

Agency Performance



Report on Operations

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

Goal 1: Strategic Positioning

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

Managing the scheme

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

Key activities in 2010/11 included:

- the development of a reporting framework for monitoring and managing scheme health
- improvements in the collection of data for the calculation of the recommended premium rates
- timely gazettal of the recommended premium rates for the underwriting year commencing 1 July 2011
- calculation and gazettal of the variations to entitlement limits and other workers' compensation amounts for the financial year commencing 1 July 2011
- implementation of amendments to physiotherapy service descriptors, including a new service item for treatment management plans.

Improving scheme performance

In addition to the substantial work carried out in relation to the Legislative Review, WorkCover WA worked in 2010/11 to improve scheme performance by:

- investigating the increased use of settlements under the *Workers' Compensation and Injury Management Act 1981*
- participating in a range of cross-jurisdictional activities through the Heads of Workers' Compensation Authorities and Safe Work Australia's Strategic Issues Group – Workers' Compensation to progress national harmonisation of workers' compensation practices; promote best practice in workers' compensation arrangements; and improve consistency, timeliness and accuracy of data for comparison purposes
- undertaking research to determine the impact of long duration claims (those involving 60 days/ shifts or more off work) and associated rising cost on the workers' compensation scheme. The subsequent statistical report will inform future discussion on the topic.



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Goal 2: Stakeholder Engagement

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

Delivering education and advice

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

During 2010/11, WorkCover WA developed an education strategy to help enhance working relationships with insurance brokers who play a critical role in the scheme and are central to the operations of some insurers in WA.

The agency also developed and launched the *Injury Management: A Guide for Employers* publication to replace the former Injury Management (Code of Practice) Guidance Notes. The new publication is simpler to follow and use, providing a step-by-step guide for employers to deal with workplace injuries and establish return to work practices.

Through its Advisory Service and Customer Assistance Unit, WorkCover WA:

- responded to 22,524 enquiries, most from injured workers and employers, covering topics such as the claims process, injury management, return to work, weekly wage rates and entitlements, workplace rehabilitation entitlements and dispute resolution
- provided detailed advice and direct assistance to a further 1,234 stakeholders, predominantly injured workers.

WorkCover WA maintained an informative internet and intranet web presence that presents agency information and services in a coherent, accessible, accurate and user-friendly manner. In addition, more than 50,000 publications were mailed to various external stakeholders.



▲ The Advisory Services Team.

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Managing events

WorkCover WA delivered two seminars to insurance brokers in November 2010 and April 2011, providing information and training to 136 brokers to assist them in presenting more informed advice on workers' compensation to their clients. The seminars were accredited by the National Insurance Brokers Association enabling brokers to earn Continuing Professional Development (CPD) points.

In addition, WorkCover WA coordinated various education and information sessions through its Communications and Education Branch to increase stakeholders' awareness and promote collaboration and mutual respect within individual stakeholder groups. They included:

- nine external presentations about WorkCover WA and workers' compensation targeting employers, health providers, workers and service providers
- six *WorkCover WA Module* presentations for Approved Medical Specialists who assess the degree of permanent impairment of injured workers
- four quarterly "Introduction to WorkCover WA Seminars" to stakeholders
- a seminar for registered agents involved in the resolution of minor claims disputes and interim orders (Part XII applications).



"I valued the willingness for WorkCover to involve and closely communicate with insurance intermediaries."

INSURANCE BROKERS BREAKFAST SEMINAR FEEDBACK

Building partnerships

WorkCover WA continued its cooperative partnership with the Industrial Foundation for Accident Prevention (IFAP) to provide free information seminars to injured workers to help them understand the workers' compensation and return to work process. In 2010/11, 12 seminars were delivered in the metropolitan area, with more than 620 injured workers attending. Three seminars were delivered to injured workers in regional WA (Bunbury, Geraldton and Kalgoorlie).

Additionally, 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.



