those matters.

The number of matters dealt with by the Arbitration Service was 295, representing 23 per cent more matters. This indicator has also been impacted by difficulties in recruiting to advertised arbitrator positions and highlights the issues faced by the Agency in attracting and appointing suitably qualified arbitrators.





## key performance indicators of efficiency

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

There are three efficiency indicators chosen for each of the two services, Scheme Regulation and Scheme Services. These indicators measure the overall costs of delivering the core services for regulation of scheme participants and conciliation and arbitration services.

### allocation of Agency costs

#### » overheads

WorkCover WA uses a cost allocation model to determine overheads and to allocate costs across the Agency's divisions and six efficiency KPIs.

Direct costs for each activity are allocated to individual cost centres within the relevant business units in the first instance. Indirect costs (overheads) that can easily be attributed to Full Time Equivalent (FTE) positions, such as payroll tax, superannuation, workers compensation, employee entitlements etc are allocated across all agency cost centres on an FTE basis. Other overheads, such as rates, water, electricity, depreciation of buildings etc have been allocated according to the floor space specifically allocated to an area.

In order to account for all Agency costs, expenditure from cost centres that are not attributed directly to a KPI are allocated across all KPIs on an FTE basis.

#### » exempted expenditure

Certain expenditure and revenue in relation to the payment and subsequent recovery of workers compensation claims are not incorporated into the KPI calculation data. This is due to the nature of these transactions and the fact that WorkCover WA has no control over the number or amount of claims lodged in accordance with the Workers Compensation and Injury Management Act, which if included, would unduly skew key KPI data (for 2012/13 this represents 10 per cent of the total expenditure).

In 2012/13 there were savings across the Agency, predominantly due to vacancies, that have affected all efficiency KPIs through the application of overheads.

### 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.



## Indicator 1.1 average cost per employer compliance activity

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
\$231	\$281	\$235	\$265	\$235

### » 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 [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 employers' obligations. Upon notification of a possible breach, an investigation/prosecution may result.

Each employer compliance activity is recorded by team members. Up until December 2012 these activities were recorded in the WorkCover Investigator (WCI) database. From 1 December 2012 a purpose built system the Regulatory Services Management System (RSMS) was commissioned and records all compliance activity from that date. The total number of employer compliance activities for 2012/13 has been extracted directly from these systems. For future years the RSMS database will be the sole repository for this data.

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.

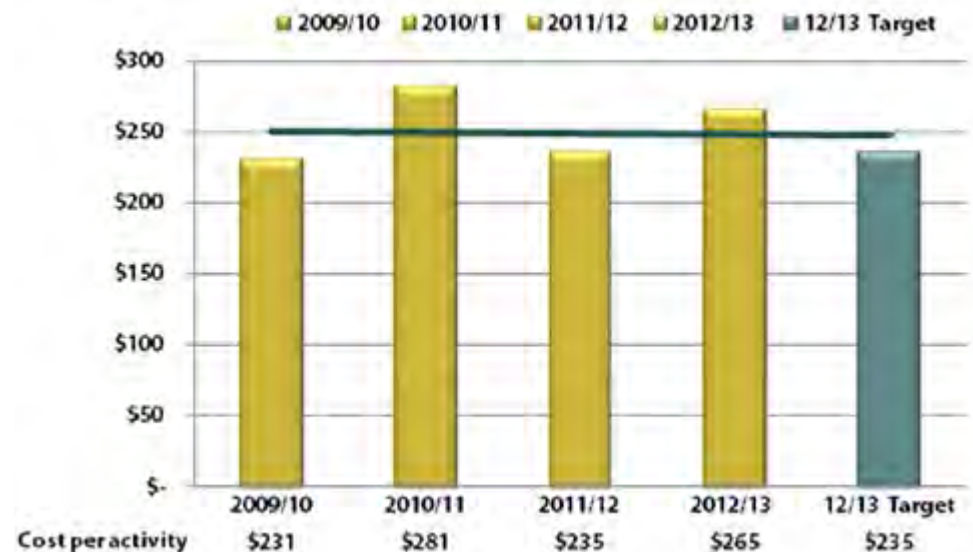
### » analysis

The average cost per employer compliance activity for 2012/13 was \$265. This is above the target cost of providing this service by 12.8 per cent and is also an increase on the previous year result of \$235 by the same percentage.

The target for this indicator was set using first quarter activities for 2012/13, trends from previous years and taking into account any known changes. The number of activities over the full year were down significantly (2,274) from the 1st quarter results used to determine the target.

Previous years' data suggests the levels reached in 2011/12 were unusually high due to a large number of lapsed policy case closures as a result of increased compliance activity involving insurers which flowed into the first quarter of 2012/13, from which the current KPI target was projected. This is seen as a 'one off' occurrence and it is not envisaged this exercise will be repeated as the methodology for managing expired policies has been revised. The graph below shows the cost trend over the past four years.

**Figure 21: Average cost per employer compliance activity**





## Indicator 1.2 average cost per approved and monitored service provider

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
\$2,719	\$2,942	\$3,087	\$2,871	\$3,232

### » 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 has historically been recorded on a consolidated spreadsheet, in the Registered Agents Registration system, or on the NIHL system. This data has progressively been migrated to RSMS as the single data source. For 2012/13, Monthly Activity Reports have been derived from a combination of data sources (outlined above) but the final total as at 30 June 2013 is derived from RSMS.

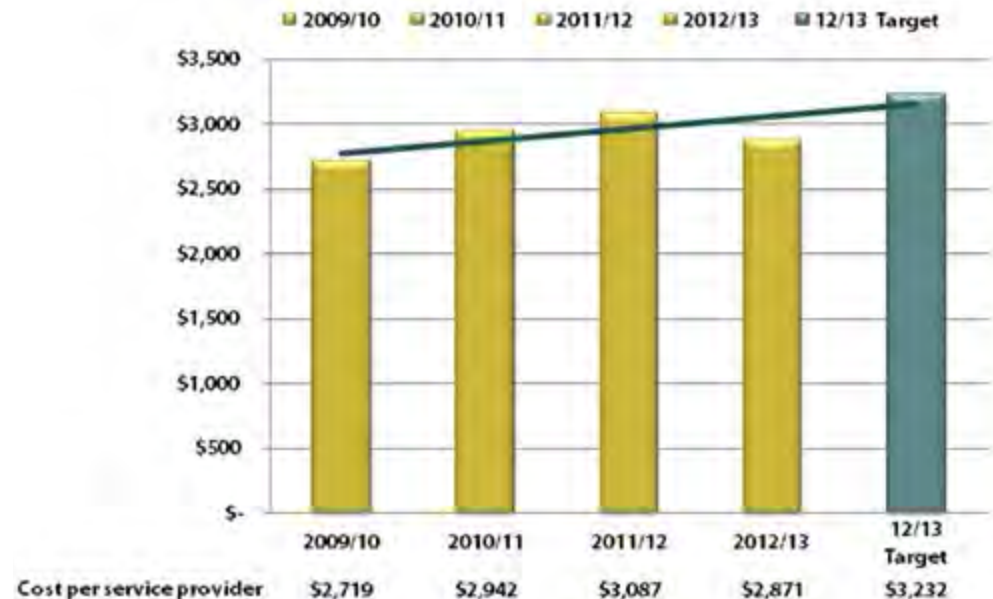
The target for this indicator was determined by dividing the approved budget for these activities including allocated overheads by the estimated total number of approved and monitored service providers. The estimated number of service providers used to determine the target was set at 1118 based on previous years and figures for the first quarter of 2012/13. The number of service providers used to measure this KPI for 2012/13 is the number registered as at 30 June 2013.

### » analysis

The average cost per approved and monitored service provider for 2012/13 was \$2,871. This is 11.2 per cent below the expected target of \$3,232 and a reduction of 7.0 per cent on the 2011/12 figure of \$3,087.

The number of approved and monitored service providers remained fairly constant over the course of the year at 1,103, decreasing by less than 1 per cent from 2011/12 and 1.3 per cent from the target. A vacancy within the area for a considerable proportion of the year has affected the outcome of this KPI in addition to the overall Agency savings. The graph below shows the cost trend over the past four years.

