

# Overview

# Guide to the report

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The WorkCover WA Annual Report for 2007–08 presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2008.

## Guide to sections

The **Overview** section outlines WorkCover WA's achievements during the year, an outlook for the coming year, the agency's profile and operational environment, our corporate governance arrangements and the delivery of our agency's outcomes and services within the Government Strategic Framework.

The **Agency performance** section contains information on our key achievements for the year and operational performance.

The **Significant issues and trends** section contains information on the current and emerging issues and trends impacting on WorkCover WA's operating environment.

The **Disclosures and legal compliance** section contains the Financial statements, Key Performance Indicators, Other Financial Disclosures, Governance Disclosures, and information on WorkCover WA's performance against government policy requirements.

The **Appendices** contain corporate information and additional statistical information.

## Chairman's and Chief Executive Officer's report

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We are pleased to report on WorkCover WA's performance for 2007–08.

The past year has seen WorkCover WA continue to consolidate its stakeholder relationships and make a dedicated effort to the national policy agenda. It has hosted a major conference in injury management, been an active participant in several conferences and participated on a number of national working parties.

WorkCover WA has further invested in developing its staff through the establishment of a cultural development framework. The components of the framework cover behaviours and expectations from staff, 'people support' including work/life balance, wellness and staff recognition, team building, leadership development and succession management. The proposed organisational culture will define WorkCover WA's values, beliefs and relationships. It will also determine how people respond to each other and the organisation. Key highlights for 2007–08 include:

### **Injury management conference**

WorkCover WA held a national Injury Management Conference in October 2007 with the aim of increasing conference participants' knowledge of emerging trends and issues, from research into workers' compensation and injury management, to providing stimulating debate about best practice and offering participants opportunities to share knowledge and experiences with other stakeholders and industry professionals.

Over 300 delegates representing nine industry groups and 22 professional roles attended the conference which was adjudged an outstanding success with testimonials supporting its excellence in the quality of presentations and the expertise of the conference speakers.

WorkCover WA continued to build on the good work of the conference by embarking on a range of workshops with stakeholders, playing an active role on the national Accreditation of Rehabilitation Providers working party and publishing the 2<sup>nd</sup> edition of *WorkCover Guides on Permanent Impairment Assessment*.

### **Workers' compensation premiums**

In June 2008, the Minister for Employment Protection, on the recommendation of WorkCover WA, discontinued the supplementation levy imposed on employers' workers' compensation premiums. This levy was initiated following the collapse of HHH Insurance Ltd in March 2001.

Additionally, recommended premium rates continued to decrease with the average WorkCover WA recommended rate falling 14.4 per cent from 1.849 per cent to 1.582 per cent for 2008–09. This latest reduction in recommended premium rates follows last year's decrease of 12.7 per cent and a decrease of 8.6 per cent in 2006–07.

### **Regional visits**

During the year, staff from WorkCover WA's compliance and customer service units visited Kalgoorlie, Collie, Geraldton and Mandurah to help local stakeholders better understand workers' compensation, injury management and return-to-work processes. People who attended included doctors, workers, employers and health services personnel.

## Overview

The visits provided a regional exposure to WorkCover WA. Many attendees were keen to learn more about workers' compensation procedures and legislative requirements. The visits gave our staff the opportunity, for example, to explain the various components of injury management, the role of the Dispute Resolution Directorate and the potential impact on employers if they failed to hold current workers' compensation insurance cover.

With more regional visits planned for the coming year, WorkCover WA is committed to providing a better and more supportive workers' compensation experience for all West Australians.

### National harmonisation

WorkCover WA has continued to contribute to Commonwealth and state forums to promote the harmonisation of workers' compensation arrangements throughout Australia and New Zealand and hosted the 26–27 June 2008 Heads of Workers' Compensation Authorities meeting. As a result of this meeting, WorkCover WA will convene a national working group on the development and implementation of best practice in the management of injured workers with chronic pain. This group will look to all jurisdictions endorsing the use of bio-psychosocial models of practice in injury management and return-to-work activities.