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▲ Research and Evaluation Manager Leona Glasby with Injured Workers' Survey results.

Listening to stakeholders

WorkCover WA recognises the importance of listening to stakeholder concerns and feedback. Consultation with our stakeholders is a valuable source of information that improves our scheme and it also forms the basis for future collaboration and partnerships. In 2010/11, WorkCover WA consulted with its stakeholders through the following methods:

Injured Workers' Survey

WorkCover WA commissioned an independent injured workers' survey during the year to gather information about return to work outcomes and participant satisfaction with services provided through the WA workers' compensation scheme. The results were overwhelmingly positive. Highlights included 87 per cent of respondents believing the WA workers' compensation scheme process was open and honest and 77 per cent stating they had returned to work by the time of the survey. For detailed results, read the [report](#) under *Publications and Forms > Research, Evaluation and Statistics* on the WorkCover WA website.

Infoline Stakeholder Survey

The agency also conducted a survey of callers to WorkCover WA's 1300 information line to measure the effectiveness of this service. Key results of this survey included:

- 93 per cent of respondents confirming the information provided helped to resolve their query
- 84 per cent of respondents reporting they had increased their knowledge of the workers' compensation system
- 98 per cent of customers surveyed responding they were 'extremely satisfied' or 'satisfied' with the level of service provided.

It is clear WorkCover WA callers value the 1300 information line which relies upon the knowledge and professionalism of WorkCover WA staff.

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Dispute Resolution Directorate (DRD) Survey

Each year as part of WorkCover WA's continual improvement strategy, it seeks feedback from stakeholders on their involvement in the dispute resolution system. In 2010/11, the survey revealed a 69 per cent user satisfaction rate, indicating the DRD has been able to maintain relatively high standards of performance. The DRD will use the results to make service delivery and process improvements. For more information, see [KPI 1.3 \(p.98\)](#).

Other consultation

WorkCover WA also consulted stakeholders on:

- developing a nationally consistent approval framework for workplace rehabilitation
- developing a new workers' compensation claim form
- making general amendments to the *Workers Compensation and Injury Management Act 1981*
- updating and improving the agency's [Disability Access and Inclusion Plan \(p.111\)](#)
- developing a range of bulletins for insurers and self-insurers, to provide information about WorkCover WA administrative requirements and to clarify legislative matters
- revising medical and allied health fees
- reviewing the weekly compensation rate for jockeys.



▲ Dispute Resolution Acting Director Shane Melville heads a conference meeting.



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Goal 3: Regulatory Compliance

WorkCover WA's stakeholders are educated about and comply with the regulatory scheme.

Maintaining standards

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

In 2010/11, the agency continued to approve and monitor service providers to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service. The service providers consist of insurers and self-insurers, workplace rehabilitation providers, registered agents, audiometric officers and audiologists, and approved medical specialists who undertake impairment assessments in the Western Australian workers' compensation system.

Key activities included:

- reviewing the process for approved insurers to seek WorkCover WA Board endorsement to charge an employer a workers' compensation insurance premium of more than 75 per cent above the recommended rate. The process now includes a standard application form and has contributed to improvements in timeliness and consistency
- reviewing more than 350 bulletins for insurers and self-insurers that provide information about WorkCover WA administrative requirements and to clarify legislative matters. The review resulted in the withdrawal of all but 11 bulletins. A clearer, more concise set of bulletins was published on the WorkCover WA website in April 2011
- undertaking a project to improve the accuracy of information contained in the Approved Medical Specialist Register. Revisions to the Register included aligning the specialists' designations with those approved by the newly formed Australian Health Practitioner Regulation Authority and incorporating information relating to impairment assessment training undertaken.