**Figure 22: Average cost per approved/monitored service provider**





### Indicator 1.3 average cost per client contact to provide information and advice

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
\$140	\$126	\$133	\$120	\$124

» description

WorkCover WA has responsibility under 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, appointments and written enquiries. Inward telephone calls made to the Agency Advisory Line (1300 794 744) are captured by the phone system. The total number of matters conducted is then extracted directly from the respective systems and compiled into a monthly activity report.

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.



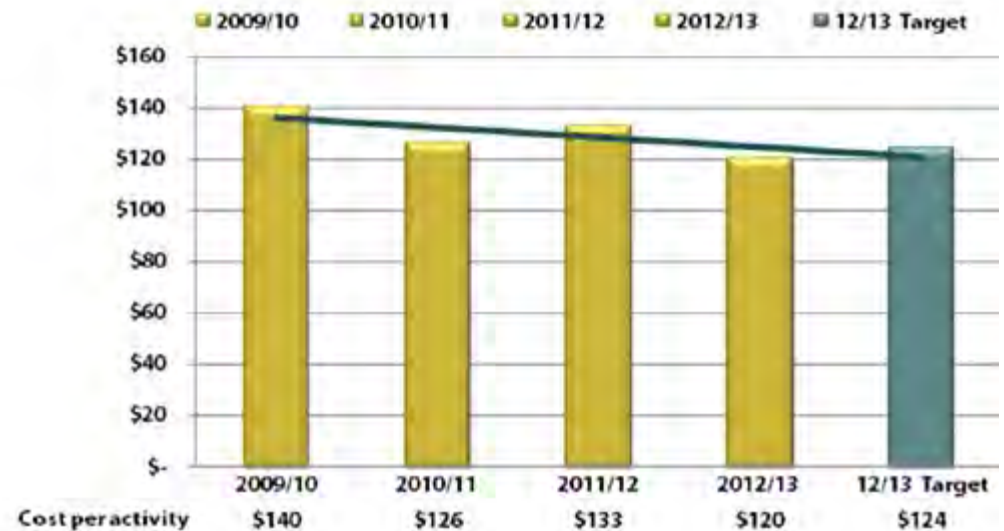
» Above: Compliance Coordinator Scott Fletcher-Terry offers information and advice

» analysis

The average cost per client contact to provide information and advice for 2012/13 was \$120. This is 3.2 per cent less than the estimated target of \$124 and 9.8 per cent less than the 2011/12 result of \$133.

The reduction in comparison to 2011/12 is mostly due to savings in agency overheads. The graph below shows the cost trend over the past four years.

Figure 23: Average cost per approved/monitored service provider





## 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.

Activity is only reported for the period since 1 December 2011, when the new dispute resolution services began operation.

Due to the significant differences between the old and new dispute resolution systems it is not possible to provide comparative data for previous years beyond 2011/12 for the following two KPIs 2.1 and 2.2.

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 beyond 2011/12 for indicator 2.3.





## Indicator 2.1

### average cost to complete a conciliation

(new from 2011/12)

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
-	-	\$2,658	\$2,847	\$3,334

#### » 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 total 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 a conciliation process. A report showing the number of cases completed is produced directly from the DCMS.

The target denominator for indicator 2.1 for 2012/13 was set using the number of conciliation matters completed for the first quarter of 2012/13 extrapolated for the full year.

The provision of comparative data from previous years for KPI 2.1 cannot be provided beyond 2011/12 due to the considerable differences in the previous and new dispute resolution systems.

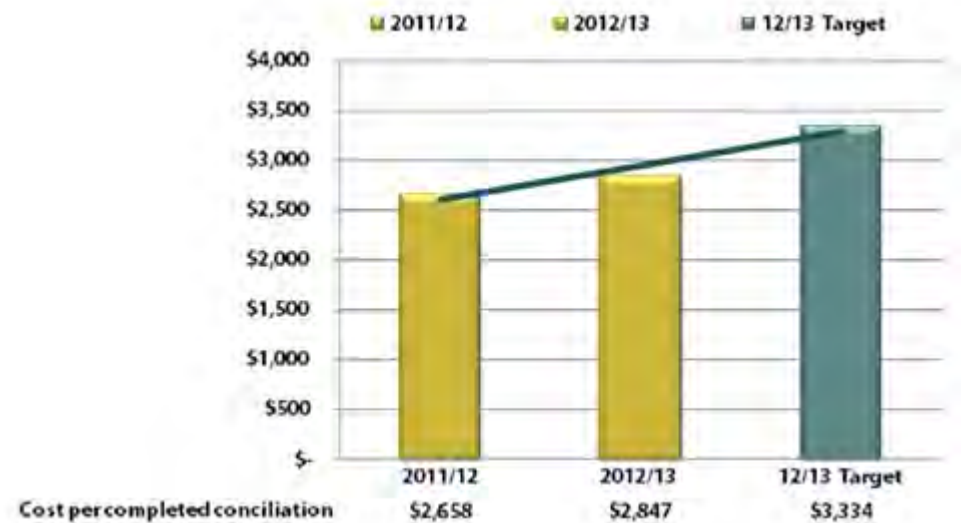
#### » analysis

The average cost to complete a conciliation for 2012/13 was \$2,847. This is 14.6 per cent lower than the projected average cost target of \$3,334 and a 7.1 per cent increase on the 2011/12 result of \$2,658.

The variance to the target is attributable to overhead savings across the agency and an increase in the number of matters for conciliation being completed.

The increase in costs compared to 2011/12 is predominantly due to the gradual filling of positions across the new Conciliation Services. The graph below shows the cost trend over the past two years.

**Figure 24: Average cost to complete a conciliation**





## Indicator 2.2 average cost to complete an arbitration (new from 2011/12)

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
-	-	\$13,821	\$13,041	\$17,083

### » 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 total 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.

The target denominator for indicator 2.1 for 2012/13 was set using the number of arbitration matters completed for the first quarter of 2012/13 extrapolated for the full year.

The provision of comparative data from previous years for KPI 2.2 cannot be provided beyond 2011/12 due to the considerable differences in the previous and new dispute resolution systems.

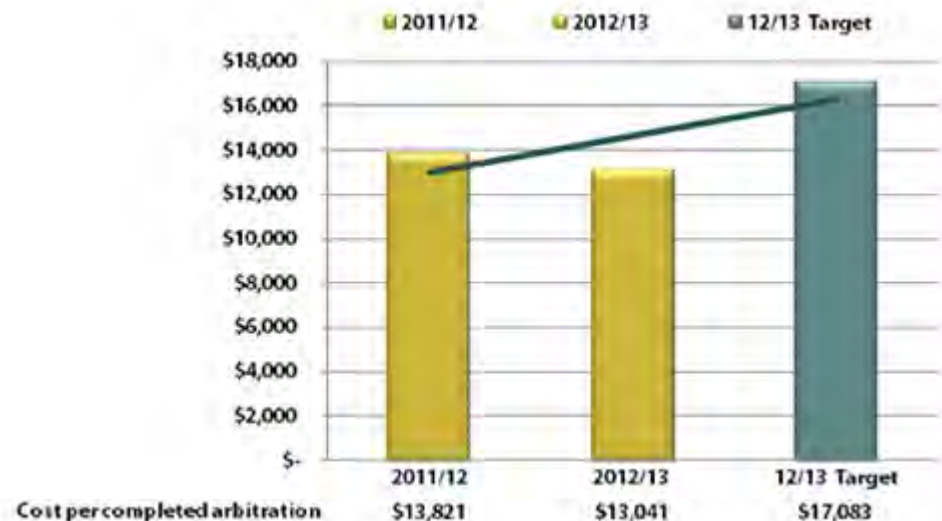
### » analysis

The average cost to complete an arbitration for 2012/13 was \$13,041 which is 23.7 per cent lower than the target of \$17,083 and a reduction of 5.6 per cent on the cost in 2011/12 of \$13,821.

The variance to target was attributed to difficulties in recruiting to arbitrator positions and overall agency savings. Notwithstanding the recruitment difficulties a greater number of arbitration matters were finalised than what was expected as the target was based on an expected 228 matters and the number completed for the year was 312.