### In appreciation

On behalf of the Board, we would like to thank all staff at WorkCover WA for their continual effort and commitment. We are very appreciative of the contribution WorkCover WA's staff make towards ensuring Western Australia has a more efficient workers' compensation system for injured workers.

Judge Peter Nisbet QC ceased as Commissioner of the Dispute Resolution Directorate in November 2007. We would like to thank and acknowledge Judge Nisbet for his valuable contribution to the Dispute Resolution Directorate since its inception. In March 2008, WorkCover WA welcomed the new Commissioner of the Dispute Resolution Directorate, Judge Philip McCann, and we look forward to his learned contribution.

We would like to thank Board members for their efforts and support during the year. The Board welcomed Steve Burns in September 2007 and in January 2008 Victoria Wilmot, Lisa Biglin, Janine Freeman and Greg Joyce were reappointed to the Board for a further three years.

We would also like to thank our Minister, Hon. Jon Ford JP MLC who assumed the Ministerial portfolio in February 2008 and his predecessor Hon. Michelle Roberts BA Dip Ed MLA.



**Greg Joyce**

Chairman

28 August 2008



**Adrian Warner**

Chief Executive Officer

28 August 2008

## Scheme snapshot

Compensation paid to workers	\$357.4 m	64.7%
Payments to medical and allied services	\$140.2 m	25.4%
Other payments made	\$54.7 m	9.9%
<b>Total workers' compensation payments</b>	<b>\$552.2 m</b>	

Total number of claims lodged	41,573
Total number of lost time claims	18,421
Average days lost per claim	74.6
Average cost of claim	\$22,172

Total workers' compensation premiums paid	\$767.8 m
Average recommended premium rate for 2008–09	1.58% of payroll
Industry division with highest average rate	6.54% of payroll (agriculture, forestry and fishing)
Industry division with lowest average rate	0.40% of payroll (finance and insurance)

New workers' compensation disputes lodged	1,574
Workers' compensation disputes resolved	1,623
Average time to resolve a dispute (Part XI)	26 weeks

Further detailed statistical information and notes to the above data can be found in the Appendices section of this Annual Report.

# Key achievements 2007–08

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Our year was characterised by organisational improvement and cultural change. These achievements are evidenced by our key strategic and operational highlights.

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## Regulatory activities

### Strategic achievements

#### Strategic focus area: embedding a systematic approach to stakeholder engagement

A systematic approach to stakeholder engagement was undertaken to ensure stakeholders have formalised and consistent access to contribute to the development of workers' compensation policy and improvement in service delivery. WorkCover WA identified key stakeholder groups and established regular forums to seek stakeholder specialised input to inform the development of new practices and processes within WorkCover WA.

#### Strategic focus area: increasing WorkCover WA's regulatory influence

Compliance with the requirements of the [\*Workers' Compensation and Injury Management Act 1981\*](#) (the Act) for employers to have current insurance coverage for their workforce and injury management systems in place is particularly important, to ensure the cost of workers' compensation is spread across all employers and injured workers are supported in their efforts to return to work.

Targeted compliance activities were conducted for new business registrations and businesses in the Goldfields region. WorkCover WA investigated unpaid or lapsed insurance cover and the establishment of injury management systems.

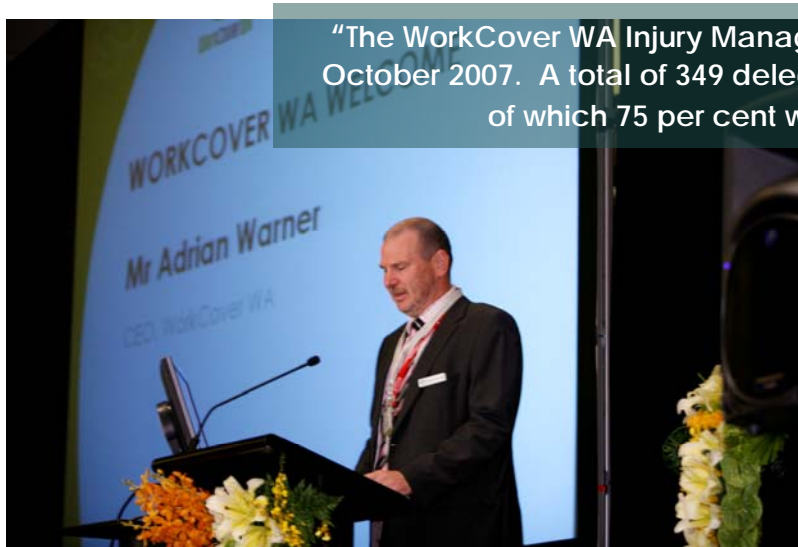
Compliance activities and reviews confirmed a high percentage of employers had workers' compensation insurance cover; however, there is still a low percentage of compliance with injury management legislative requirements in the micro and small business sectors.