WorkCover WA also continued:

- capturing data and undertaking quality assurance for data on all workers' compensation policies and claims, workplace rehabilitation cases and audiometric tests
- examining all complaints against approved service providers in relation to compliance with the Act and performance
- providing online training applications specifically for workplace rehabilitation providers, audiometric officers and audiologists. This is in addition to the guidance notes and other resources made available for providers through the WorkCover WA website
- assessing notifications lodged by employers of their intention to dismiss a worker who has made a workers' compensation claim, to ensure compliance with the relevant sections of the Act.

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Table 2: Approval of providers

	Approvals in 2010/11	Total at 30 June 2011
Approved Insurers	0	8
Approved Self-Insurers	0	27
Approved Workplace Rehabilitation Providers	3	29
Registered Agents	244	208 ^(a)
Approved Medical Specialists	12	192
Approved Audiometric Officers and Audiologists	172	559
Total approvals	431	1023

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

Table 3: Complaints against providers

	2009/10	2010/11
Approved Insurers	17	11
Approved Self-Insurers	8	2
Approved Workplace Rehabilitation Providers	8	4
Registered Agents	4	1
Approved Medical Specialists	3	0
Approved Audiometric Officers and Audiologists	0	0
Total complaints	40	18



▲ Compliance Officers Karly Fitzpatrick and Jana Thorpe.



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Acting on noise-induced hearing loss

In 2010/11 there were 927 workers identified with potential noise-induced hearing loss claims.

As part of this process, WorkCover WA made arrangements for 193 full audiological and 110 otorhinolaryngology (ear, nose and throat) assessments. There were 71 successful claims for work-related gradual onset noise-induced hearing loss, consisting of 67 first election (10 per cent permanent hearing loss) claims and four subsequent election (an additional five per cent permanent hearing loss) claims.

Ensuring employer compliance

During 2010/11, WorkCover WA continued to monitor employers' compliance with their obligations under the workers' compensation and injury management legislation.

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

Key compliance activities in 2010/11 included:

- publishing the outcomes of WorkCover WA's successful prosecutions of non-compliant employers on the WorkCover WA website
- the development of a risk-based approach for carrying out compliance activities
- the implementation of alternative enforcement options to improve voluntary compliance, such as "letters of caution".

Table 4: Compliance activities

	2009/10	2010/11
Enquiries – lapsed policies, cancellations, new business and new owner checks	7,285	9,325
Investigations – complaints, enquiries and reporting	182	90
Letters of caution sent to employers	-	14
Prosecutions – completed	13	13

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Goal 4: Operational Flexibility and Responsiveness

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

Progressing legislative reform

Following the completion of the 2009/10 legislative review of the WA workers' compensation scheme, WorkCover WA worked with stakeholders to progress the findings of the review. As a result, the *Workers' Compensation and Injury Management Amendment Bill 2011* was introduced into Parliament on 17 March 2011.

This Bill represents stage one of the legislative review implementation and delivers a number of policy initiatives that will see fairer, more equitable arrangements that will better protect injured workers. Changes will include:

- abolition of all age-based limits on entitlements
- establishment of a safety net arrangement under which WorkCover WA will make payment to workers where common law damages are awarded and the employer is uninsured
- restructuring of the dispute resolution framework
- general amendments to address a number of legislative anomalies and inefficiencies.

Stage two of the Legislative Review will include a complete redraft and rewrite of the *Workers' Compensation and Injury Management Act 1981*. This work will incorporate changes made under stage one and will also progress the modernisation and streamlining of the Act, while preserving the original intent of the legislation. This process is scheduled to commence in early 2012.

Resolving disputes

One of WorkCover WA's major functions is to hear and determine disputes between parties in the workers' compensation system through its Dispute Resolution Directorate (DRD).

The DRD comprises a Commissioner, Director, Arbitrators and administrative support staff. Arbitrators have responsibility to facilitate dispute resolution through conciliation conferences, conducted by telephone and in person, and arbitration.

The Directorate's operations include resolution of minor claims and interim orders (Part XII applications) and resolution of more complex disputes where, for example, liability is disputed (Part XI applications). It also resolves disputes related to the degree of disability for an injury occurring prior to 14 November 2005 (previous scheme).