The 5.6 per cent reduction on the cost of providing this service over the previous year was predominantly due to the significant increase in the number of matters completed within a stable resource allocation. The graph below shows the cost trend over the past two years.

**Figure 25: Average cost to complete an arbitration**





### Indicator 2.3

#### average cost to process a Memorandum of Agreement

(new from 2011/12)

2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target
-	-	\$262	\$261	\$261

#### » 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. 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.

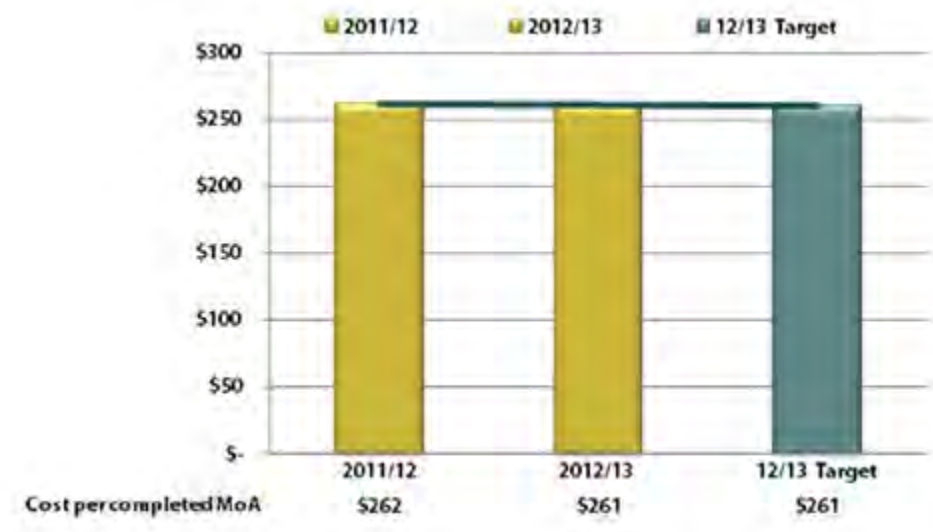
The denominator used to derive the target for this KPI was set using the number of MoAs completed for the first quarter of 2012/13 extrapolated for the full year. This KPI provides the average cost to process a MoA and is measured by dividing the full costs of providing the MoA operational activity, including the determined WorkCover WA overhead allocation by the number of MoAs registered (processed).

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 beyond 2011/12 for this indicator.

#### » analysis

The average cost to process a Memorandum of Agreement for 2012/13 was \$261. This is consistent with the expected target and a 0.4 per cent reduction on the previous year. The number of MoAs registered for the period was 3,868 which is a small decrease on the number expected. The graph below shows the cost trend over the past two years.

**Figure 26: Average cost to complete a Memorandum of Agreement (MoA)**







# Section 7

## financial statements and notes

financial statements	114
independent audit opinion	114
» statement of comprehensive income	116
» statement of financial position	117
» statement of changes in equity	117
» statement of cash flows	118
notes to the financial statements	119



# 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 2013 and the financial position as at 30 June 2013.

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**  
Chairman  
WorkCover Western  
Australia Authority

29 August 2013

**Chris White**  
Acting Chief Executive Officer  
WorkCover Western  
Australia Authority

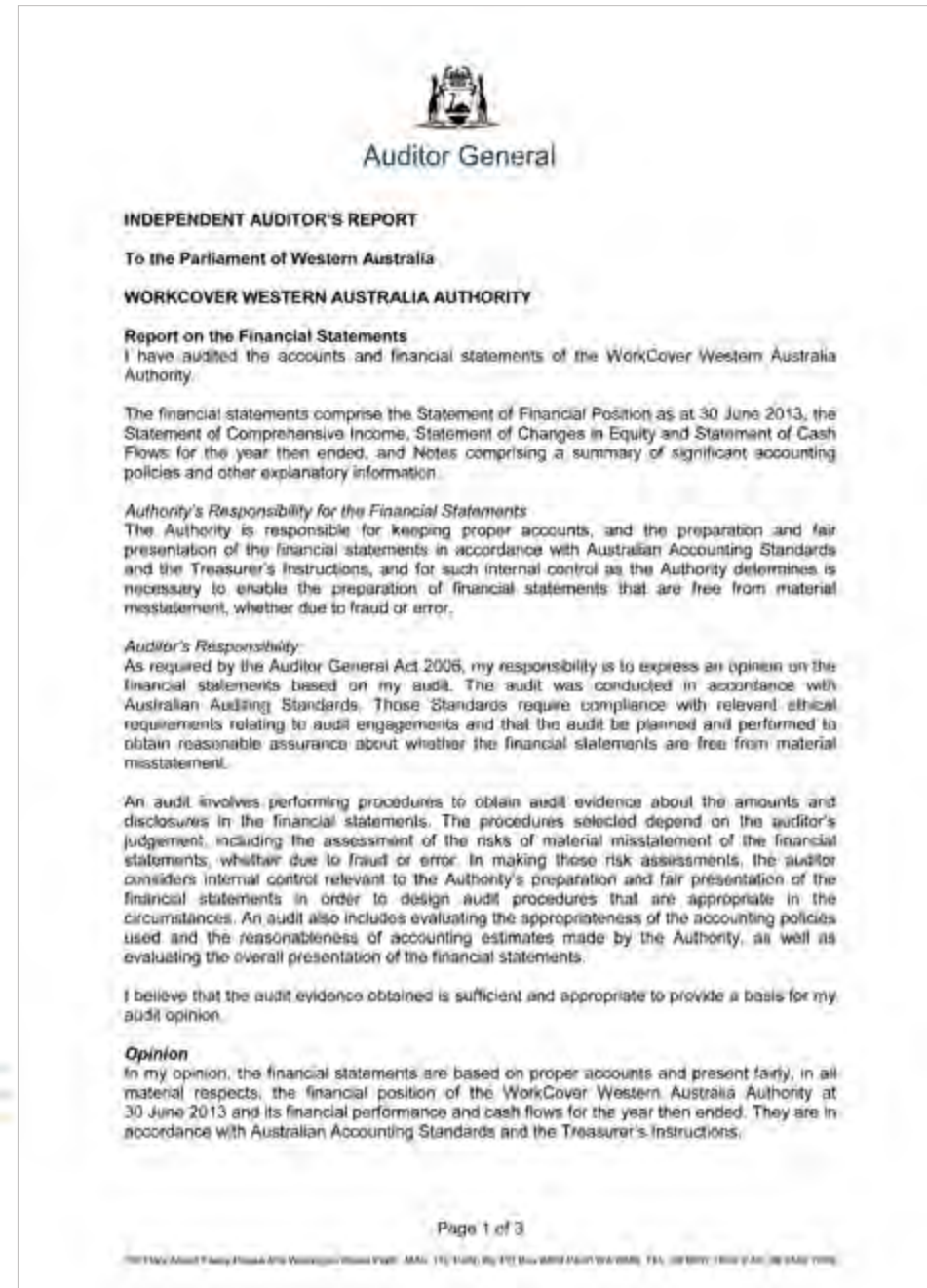
29 August 2013

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

29 August 2013

## independent audit opinion

The Independent Auditor's Report can be found on pages 114–115.





#### Report on Controls

I have audited the controls exercised by the WorkCover Western Australia Authority during the year ended 30 June 2013.

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 2013.

#### 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 2013.

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.

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 2013.