### Operational achievements

A Customer Assistance Unit was introduced to provide guidance and assistance to all stakeholders on the workers' compensation system. The main focus of the unit is early intervention in matters that could escalate into disputes. The Customer Assistance Unit has assisted many parties to reach agreement on a course of action, which has negated the need to proceed with an application in the Dispute Resolution Directorate.

Education and promotional activities were undertaken in the Goldfields Esperance region which focused upon education of employers and general practitioners. The visit aimed to raise awareness regarding insurance obligations and injury management requirements.

Qualitative research was conducted to underpin the planning, design and implementation of an Injury Management Campaign. The primary research objective was to inform the development of a communication strategy to enable WorkCover WA to lead stakeholders in working towards reducing the social and economic impact of workplace injuries in Western Australia through effective injury management and return to work strategies.



"The WorkCover WA Injury Management Conference was held in October 2007. A total of 349 delegates attended the conference, of which 75 per cent were employer representatives."

Adrian Warner, WorkCover WA Chief Executive Officer, officially opens the Injury Management Conference

A Memorandum of Understanding (MOU) between WorkCover WA and the Audiological Society of Australia (ASA) was signed April 2008. The MOU facilitates the sharing of membership related information for audiologists registered to operate in the Western Australian workers' compensation scheme. The MOU supports the work undertaken by WorkCover WA and the ASA to implement a more appropriate registration process which is aligned with the ASA's (Graduate) Clinical Internship program.

### Policy activities

#### Strategic achievements

##### Strategic focus area: engaging in the national policy debate

In 2007–08 WorkCover WA contributed to a number of cross-jurisdictional initiatives progressed through the Heads of Workers' Compensation Authorities (HWCA).

Particular initiatives include a process to provide for National Accreditation of Rehabilitation Providers, and work to progress the adoption of a common Permanent Impairment Assessment Methodology. Additionally, WorkCover WA will Chair a working party (through HWCA) developing a bio-psychosocial rehabilitation model for best practice in managing work related pain, injury and disability.

WorkCover WA hosted the June 2008 meeting of the HWCA, attended by representatives from across Australia and New Zealand.

## Overview

### Strategic focus area: driving legislative change for improved scheme and WorkCover WA effectiveness

WorkCover WA continued to monitor the impact of 2005 legislative changes to workers compensation in WA. An evaluation of the reforms, including stakeholder feedback, was released in 2007-08. Work continued on how best to address the current complexity and inflexibility of the workers compensation legislation.

### Strategic focus area: using information for strategic benefit and improving insight into scheme health

WorkCover WA produced a range of internal and external performance reports to monitor scheme health indicators. Reports of scheme, insurer and self-insurer performance were published quarterly on the WorkCover WA website and insurers were provided with additional data to encourage self-monitoring. Indicator content was reviewed and updated to ensure currency and relevance.

## Operational achievements

As part of a comprehensive scheme monitoring program, the Scheme Development division disseminated 18 reports to relevant stakeholders. Reports reviewed the status and performance of the scheme as a whole as well as insurers, self-insurers and medical and allied health providers.

Work has progressed to develop, in consultation with approved insurers, key performance indicators to review insurer performance compliance with standards critical to the effective and efficient operation of the workers' compensation scheme.

The WorkCover WA Costs Committee, supported by the Scheme Development division, reviewed the costs scale for legal practitioners and registered agents appearing before the WorkCover WA Dispute Resolution Directorate. The *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2007* took effect from 14 November 2007.