The overall aim is to provide a fair, accessible, efficient and cost-effective system for the resolution of disputes.

Key DRD initiatives and activities in 2010/11 included:

- investigating opportunities to increase the percentage of Part XI disputes resolved within the target 26-week timeframe ([KPI 1.4, p.99](#)). The research identified measures to improve efficiencies in the initial administration process, which have now been implemented
- continuing to review, and subsequently increase the closure of long-term applications
- creating an electronic database to record agreements and-or assessments as to a worker's degree of permanent whole person impairment and worker's elections to retain the right to



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seek common law damages. The new database has improved efficiency by making it easier to produce reports and extract necessary information

- examining and making recommendations on the notification provisions of sections 57A and 57B of the Act, by which an insurer must provide certain information to the Director of the DRD regarding its decision on liability
- continuing a program to enhance workload management through:
 - ongoing audits of “open files” to ensure active case management
 - implementation of quality assurance processes to identify and address systemic errors
- data quality checking of the DRD case management system.

Goal 5: Organisational Excellence

WorkCover WA has the culture, people, systems and processes to deliver outcomes.

Developing our people

In 2010/11, WorkCover WA:

- developed and implemented a Workforce Capability Framework, a strategic and systematic approach to aligning staff capability to the business needs of the agency
- continued an agency traineeship program that forms part of the WorkCover WA Equal Employment Opportunity Plan and aims to increase the representation of youth and Aboriginal Australians in the agency’s workforce. Two trainees completed a Certificate III in Business
- established an Online Induction and Learning System designed to allow new and existing staff to familiarise themselves with organisational information, policies, procedures and relevant legislation and highlight their responsibilities as public sector employees
- updated and improved its [Disability and Access Inclusion Plan \(p.111\)](#) so people with disabilities have the same opportunities as other people to access the agency’s services, facilities and information
- developed and implemented a new Occupational Safety and Health (OSH) Management Plan that seeks to ensure a systematic and consistent approach to OSH management is adopted that allows WorkCover WA greater transparency and accountability in relation to the management of OSH
- maintained the WorkCover WA wellness program, supporting employees in improving their health and wellbeing.

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Enhancing finance processes

In 2010/11, WorkCover WA implemented a new financial management information system (FMIS) to improve procurement, budgeting and financial reporting capabilities.

The tender for the implementation was awarded to a consortium comprising SAP, IBM and Courtland Business Solutions.

WorkCover WA implemented the SAP Business All-in-One suite of products, which was the most optimal fit for its operations and provided for rapid implementation while minimising implementation risk.

User acceptance testing and final configuration of the new FMIS was completed in early May 2011 with final user training undertaken by all staff in June.

WorkCover WA made the transition to the new FMIS on 1 July 2011.

Improving information technology

In 2010/11, WorkCover WA continued to implement the five-year IT Strategic Plan approved by the Board in 2008/09, including:

- completing a major IT infrastructure upgrade that:
 - replaced old physical servers with a much smaller number of new virtual servers. The new servers take up less space in the server room, significantly reduce power consumption and provide a more robust and fault tolerant solution for the future
 - implemented an industry-leading central storage solution, which will provide a much greater level of availability, scalability and flexibility for storing all of WorkCover WA's data and information systems
 - implemented a contemporary system backup solution, which will significantly reduce WorkCover WA's backup times and will improve recovery processes
- developing requirements and specifications for a future replacement of the WorkCover WA external website using contemporary technology
- completing the gathering of business requirements for a replacement of WorkCover WA's core business systems
- commencing the first phase of replacement of WorkCover WA core business systems – an in-house development of a new Dispute Case Management System to support the future implementation of the legislative changes currently under consideration by Parliament.