#### 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 2013 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance 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  
29 August 2013



## statement of comprehensive income

### For year ended 30 June 2013

	Note	2013 \$000	2012 \$000
<b>income</b>			
<b>revenue</b>			
Insurer contributions		21,278	19,422
Interest revenue	7	2,702	3,522
Other revenue	8	914	387
Employers' Indemnity Supplementation Fund	9	264	2,172
<b>Total revenue</b>		<b>25,158</b>	<b>25,503</b>
<b>gains</b>			
Decrease in claims liability	26, 29	1,924	2,344
<b>Total gains</b>		<b>1,924</b>	<b>2,344</b>
<b>Total income</b>		<b>27,082</b>	<b>27,847</b>
<b>expenses</b>			
<b>expenses</b>			
Employee benefits expense	12	13,483	14,473
Supplies and services	13	2,986	3,145
Depreciation and amortisation expense	14	838	714
Accommodation expenses	15	581	512
Claims Expense	10	1,479	5,170
Loss on disposal of non-current assets	11	14	-
Other expenses	16	1,650	1,418
<b>Total expenses</b>		<b>21,031</b>	<b>25,432</b>
Profit before grants and subsidies from State Government		6,051	2,415
Services received free of charge	17	170	181
<b>Profit for the period</b>		<b>6,221</b>	<b>2,596</b>
<b>other comprehensive income</b>			
<b>items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	27	947	(704)
<b>Total other comprehensive income</b>		<b>947</b>	<b>(704)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>7,168</b>	<b>1,892</b>

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



## statement of financial position

### As at 30 June 2013

	Note	2013 \$000	2012 \$000
<b>assets</b>			
<b>current assets</b>			
Cash and cash equivalents	18	9,762	9,465
Restricted cash and cash equivalents	19	62,916	62,048
Receivables	20	1,080	953
Other financial assets	21	5,337	3,269
<b>Total current assets</b>		<b>79,095</b>	<b>75,735</b>
<b>non-current assets</b>			
Property, plant, equipment & vehicles	22	24,033	23,344
Intangible assets	23	2,151	1,232
<b>Total non-current assets</b>		<b>26,184</b>	<b>24,576</b>
<b>Total assets</b>		<b>105,279</b>	<b>100,311</b>
<b>liabilities</b>			
<b>current liabilities</b>			
Payables	25	814	809
Provisions	26	5,366	5,709
<b>Total current liabilities</b>		<b>6,180</b>	<b>6,518</b>
<b>non-current liabilities</b>			
Provisions	26	28,324	30,186
<b>Total Non-Current Liabilities</b>		<b>28,324</b>	<b>30,186</b>
<b>Total Liabilities</b>		<b>34,504</b>	<b>36,704</b>
<b>NET ASSETS</b>		<b>70,775</b>	<b>63,607</b>
<b>EQUITY</b>			
Reserves	27	19,975	19,028
Retained earnings		50,800	44,579
<b>TOTAL EQUITY</b>		<b>70,775</b>	<b>63,607</b>

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

## statement of changes in equity

### For year ended 30 June 2013

	Note	Reserves \$000	Retained earnings \$000	Total equity \$000
<b>Balance at 1 July 2011</b>	27	<b>19,732</b>	<b>41,983</b>	<b>61,715</b>
Surplus		-	2,596	2,596
Other comprehensive income		(704)	-	(704)
<b>Total comprehensive income for the period</b>		<b>(704)</b>	<b>2,596</b>	<b>1,892</b>
<b>Balance at 30 June 2012</b>		<b>19,028</b>	<b>44,579</b>	<b>63,607</b>
<b>Balance at 1 July 2012</b>		<b>19,028</b>	<b>44,579</b>	<b>63,607</b>
Surplus		-	6,221	6,221
Other comprehensive income		947	-	947
<b>Total comprehensive income for the period</b>		<b>947</b>	<b>6,221</b>	<b>7,168</b>
<b>Balance at 30 June 2013</b>		<b>19,975</b>	<b>50,800</b>	<b>70,775</b>

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



## statement of cash flows

### For year ended 30 June 2013

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

	Note	2013 \$000	2012 \$000
<b>cash flows from operating activities</b>			
<b>receipts</b>			
Supplementation Fund receipts		264	2,168
Insurer contributions		21,279	19,422
Provision of services		9	13
Interest received		2,867	3,643
GST receipts on sales		68	43
GST receipts from taxation authority		493	598
Other receipts		526	434
<b>payments</b>			
Workers' Compensation claim payments		(1,096)	(342)
Employee benefits		(14,674)	(14,682)
Supplies and services		(3,000)	(3,055)
Accommodation		(591)	(529)
GST payments on purchases		(561)	(578)
Other payments		(838)	(646)
<b>Net cash provided by operating activities</b>	28	<b>4,746</b>	<b>6,489</b>
<b>cash flows from investing activities</b>			
<b>receipts</b>			
Proceeds from sale of non-current physical assets	11	83	35
Proceeds from sale of investments		-	2,129
<b>payments</b>			
Purchase of non-current physical assets		(1,596)	(1,855)
Purchase of investments	21	(2,068)	-
<b>Net cash (used in)/provided by investing activities</b>		<b>(3,581)</b>	<b>309</b>
<b>Net increase in cash and cash equivalents</b>			
		<b>1,165</b>	<b>6,798</b>
Cash and cash equivalents at the beginning of the period		71,513	64,715
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	28	<b>72,678</b>	<b>71,513</b>



# notes to the financial statements

## 1. australian accounting standards

### general

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The Authority's financial statements for the year ended 30 June 2013 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

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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 2013.

## 2. summary of significant accounting policies

### (a) general statement

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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.

### (b) basis of preparation

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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

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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

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#### » capitalisation/expensing of assets

Items of property, plant and equipment and vehicles costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and vehicles costing less than \$5,000 are immediately expensed 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 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:

<b>buildings</b>	<b>25 years</b>
<b>plant and equipment</b>	<b>5 to 15 years</b>
<b>information technology – Hardware</b>	<b>3 to 5 years</b>
<b>information technology – Software<sup>(a)</sup></b>	<b>3 to 10 years</b>
<b>motor vehicles</b>	<b>6 to 7 years</b>

*(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 <sup>(a)</sup>	3 to 10 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. 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

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The Authority has not entered into any finance lease arrangements.

The Authority has not entered into any operating lease arrangements.

### (i) financial instruments

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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**

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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 administer 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.

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 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) assets and services received free of charge or for nominal cost**

Assets or services received free of charge or for nominal cost that can be reliably measured are recognised as income at the fair value of the assets and/or the fair value of those services that the Authority would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position

### **(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 inclusive of the General and Supplementation Fund.



## 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.

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

- i. The Authority uses the services of an actuary for the purpose of determining the liability for workers' compensation claims for asbestos and non-asbestos claims for the General Account and Supplementation Fund.
- ii. 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 2012 that impacted on the Authority.

#### AASB 2011-9

*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]*

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). There is no financial impact.



## future impact of australian accounting standards not yet operative

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 reporting periods beginning on/after
<b>AASB 9</b>	<p><b>Financial Instruments</b></p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures amended the mandatory application date of this Standard to 1 January 2015. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
<b>AASB 10</b>	<p><b>Consolidated Financial Statements</b></p> <p>This Standard supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 11</b>	<p><b>Joint Arrangements</b></p> <p>This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 12</b>	<p><b>Disclosure of Interests in Other Entities</b></p> <p>This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 13</b>	<p><b>Fair Value Measurement</b></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. There is no financial impact.</p>	1 Jan 2013





Title		Operative for reporting periods beginning on/after
<b>AASB 119</b>	<p><b>Employee Benefits</b></p> <p>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.</p> <p>Actuarial gains and losses of the defined benefit plans will be recognised in other comprehensive income (currently in profit or loss). This will impact profit or loss but not total comprehensive income for the period.</p> <p>The effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts is not material.</p>	1 Jan 2013
<b>AASB 127</b>	<p><b>Separate Financial Statements</b></p> <p>This Standard supersedes AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 128</b>	<p><b>Investments in Associates and Joint Ventures</b></p> <p>This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 1053</b>	<p><b>Application of Tiers of Australian Accounting Standards</b></p> <p>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.</p>	1 Jul 2013
<b>AASB 1055</b>	<p><b>Budgetary Reporting</b></p> <p>This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS.</p> <p>The Authority will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 Jul 2014
<b>AASB 2010-2</b>	<p><b>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 &amp; 1052 and Int 2, 4, 5, 15, 17, 127, 129 &amp; 1052]</b></p> <p>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.</p>	1 Jul 2013
<b>AASB 2010-7</b>	<p><b>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 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</b></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015