The Second Edition of the *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment* (the *WorkCover WA Guides*) came into effect on 26 November 2007. The *WorkCover WA Guides* provide a transparent, consistent and objective method of assessment of permanent impairment, providing certainty for injured workers and other parties.

The one per cent surcharge on employers, used to maintain a Supplementation Fund to cover the cost of outstanding claim liability should an approved insurer proceed collapse was discontinued from 25 June 2008. This removal was based on a review of actuarial estimates of outstanding liabilities and cash flows for 2008-09.

## Resolution of disputes

### Strategic achievements

#### Strategic focus area: resolving disputes in a timely, consistent and cost-effective manner

Administrative processes and reporting functions in the Dispute Resolution Directorate were improved so as to ensure the resolution of disputes in a timely, consistent and cost-effective manner consistent with the objectives of the Act and the WorkCover Mission Statement. Performance was met or was close to meeting the Key Performance Indicator benchmark set for the Dispute Resolution Directorate.

### Operational achievements

This year saw the Dispute Resolution Directorate (DRD) continue to build on the new strategies being implemented to improve the effective and efficient resolution of disputes. Highlights included:

- The creation of a technical support team and the implementation of a new structure for the DRD, and the engagement of numerous new staff, reflecting an improved focus on excellent customer service.
- The recruitment of a number of staff with specialist expertise to support the development of system improvements, including effective quality assurance and improved performance reporting.
- The appointment of a new Commissioner, Judge Philip McCann, a Judge of the District Court to replace Judge Peter Nisbet QC. Judge McCann was appointed on 11 March 2008 for a five-year term.
- The reconvening by Judge McCann of the DRD Rules Committee to undertake the process of reviewing the DRD Rules during the next 12 months.
- The Chrysalis Project has been developed to improve business processes, workplace culture and information systems. Phase 1 of the project has commenced. This phase involves detailed business process mapping and a concurrent review of documentation, together with the implementation of quality assurance processes on all case files.
- The establishment and publication of the DRD e-newsletter (*DRD E-Link*). Now in its seventh edition, the e-newsletter contains articles of interest to practitioners and stakeholders, information on DRD processes and recent appeal decisions. It is available online and provides a regular and user-friendly means of engaging with key stakeholders. The *DRD E-Link* is available on our [website](#) and is emailed to 492 of our stakeholders.



**“492 of our stakeholders receive the *DRD E-Link* newsletter by email bi-monthly.”**

## Overview

### Corporate activities

#### Strategic achievements

##### **Strategic focus area: aligning efforts to organisational objectives and creating an environment where we retain, attract and develop our people**

In order to develop a recognisable and positive workplace culture and to ensure that organisational objectives are met in a sustainable fashion, a Cultural Development Framework addressing communication, leadership, staff recognition, motivation, teamwork and wellness was developed and implemented. Specific programs supporting the framework have been implemented and a survey to ascertain satisfaction with components of the framework was sent to all staff on 23 June 2008. The results of the survey will be used to guide future programs.

#### Operational achievements

The IT Transformation Program, a strategic technology realignment program, was launched. Among other initiatives, the program will deliver the strategic IT Plan, project management governance, IT sourcing strategies and improved IT service delivery framework.

WorkCover WA has identified technical infrastructure areas that could be improved by the implementation of contemporary technology solutions. An upgrade project will be funded through the capital works program and actioned in 2008–09. This will establish a solid base for the introduction of new applications being highlighted in the 2008–11 Business Plan.

Commencing in 2006, WorkCover WA undertook a major capital works project to relocate all of the agency's operations and employees to one location. The final Stage 6, which included the refurbishment of the basement, was completed in November 2007.

Each year, WorkCover WA has exceeded the annual target set in the Energy Smart government policy for the reduction in energy consumption. During 2007–08, WorkCover WA received the 2006–07 Energy Champion award. This award was received from the Sustainable Energy Development Office for initiatives undertaken to further reduce energy consumption and improve energy efficiency. WorkCover WA achieved a total reduction in energy consumption of 20.3 per cent and a total reduction in energy use per FTE (full time equivalent) of 25.4 per cent relative to the baseline.