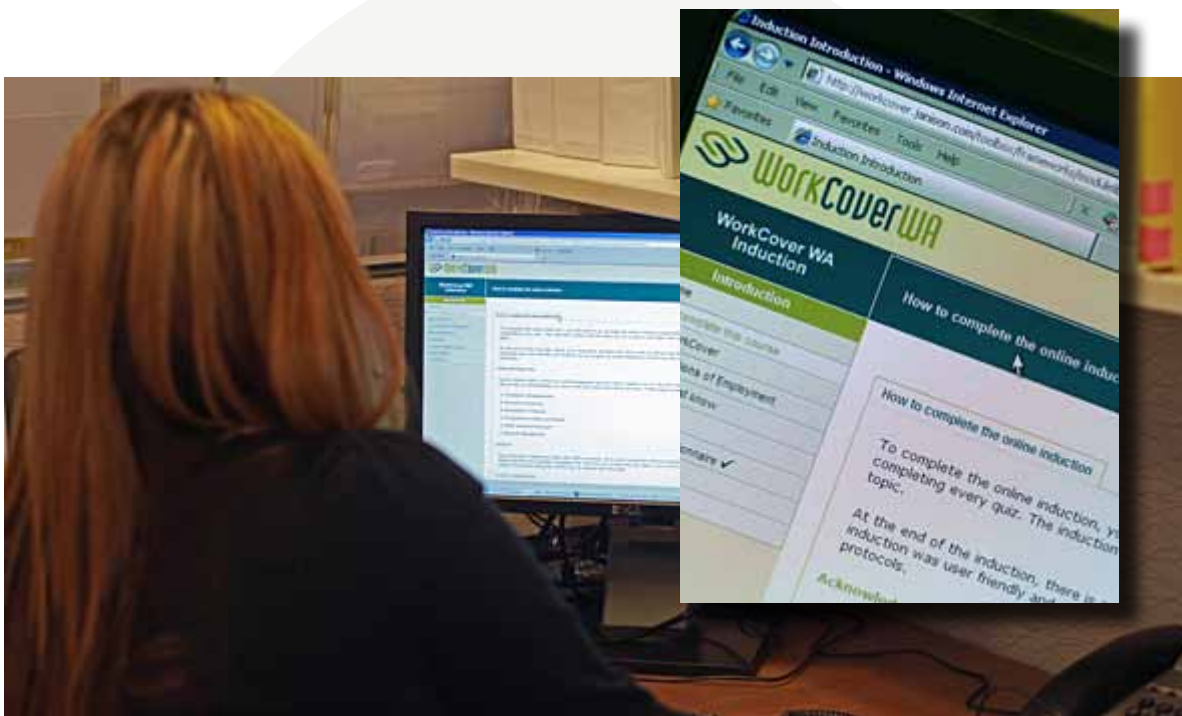
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Valuing workplace consultation

As part of effective consultation in the workplace, WorkCover WA invited staff to participate in an employee climate survey in February 2011 to assess staff satisfaction levels. Seventy per cent of staff took part, with most stating they were generally satisfied with the people in their work group, and to a certain extent the quality of their work. The survey also identified areas for improvement, which will be focused on into the future.

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

- Joint Consultative Committee (JCC), which consists of management and union representatives and provides a forum for both parties to work collaboratively to seek solutions to the workplace environment and issues affecting employee conditions of employment. In 2010/11, the JCC considered a range of organisational issues including a number of corporate policies and an organisational climate survey tool.
- Occupational Safety and Health (OSH) Committee, which provides a forum for staff and management to examine issues affecting the health and wellbeing of staff and a mechanism to develop and implement strategies that prevent workplace accidents and injuries from occurring. In 2010/11, new employee OSH representatives were appointed to the Committee following an election conducted in accordance with approved procedures. The OSH Committee was active in developing and facilitating the training of managers and supervisors in OSH obligations and developing and implementing a new agency OSH Management Plan.



▲ A new employee completes the online induction.

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Financial Snapshot

The majority of funding (57%) 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 Financial Statements and associated notes for more detailed analysis and disclosure.