Title		Operative for reporting periods beginning on/after
<b>AASB 2011-2</b>	<p><b>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; 1054]</b></p> <p>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.</p>	1 Jul 2013
<b>AASB 2011-6</b>	<p><b>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 &amp; 131]</b></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 comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013
<b>AASB 2011-7</b>	<p><b>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17]</b></p> <p>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. For not-for-profit entities it applies to annual reporting period beginning on or after 1 January 2014. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
<b>AASB 2011-8</b>	<p><b>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</b></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
<b>AASB 2011-10</b>	<p><b>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 &amp; 2011-8 and Int 14]</b></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
<b>AASB 2011-11</b>	<p><b>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</b></p> <p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-1</b>	<p><b>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 &amp; 141]</b></p> <p>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.</p>	1 Jul 2013
<b>AASB 2012-2</b>	<p><b>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 &amp; 132]</b></p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-3</b>	<p><b>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</b></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>	1 Jan 2014



Title		Operative for reporting periods beginning on/after
<b>AASB 2012-5</b>	<p><b>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 &amp; 134 and Int 2]</b></p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-6</b>	<p><b>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 &amp; 2011-8]</b></p> <p>This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-7</b>	<p><b>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 &amp; 127]</b></p> <p>This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.</p>	1 Jul 2013
<b>AASB 2012-10</b>	<p><b>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, &amp; 2011-7 and Int 12]</b></p> <p>This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.</p> <p>The Standard was issued in December 2012. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
<b>AASB 2012-11</b>	<p><b>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 &amp; 2011-4]</b></p> <p>This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.</p> <p>This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013



## 7. interest revenue

General Account  
 Employers' Indemnity Supplementation Account (see note 29)

	2013 \$000	2012 \$000
General Account	576	633
Employers' Indemnity Supplementation Account (see note 29)	2,126	2,889
	<b>2,702</b>	<b>3,522</b>

## 8. other revenue

### General Account

Recoveries from uninsured employers  
 Other

	2013	2012
Recoveries from uninsured employers	397	216
Other	517	171
	<b>914</b>	<b>387</b>

## 9. employers' indemnity supplementation fund

Surcharge <sup>(i)</sup>  
 Recovery <sup>(ii)</sup>

	2013	2012
Surcharge <sup>(i)</sup>	87	122
Recovery <sup>(ii)</sup>	177	2,050
	<b>264</b>	<b>2,172</b>

(i) Represents funds collected from the Supplementation Fund Levy.  
 (ii) Dividends received from the liquidation of HIH, CIC and FAI Insurance.

## 10. claims expense

Workers' compensation claims – Employers' Indemnity Supplementation Fund (see note 26 & 29)  
 Uninsured claims – General Fund (see note 26)

	2013	2012
Workers' compensation claims – Employers' Indemnity Supplementation Fund (see note 26 & 29)	1,135	357
Uninsured claims – General Fund (see note 26)	344	4,813
	<b>1,479</b>	<b>5,170</b>

## 11. net gain/(loss) on disposal of non-current assets

### proceeds from disposal of non-current assets

Vehicles

	2013 \$000	2012 \$000
proceeds from disposal of non-current assets		
Vehicles	83	35
	<b>83</b>	<b>35</b>

### costs of disposal of non-current assets

Equipment  
 Vehicles

Equipment	(8)	(4)
Vehicles	(89)	(31)
	<b>(97)</b>	<b>(35)</b>

**Net loss**

<b>Net loss</b>	<b>(14)</b>	<b>-</b>
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## 12. employee benefits expense

Wages and salaries <sup>(a)</sup>  
 Superannuation – defined contribution plans <sup>(b)</sup>  
 Superannuation – defined benefit plans (see note 26 'Provisions')

Wages and salaries <sup>(a)</sup>	12,169	12,023
Superannuation – defined contribution plans <sup>(b)</sup>	1,174	1,180
Superannuation – defined benefit plans (see note 26 'Provisions')	140	1,270
	<b>13,483</b>	<b>14,473</b>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and leave entitlements, including the superannuation contribution component.  
 (b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).  
 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'.



### 13. supplies and services

	2013 \$000	2012 \$000
Communications	170	140
Consultants and contractors	1,375	1,604
Consumables	643	640
Insurance	557	520
Training	170	142
Travel	30	47
Other	41	52
<b>Total</b>	<b>2,986</b>	<b>3,145</b>

### 14. depreciation and amortisation expense

#### depreciation

Plant, equipment and vehicles	217	219
Buildings	393	377
<b>Total depreciation</b>	<b>610</b>	<b>596</b>

#### amortisation

Intangible assets	228	118
<b>Total amortisation</b>	<b>228</b>	<b>118</b>
<b>Total depreciation and amortisation</b>	<b>838</b>	<b>714</b>

### 15. accommodation expenses

	2013 \$000	2012 \$000
Outgoings	142	205
Repairs and maintenance	219	136
Other	220	171
<b>Total</b>	<b>581</b>	<b>512</b>

### 16. other expenses

#### General Account

Joint initiative with WorkSafe	252	251
Employment on-costs <sup>(a)</sup>	868	740
Seminars	-	8
Doubtful debts expense	84	(13)
Bad debts written off	-	2
Sitting fees	96	95
Staff wellness programs	79	68
Prior year adjustments	-	45
Audit Fees	174	173
Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims	44	37
Finance Cost	1	-
Other	42	8

#### Employers' Indemnity Supplementation Fund (see note 29)

Administration fee paid to Insurance Commission of WA	10	4
<b>Total</b>	<b>1,650</b>	<b>1,418</b>

(a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at 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. services received free of charge

	2013 \$000	2012 \$000
Services received free of charge from the State Solicitors Office	170	181
	<b>170</b>	<b>181</b>

## 18. cash and cash equivalents

	2013	2012
Bank accounts	2,083	1,817
Cash on hand	1	1
Term deposits <sup>(a)</sup>	7,678	7,647
	<b>9,762</b>	<b>9,465</b>

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

## 19. restricted cash and cash equivalents

### current

#### Employers' Indemnity Supplementation Fund (see note 29)

Cash balance at Treasury	62,914	62,037
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#### Commonwealth funding – Indian Ocean Territories (Christmas & 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.

Unspent funds for Indian Ocean Territories	-	2
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#### Commonwealth funding – Paid Parental Leave Scheme

Cash held	2	3
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### staff contributions

Cash held for donation to charities	-	6
	<b>62,916</b>	<b>62,048</b>

## 20. receivables

### current

#### General Account

#### prepayment

	2013 \$000	2012 \$000
Receivables	157	57
Fines and penalties	387	144
Allowance for impairment of receivables	(144)	(60)
Accrued revenue – Trust Fund	-	1
Accrued interest	126	112
GST receivable	15	16
	<b>575</b>	<b>270</b>

#### Employers' Indemnity Supplementation Fund (see note 29)

Accrued interest	480	659
GST receivable	25	24
	<b>505</b>	<b>683</b>
	<b>1,080</b>	<b>953</b>

### Total current

### non-current

#### General Account

Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
	-	-
	<b>1,080</b>	<b>953</b>

### Total non-current

### Total receivables

Reconciliation of changes in allowance for impairment of receivables		
Balance at start of period	60	73
Doubtful debts expense	84	(13)
Amounts written off during the period	-	-
Amount recovered during the period	-	-
	<b>144</b>	<b>60</b>

### Balance at end of period

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



## 21. other financial assets

### current

#### At Cost:

	2013 \$000	2012 \$000
Term deposits <sup>(a)</sup>	5,337	3,269
	<b>5,337</b>	<b>3,269</b>

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

## 22. property, plant, equipment and vehicles

### land

	2013 \$000	2012 \$000
At fair value <sup>(a)</sup>	16,500	14,900
	<b>16,500</b>	<b>14,900</b>

### buildings

	2013 \$000	2012 \$000
At fair value <sup>(a)</sup>	6,500	7,400
Accumulated depreciation	-	-
	<b>6,500</b>	<b>7,400</b>

### plant, equipment & vehicles

	2013 \$000	2012 \$000
At cost	1,216	1,186
Accumulated depreciation	(734)	(589)
	<b>482</b>	<b>597</b>

### work in progress

	2013 \$000	2012 \$000
At cost	551	447
	<b>551</b>	<b>447</b>
	<b>24,033</b>	<b>23,344</b>

(a) Land and buildings were revalued as at 30 June 2013 by the Western Australian Land Information Authority. The property was inspected on 17 May 2013. The fair value of all land and buildings have been determined by reference to recent market transactions.