## Outlook for the future

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### Strategic focus areas

During 2007–08, WorkCover WA undertook a review of its strategic direction. In developing the strategic position, WorkCover WA in conjunction with the Board recognised seven core strategic focus areas that guided the development of strategic objectives for the next three years, underpinned by a series of annual initiatives. A Business Plan 2008–11 was created by examining key strategy requirements for each of these focus areas that would enable WorkCover WA to better meet its legislative obligations and to enhance its overall value to government, employers, workers and services providers. The seven strategic focus areas are:

- Corporate management
- National policy agenda
- Dispute resolution
- Stakeholder engagement and relationships
- Scheme oversight
- Scheme performance
- Legislative complexity and development

### Strategic objectives for 2008–11

In order to meet these focus areas, 10 strategic objectives have been identified. Each of the objectives addresses one or more of the strategic focus areas:

- Become a Western Australian employer of choice.
- Actively engage in the direction of national policy to ensure the sustainability of the scheme.
- Actively lead WorkCover WA-related legislative improvement changes and enhancements.
- Utilise the key stakeholders relationship framework to ensure broad input into our service delivery.
- Increase level of regulatory monitoring and engagement to build reputation as an effective regulator.
- Implement a key performance indicator-based system for scheme performance.
- Implement a framework to enable disputes to be resolved in a timely, consistent and effective manner.
- To realign WorkCover WA's regulatory operations towards improved injury management.
- Establish a corporate management framework that facilitates organisational performance.
- Ensure cost-effectiveness through the premium rating process.

## Overview

### Agency profile

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The WorkCover WA Authority was established on 4 January 2005 and is constituted under section 94(1) of the Act. It replaced the former Workers' Compensation and Rehabilitation Commission.



### WorkCover WA's role

WorkCover WA's role is that of a market regulator and provider of dispute resolution services through the Dispute Resolution Directorate. WorkCover WA achieves this through the effective regulation and administration of the Act, provision of quality policy advice to government and maintenance of excellent stakeholder relationships.

The role of WorkCover WA can be summarised in the following core functions and activities:

#### Policy Activities

- Evaluates scheme performance and provides government with policy advice regarding scheme design.

#### Regulatory Activities

- Sets standards and monitoring the performance of service providers.
- Provides information and educates workers, employers and other workers' compensation scheme participants.
- Investigates and enforces compliance by scheme participants with their legislative responsibilities.
- Fixing or recommending fees and costs associated for scheme services.

#### Resolution of Disputes

- Resolves workers' compensation disputes.

The functions and powers of WorkCover WA are detailed in sections 100 and 101 of the Act.

### Stakeholders

Stakeholders are directly affected by our operations and decisions. Stakeholders also have the potential to influence the environment in which WorkCover WA operates. Our key stakeholders are:

- workers and unions
- employers, business and employer associations
- insurers
- medical practitioners and allied health providers including vocational rehabilitation providers
- legal practitioners and registered agents
- government and the Minister for Employment Protection.

### Agency funding

Funding for WorkCover WA's activities is provided via an annual levy on workers' compensation premiums paid by employers and by a direct levy on employers who are approved to self-insure by WorkCover WA.

### Responsible Minister

The Hon. Jon Ford JP MLC, [Minister for Employment Protection](#) became the Minister responsible for WorkCover WA in February 2008, replacing the previous Minister, the Hon. Michelle Roberts BA DipEd MLA.

## Organisational structure

In 2007–08, the agency implemented a new organisational structure including the redesigning and classification of positions to support the strategic direction of the agency and new business initiatives. This involved the advertising and filling of a number of vacancies, including senior executive positions. The structure better aligns the resources of the agency to its strategic direction; provides a greater clarity of purpose for the agency; and builds organisational effectiveness. The organisational structure at 30 June 2008 is provided in Figure 1.