Total WorkCover WA revenue in 2010/11 was \$29.92 million.

Total expenditure was \$19.44 million.

Figure 12: WorkCover WA income

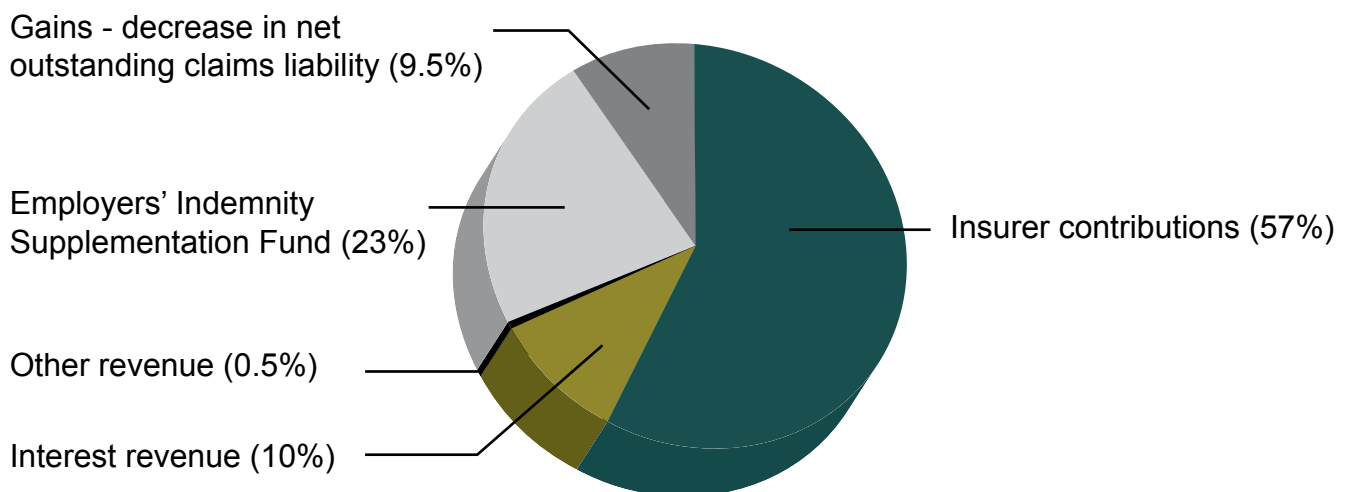
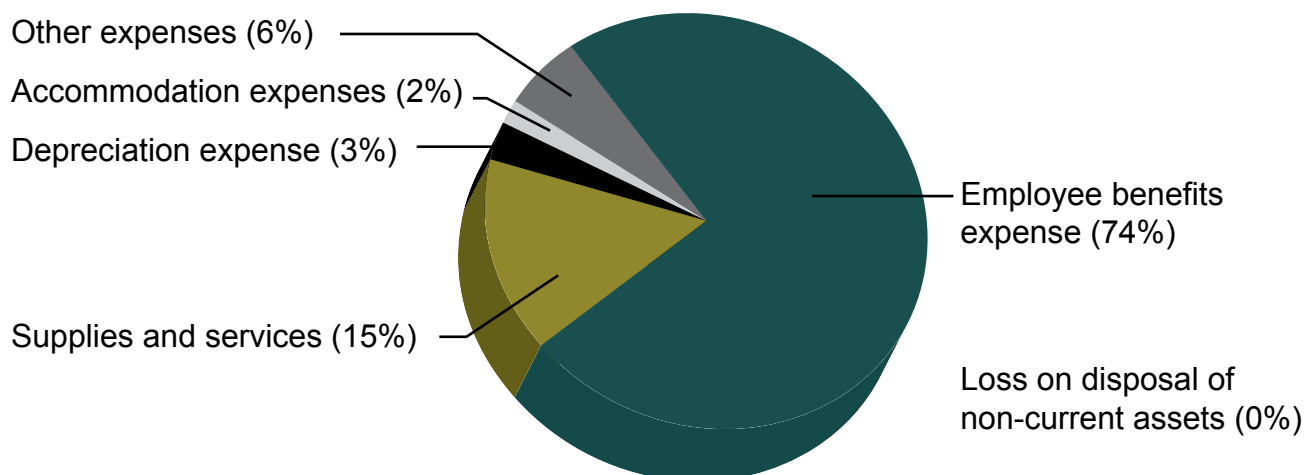