### reconciliations

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

#### 2013

	Land \$000	Buildings \$000	Work in Progress \$000	Plant, equipment and vehicles \$000	Total \$000
Carrying amount at start of period	14,900	7,400	447	597	23,344
Additions	-	-	1,398	199	1,597
Transfers <sup>(a)</sup>	-	147	(1,294)	-	(1,147)
Disposals	-	-	-	(97)	(97)
Revaluation Increments / (Decrements)	1,600	(653)	-	-	947
Depreciation	-	(393)	-	(217)	(610)
<b>Carrying amount at end of period</b>	<b>16,500</b>	<b>6,500</b>	<b>551</b>	<b>482</b>	<b>24,033</b>

#### 2012

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

(a) Transfers represent the completion of intangible asset projects previously recognised in 'work in progress'.



## 23. intangible assets

### licenses

	2013 \$000	2012 \$000
At Cost	119	119
Accumulated Amortisation	(28)	(12)
	<b>91</b>	<b>107</b>

### computer software

At Cost	2,378	1,231
Accumulated Amortisation	(318)	(106)
	<b>2,060</b>	<b>1,125</b>
	<b>2,151</b>	<b>1,232</b>

### reconciliations:

#### licenses

Carrying amount at start of period	107	-
Additions	-	119
Amortisation expense	(16)	(12)
<b>Carrying amount at the end of period</b>	<b>91</b>	<b>107</b>

#### computer software

Carrying amount at start of period	1,125	-
Additions	1,147	1,231
Amortisation expense	(212)	(106)
<b>Carrying amount at the end of period</b>	<b>2,060</b>	<b>1,125</b>

## 24. impairment of assets

There were no indications of impairment to Property, plant and equipment or intangible assets as at 30 June 2013.

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 2013 have either been classified as assets held for sale or written-off.

2013 \$000	2012 \$000
---------------	---------------

## 25. payables

### current

#### General Account

Trade payables	93	81
Accrued expenses	250	266
Accrued salaries	356	334
Other payables	115	81

#### Employers' Indemnity Supplementation Fund (see note 29)

Claim payments	-	47
	<b>814</b>	<b>809</b>





## 26. provisions

### current

#### General Account

##### employee benefits provision

	2013 \$000	2012 \$000
Annual leave <sup>(a)</sup>	657	740
Long service leave <sup>(b)</sup>	1,837	1,766
Superannuation <sup>(d)</sup>	330	569
	<b>2,824</b>	<b>3,075</b>

##### uninsured Workers<sup>(e)</sup>

	1,030	980
	<b>1,030</b>	<b>980</b>

##### other provisions

Employment on-costs <sup>(c)</sup>	148	149
	<b>148</b>	<b>149</b>

### Employers' Indemnity Supplementation Fund (see note 29)

Liability for estimated future claim payments	1,364	1,505
	<b>1,364</b>	<b>1,505</b>

#### Total current provisions

	<b>5,366</b>	<b>5,709</b>
--	--------------	--------------

### non-current

#### General Account

##### employee benefits provision

Long service leave <sup>(b)</sup>	726	554
Superannuation <sup>(d)</sup>	5,151	5,363
	<b>5,877</b>	<b>5,917</b>

##### uninsured Workers<sup>(e)</sup>

	7,044	7,215
	<b>7,044</b>	<b>7,215</b>

##### other provisions

Employment on-costs <sup>(c)</sup>	43	33
	<b>43</b>	<b>33</b>

### Employers' Indemnity Supplementation Fund (see note 29)

	2013 \$000	2012 \$000
Liability for estimated future claim payments	15,360	17,021
	<b>15,360</b>	<b>17,021</b>

#### Total non-current provisions

	<b>28,324</b>	<b>30,186</b>
--	---------------	---------------

### movements in other provisions

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

### Employers' Indemnity Supplementation Fund

#### Liability for estimated future claim payments

Carrying amount at start of period	18,526	20,871
Additional decrease in provisions recognised	(1,122)	(3,010)
Unwinding of the discount	501	977
Payments/other sacrifices of economic benefits	(1,181)	(312)

#### Carrying amount at end of period

	<b>16,724</b>	<b>18,526</b>
--	---------------	---------------

### uninsured claims

Carrying amount at start of period	8,195	3,689
Additional increase in provisions recognised	36	4,644
Unwinding of the discount	223	168
Payments/other sacrifices of economic benefits	(380)	(306)

#### Carrying amount at end of period

	<b>8,074</b>	<b>8,195</b>
--	--------------	--------------

### employment on-costs provision

Carrying amount at start of period	182	205
Additional provisions recognised	97	65
Unwinding of the discount	5	10
Payments/other sacrifices of economic benefits	(93)	(98)

#### Carrying amount at end of period

	<b>191</b>	<b>182</b>
--	------------	------------



(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:

	2013 \$000	2012 \$000
Within 12 months after the reporting period	558	623
More than 12 months after the reporting period	99	117
	<b>657</b>	<b>740</b>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2013 \$000	2012 \$000
Within 12 months of the end of the reporting period	908	807
More than 12 months of the end of the reporting period	1,655	1,513
	<b>2,563</b>	<b>2,320</b>

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

(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	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current service cost	11	44	-	-
Interest cost (unwinding of the discount)	162	196	19	45
Net actuarial losses/(gains) recognised	(144)	1,215	(4)	(56)
<b>Total, included in 'Employee benefits expense' (see note 12)</b>	<b>29</b>	<b>1,455</b>	<b>15</b>	<b>(11)</b>

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

	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Present value of unfunded obligations	4,998	5,183	483	749
<b>Liability in the statement of financial position</b>	<b>4,998</b>	<b>5,183</b>	<b>483</b>	<b>749</b>

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

	Pension Scheme		Pre-transfer benefit - Gold State Superannuation Scheme	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Liability at start of period	5,183	3,876	749	989
Restatement at 1 July 2012				
Current service cost	11	44	-	-
Interest cost (unwinding of the discount)	162	196	19	45
Net actuarial losses/(gains) recognised	(144)	1,215	(4)	(56)
Benefits paid	(214)	(148)	(281)	(229)
<b>Liability at end of period</b>	<b>4,998</b>	<b>5,183</b>	<b>483</b>	<b>749</b>

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

	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Fair value of plan assets at start of period	-	-	-	-
Employer Contributions	214	148	281	229
Benefits Paid	(214)	(148)	(281)	(229)
<b>Fair Value of plan asset at end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	2013	2012	2011	2010
Discount rate	3.80%	3.20%	5.20%	5.50%
Future salary increases	4.50%	4.50%	4.50%	4.50%
Future pension increases	2.50%	2.50%	3.00%	3.00%



— = subtotal  
 == = total

### historic summary

Pension scheme:

	2013 \$000	2012 \$000	2011 \$000	2010 \$000
Present value of unfunded obligation	4,998	5,183	3,876	3,580
Fair value of plan assets	-	-	-	-
<b>Surplus</b>	<b>4,998</b>	<b>5,183</b>	<b>3,876</b>	<b>3,580</b>

Pre-transfer benefit – Gold State Superannuation Scheme:

Present value of unfunded obligation	483	749	989	1,097
Fair value of plan assets	-	-	-	-
<b>Surplus</b>	<b>483</b>	<b>749</b>	<b>989</b>	<b>1,097</b>

Experience adjustments arising on plan liabilities:

Pension Scheme	255	369	111	92
Pre-transfer benefit - Gold State Superannuation Scheme	30	(33)	20	22

### employer funding arrangements for the defined benefit plans

Employer contributions of \$278k are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$321k are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

#### (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 employer 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.

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 provisions.

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.

#### 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
<b>inflation rates</b>		
Normal	5.00%	5.00%
Superimposed:	2.00%	2.00%
<b>discount rates</b>	2.54%	2.61% to 4.97%

### (ARD) actuarial methods and assumptions



**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 eg 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 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 reports 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 the Statement of Comprehensive Income over the last 12 months.

**inflation and discount rates**

	Next 12 months % pa	Later % pa
<b><i>inflation rates</i></b>		
Normal	5.00%	5.00%
Superimposed:		
PPCI	2.50%	2.50%
PPCF	2.50%	2.50%
<b><i>discount rates</i></b>		
	2.54%	2.61% to 5.41%

**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 eg 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% 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% to 75%.



## 27. 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.

	2013 \$000	2012 \$000
<b>reserves</b>		
<b>asset revaluation surplus:</b>		
Balance at start of period	19,028	19,732
<b>net revaluation increments/(decrements):</b>		
Land	1,600	(484)
Buildings	(653)	(220)
Balance at end of period	19,975	19,028
<b>retained earnings</b>		
Balance at start of period	44,579	41,983
Result for the period	6,221	2,596
Balance at end of period	50,800	44,579
<b>Total equity</b>	<b>70,775</b>	<b>63,607</b>

## 28. 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:

	2013 \$000	2012 \$000
Cash and cash equivalents	9,762	9,465
Restricted cash and cash equivalents (note 19 'Restricted cash and cash equivalents')	62,916	62,048
	<b>72,678</b>	<b>71,513</b>

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

Profit after income tax equivalents	6,221	2,596
<b>non-cash items:</b>		
Depreciation and amortisation expense	838	714
Net (gain)/loss on sale of property, plant and equipment	14	-
<b>(increase)/decrease in assets:</b>		
Current receivables	(127)	157
Other current assets	-	-
<b>increase/(decrease) in liabilities:</b>		
Current payables <sup>(a)</sup>	5	90
Current provisions	(343)	(525)
Non-current provisions	(1,862)	3,395
Net GST receipts/(payments) <sup>(b)</sup>	-	63
Change in GST receivables/(payables) <sup>(c)</sup>	-	(1)
<b>Net cash provided by operating activities</b>	<b>4,746</b>	<b>6,489</b>

(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% 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 respiratory system) and Non Asbestos-Related Claims.

### workers' compensation – asbestos-related claims

Asbestos-Related Claims are assessed using actuarial models based on those developed by Professor Geoffrey Berry utilising ICGF data. The models predict the total number of claims likely to emerge over time and also determine likely average cost per claim. <sup>(1)</sup>

### 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 estimates placed on each claim to determine the total outstanding liabilities.

### actuarial assumptions

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

#### EISF Act: asbestos-related claims

##### inflation rate

##### discount rate

	2013	2012
	5% for 2014 and later	4.75% for 2013 and later
	2014 2.60%	2013 2.79%
	2015 2.50%	2014 2.13%
	2016 2.70%	2015 2.37%
	2017 3.10%	2016 2.68%
	2018 3.60%	2017 2.97%
	2019 3.90%	2018 3.25%
	2020 4.00%	2019 3.51%
	2021 4.10%	2020 3.74%
	2022 4.30%	2021 3.96%
	2023 4.40%	2022 4.16%
	Onwards	Onwards
	10.5% for claim payments	10.5% for claim payments
	2.00%	2.00%
	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

##### claims managements expenses

##### superimposed inflation

##### risk margin

#### EISF Act: non asbestos-related claims

##### inflation rate

##### discount rate

	2013	2012
	5% for 2014 and later	4.75% for 2013 and later
	2014 2.60%	2013 2.79%
	2015 2.50%	2014 2.13%
	2016 2.70%	2015 2.37%
	2017 3.10%	2016 2.68%
	2018 3.60%	2017 2.97%
	2019 3.90%	2018 3.25%
	2020 4.00%	2019 3.51%
	2021 4.10%	2020 3.74%
	2022 4.30%	2021 3.96%
	2023 4.40%	2022 4.16%
	Onwards	Onwards
	10.5% of claim payments	10.5% of claim payments
	2.00%	2.00%
	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

##### claims managements expenses

##### superimposed inflation

##### risk margin

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



The actuarial estimates from June 2001 are as follows:

Year	\$'000
2001	122,312
2002	49,923
2003	31,717
2004	24,090
2005	23,421
2006	17,239
2007	15,883
2008	16,647
2009	29,419
2010	23,866
2011	20,871
2012	18,526
2013	16,724

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

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

In accordance with Accounting Standard AASB 1023 General Insurance Contracts the outstanding claims liability at 30 June 2013 was assessed at \$16.724 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.

2013  
\$000

2012  
\$000

### 30. commitments

There were no capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements at 30 June 2013.

-	-
---	---

### 31. contingent liabilities and contingent assets

#### contingent liabilities

There is an uninsured claim being processed under Section 174 of the Workers Compensation and Injury Management Act 1981, this is currently under review by the State Solicitor's Office.

72	-
<b>72</b>	-

#### contingent assets

Workcover WA has sought to recover monies from an employer under the provision of Section 174AA of the Workers Compensation and Injury Management Act 1981.

36	-
<b>36</b>	-

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

#### significant variances between estimate and actual for 2013

	2013 Actual \$000	2013 Estimate \$000	Variance \$000
<b>income</b>			
Interest Revenue	2,702	2,952	(250)
Other Revenue	914	132	782
Employers' Indemnity Supplementation Fund	264	-	264
<b>expenses</b>			
Employee Benefits expenses	13,483	14,824	(1,341)
Claims Expense	1,479	1,000	479

#### interest revenue

The variance reflects lower than expected returns from a reduction in interest rates over the 12 month period.

#### other revenue

The increase reflects higher than expected recoveries from Uninsured Claims, as well as fines and penalties issued to businesses for failing to have adequate Workers Compensation Insurance.

#### Employers' Indemnity Supplementation Fund

The variance represents unbudgeted payments received from the liquidator's of HIH.

#### employee benefits expenses

The variance mainly reflects a number of vacant positions that remained unfilled at various stages throughout the year.

#### claims expense

The variance is largely due to a higher number of claims on the Employer's Indemnity Supplementation Fund in the 2012/13 financial year.

#### significant variances between actual results for 2012 and 2013

	2013 \$000	2012 \$000	Variance \$000
<b>income</b>			
General Fund Contributions	21,278	19,422	1,856
Interest Revenue	2,702	3,522	(820)
Other Revenue	914	387	527
Employers' Indemnity Supplementation Fund	264	2,172	(1,908)
Decrease in claims liability	1,924	2,344	(420)
<b>expenses</b>			
Employee benefits expense	13,483	14,473	(990)
Claims Expense	1,479	5,170	(3,691)
Other expenses	1,650	1,418	232

#### general fund contributions

The contributions received from Insurers and Self-insurers increased in line with the annual increase in WorkCover WA's operating budget.

#### interest revenue

The decrease reflects a reduction in interest revenue compared to prior year as a result of reduced interest rates over the past 12 months.

#### other revenue

The increase reflects higher than expected recoveries from Uninsured Claims, as well as fines and penalties issued to businesses for failing to have adequate Workers Compensation Insurance.

#### Employers' Indemnity Supplementation Fund

The decrease reflects a drop in receipts from the Liquidator of HIH.

#### decrease in claims liability

The variance reflects the Actuarial assessment of future expected claims liabilities, which have reduced in the 2013 valuation.

#### employee benefits expense

The variance mainly reflects a number of vacant positions that remained unfilled at various stages throughout the year.

#### claims expense

The decrease reflects a reduction in the actuarially assessed Supplementation Fund claims liability.

#### other expenses

The increase is principally due to increased employment oncosts.





## 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 below.

#### » 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 the 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 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.