Figure 13: WorkCover WA expenditure



Staff costs account for 74 per cent of agency expenditure. The remaining funds were expended on supplies and services, accommodation and other expenses.



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Report on Funds Management

Workers' Compensation and Injury Management Trust Account

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

Section 218 of the Act empowers the Dispute Resolution Directorate (DRD) to order compensation to be paid in trust to WorkCover WA when it cannot immediately be paid to a person or the dependants of a deceased worker. These funds are invested in accordance with Treasurer's guidelines.

Investment strategies employed provided an average yield for the year of 5.94 per cent for all trust accounts.

Uninsured claims management (General Account)

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

As part of its operations, the compliance team 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 team investigated 21 potential claims on the General Account pursuant to section 174, compared with 15 last year. There were six new claims this year and 19 continuing claims from previous financial years. The cost of new claims was \$157,170.27 and ongoing claims amounted to \$1,288,912.81.

At 30 June 2011, the total outstanding debt from uninsured employers was approximately \$1,446,083.38. Recovery action against these employers is ongoing. The WorkCover WA Board approved the write-off of approximately \$33,063.10 of uninsured outstanding claims.

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 2010/11 were nil. Since its inception (February 1987), a total of \$2,800,567 (gross) has been paid.
- Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2010/11 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.

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Table 6: Claim payments and receipts for insurers in liquidation

	HIH Insurance (\$)	National Employers' Mutual General Insurance Co. (\$)
Value of outstanding claims in Western Australia	1,290,744	80,240
Received from liquidators in 2010/11	7,145,379	Nil
Claim payments for 2010/11	288,742	120,290
Claim payments since liquidation commenced	73,797,697	5,904,375

Debts and Investments

At 30 June 2011, there were debtors with 16 outstanding debts resulting from fines and penalties awarded under section 170 of the Act, with debts outstanding of \$77,874. In 2010/11, the weighted average rate of return on General Account investments was 5.98 per cent.

Table 7: Actual Results vs Budget Results

	2010/10 Target \$000	2010/11 Actual \$000	Variation \$000
Total Revenue (sourced from Statement of Comprehensive Income, p.51)	21,238	29,919	8,681 ^(a)
Total Expenses (sourced from Statement of Comprehensive Income, p.51)	21,691	19,438	-2,253 ^(b)
Total equity (sourced from Statement of Financial Position, p.52)	45,184	61,715	16,531 ^(c)
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows, p.54)	-910	14,480	15,390 ^(d)
Approved full-time equivalent (FTE) staff level	148.10	147.95	-0.15

^(a) The variation is mainly due to higher interest earnings from increased investment balances and higher than expected liquidation recoveries for the Supplementation fund.

^(b) The variation is mainly due to a decrease in the net outstanding claims liability for the General and Supplementation funds as per actuarial assessment, resulting in a gain of \$3,146,000. Refer to note 10 of the financial statements.

^(c) The variation is a result of a combination of factors including a decrease in the net outstanding claims liability for the General and Supplementation Funds as noted above and higher than expected HIH Insurance liquidator recoveries for the Supplementation Fund.

^(d) As noted above, this variance is due to a combination of higher than expected liquidator recoveries and associated interest receipts and the transfer of \$5.399 million from term deposits into cash and cash equivalents.

Further explanations are also contained in [Note 33 'Explanatory statement' \(p.82\)](#) to the financial statements.