### (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:

	2013 \$000	2012 \$000
<b>financial assets</b>		
Cash and cash equivalents	9,762	9,465
Restricted cash	62,916	62,048
Receivables <sup>(i)</sup>	1,006	913
Held-to-maturity investments	5,337	3,269
<b>financial liabilities</b>		
Payables	814	809

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



## (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.

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

### AGED ANALYSIS OF FINANCIAL ASSETS

	"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
<b>2013</b>								
<i>Financial Assets</i>								
Cash and cash equivalents	9,762	9,762	-	-	-	-	-	-
Restricted Cash	62,916	62,916	-	-	-	-	-	-
Receivables <sup>(a)</sup>	1,006	767	69	71	13	47	39	-
Other financial assets	5,337	5,337	-	-	-	-	-	-
	<b>79,021</b>	<b>78,782</b>	<b>69</b>	<b>71</b>	<b>13</b>	<b>47</b>	<b>39</b>	<b>-</b>
<b>2012</b>								
<i>Financial Assets</i>								
Cash and cash equivalents	9,465	9,465	-	-	-	-	-	-
Restricted Cash	62,048	62,048	-	-	-	-	-	-
Receivables <sup>(a)</sup>	913	858	-	26	-	18	11	-
Other financial assets	3,269	3,269	-	-	-	-	-	-
	<b>75,695</b>	<b>75,640</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>18</b>	<b>11</b>	<b>-</b>

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



» liquidity risk and interest rate exposure

The following table details the interest rate exposure and the contractual maturity analysis of financial assets and liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

**INTEREST RATE EXPOSURE AND MATURITY ANALYSIS FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

	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	Nominal Amount	Up To 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year
<b>2013</b>	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>financial assets</b>											
Cash and cash equivalents	3.95	9,762	1,887	7,874	1	9,762	5,233	4,529	-	-	-
Restricted Cash	3.39	62,916	62,916	-	-	62,916	62,916	-	-	-	-
Receivables <sup>(a)</sup>	-	1,006	-	-	1,006	1,006	836	71	13	47	39
Other financial assets	4.10	5,337	-	5,337	-	5,337	-	-	5,337	-	-
		<b>79,021</b>	<b>64,803</b>	<b>13,211</b>	<b>1,007</b>	<b>79,021</b>	<b>68,985</b>	<b>4,600</b>	<b>5,350</b>	<b>47</b>	<b>39</b>
<b>financial liabilities</b>											
Payables	-	814	-	-	814	814	814	-	-	-	-
		<b>814</b>	<b>-</b>	<b>-</b>	<b>814</b>	<b>814</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2012</b>											
<b>financial assets</b>											
Cash and cash equivalents	5.10	9,465	1,574	7,890	1	9,465	3,818	5,647	-	-	-
Restricted Cash	4.75	62,048	62,048	-	-	62,048	62,048	-	-	-	-
Receivables <sup>(a)</sup>	-	913	-	-	913	913	858	26	-	18	11
Other financial assets	5.39	3,269	-	3,269	-	3,269	-	-	3,269	-	-
		<b>75,695</b>	<b>63,866</b>	<b>10,916</b>	<b>913</b>	<b>75,695</b>	<b>66,724</b>	<b>5,673</b>	<b>3,269</b>	<b>18</b>	<b>11</b>
<b>financial liabilities</b>											
Payables	-	809	-	-	809	809	809	-	-	-	-
		<b>809</b>	<b>-</b>	<b>-</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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



» 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.

	Carrying amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000
<b>2013</b>					
<i>financial assets</i>					
Cash and cash equivalents	2,084	(21)	(21)	21	21
Restricted cash and cash equivalents	62,916	(629)	(629)	629	629
<b>Total increase/(decrease)</b>		<b>(650)</b>	<b>(650)</b>	<b>650</b>	<b>650</b>
	Carrying amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000
<b>2012</b>					
<i>financial assets</i>					
Cash and cash equivalents	1,818	(18)	(18)	18	18
Restricted cash and cash equivalents	62,048	(620)	(620)	620	620
<b>Total increase/(decrease)</b>		<b>(638)</b>	<b>(638)</b>	<b>638</b>	<b>638</b>

» 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 following bands are:

	2013	2012
\$		
0 - 10,000	1	1
10,001 - 20,000	4	4
30,001 - 40,000	1	1

Base remuneration and superannuation

**The total remuneration of members of the accountable authority**

	\$000	\$000
Base remuneration and superannuation	100	95
<b>The total remuneration of members of the accountable authority</b>	<b>100</b>	<b>95</b>

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

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

### remuneration of senior officers

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

	2013	2012
\$		
60,001 - 70,000	1	-
90,001 - 100,000	1	-
110,001 - 120,000	1	-
150,001 - 160,000	1	-
160,001 - 170,000	1	1
170,001 - 180,000	-	2
180,001 - 190,000	1	-
210,001 - 220,000	1	2
270,001 - 280,000	-	1

(a)

Base remuneration and superannuation

Annual leave and long service leave accruals

Other benefits

**The total remuneration of senior officers**

	\$000	\$000
Base remuneration and superannuation	996	1080
Annual leave and long service leave accruals	(21)	103
Other benefits	25	34
<b>The total remuneration of senior officers</b>	<b>1,000</b>	<b>1,217</b>

(a) In 2012/13 four senior officers resided in these remuneration bands due to part-year occupancy and total remuneration being below \$160,000. Whereas in 2011/12 no senior officers resided in these remuneration bands due to full-year occupancy.

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:

	2013 \$000	2012 \$000
Auditing the accounts, financial statements and key performance indicators	80	76
	<b>80</b>	<b>76</b>

### 37. workers' compensation & injury management trust account

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

#### income

Amounts paid to the custody of the Authority	364	393
Interest on Investments	42	49
	<b>406</b>	<b>442</b>

#### expenditure

Payments by the Authority	234	314
Administration Fee	11	7
	<b>245</b>	<b>321</b>

#### surplus/(deficit)

Balance July 1	922	801
Balance June 30	<b>1,083</b>	<b>922</b>

Balance of funds held represents:

Cash and cash equivalents	1,083	922
	<b>1,083</b>	<b>922</b>

### 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.

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

	2013 \$000	2012 \$000
<b>write-offs</b>		
Debts written off by the Authority during the financial year		
General account	-	2
	<b>-</b>	<b>2</b>
Amounts Written Off by the Board	-	2
	<b>-</b>	<b>2</b>
	2013	2012
Number of Individual Recovery Write-offs with Values Between:		
\$ 0 - 100,000	-	1
	2013	2012
	\$000	\$000
<b>losses through theft, defaults and other causes</b>		
Losses of public money and public and other property through theft, default and other causes	-	-
Amount recovered	-	-
	<b>-</b>	<b>-</b>



## 39. related bodies

The Authority does not have related bodies.

## 40. affiliated bodies

The Authority does not have affiliated bodies.

## 41. 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).

	2013 \$000	2012 \$000
Opening balance	2	1
Funding received from the Commonwealth	27	28
Revenue received from insurers	9	1
	<b>38</b>	<b>30</b>

### payments by program area

Policy and Performance	1	2
Regulatory Services	16	13
Conciliation and Arbitration Services	4	5
Corporate Resources	5	5
Legislation and Scheme Information	2	2
Executive Services	1	1

### payments to the Commonwealth

Insurer Contribution Levies	9	-
Total Payments	38	28
Balance carried forward	-	<b>2</b>



## 42. schedule of income and expenses by service

	Scheme Regulation		Scheme Services		Grand Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>income</b>						
Insurer Contributions	10,425	9,993	10,853	9,429	21,278	19,422
Interest Revenue	1,324	1,812	1,378	1,710	2,702	3,522
Other Revenue	447	199	467	188	914	387
Employers' Indemnity Supplementation Fund	129.00	1,118	135	1,054	264	2,172
Decrease in claims liability	943	1,206	981	1,138	1,924	2,344
<b>Total income</b>	<b>13,268</b>	<b>14,328</b>	<b>13,814</b>	<b>13,519</b>	<b>27,082</b>	<b>27,847</b>
<b>expenses</b>						
Employee benefits expense	6,584	7,448	6,899	7,025	13,483	14,473
Supplies and services	1,462	1,618	1,524	1,527	2,986	3,145
Depreciation and amortisation expense	411	367	427	347	838	714
Accommodation Expenses	285	263	296	249	581	512
Claims Expense	723	2,660	756	2,510	1,479	5,170
Loss on disposal of non current assets	7	-	7	-	14	-
Other expenses	808	730	842	688	1,650	1,418
<b>Total expenses</b>	<b>10,280</b>	<b>13,086</b>	<b>10,751</b>	<b>12,346</b>	<b>21,031</b>	<b>25,432</b>
<b>Profits before grants and subsidies from State Government</b>	<b>2,988</b>	<b>1,242</b>	<b>3,063</b>	<b>1,173</b>	<b>6,051</b>	<b>2,415</b>
Resources received free of charges	83	93	87	88	170	181
	83	93	87	88	170	181
<b>Profit for the period</b>	<b>3,071</b>	<b>1,335</b>	<b>3,150</b>	<b>1,261</b>	<b>6,221</b>	<b>2,596</b>





annual | 2012  
report | 2013



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