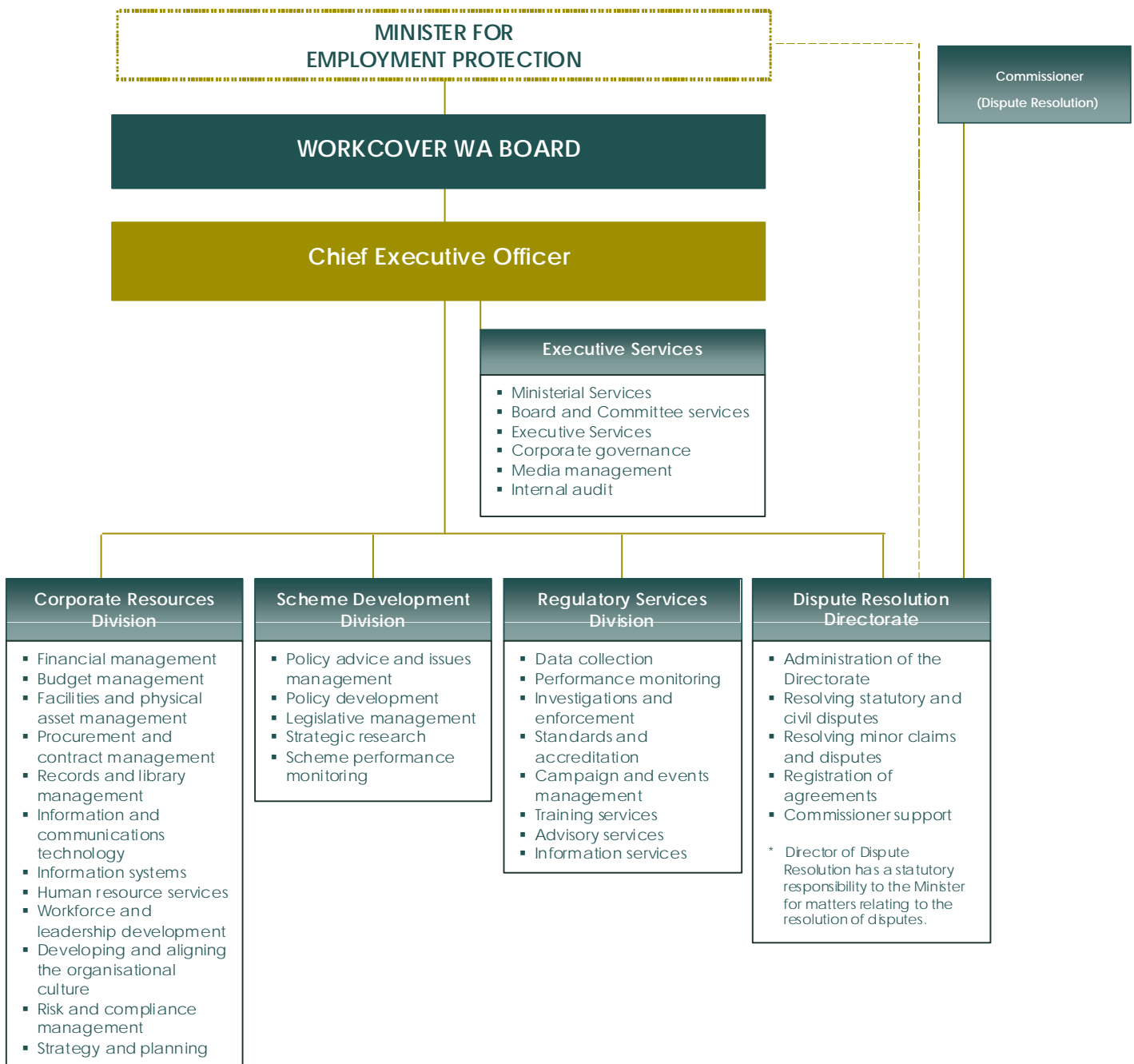


Figure 1: WorkCover WA Organisational Structure

## Board

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The WorkCover WA Authority was established on 4 January 2005 and is constituted under section 94(1) of the Act, replacing the former Workers' Compensation and Rehabilitation Commission.

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

### Role of the Board

The primary role of WorkCover WA is to oversee the operation of the workers' compensation scheme in Western Australia. 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 major decisions and, where appropriate, making recommendations to the Minister; giving effect to Ministerial directives; and managing strategic risk.

The Board's corporate governance arrangements ensure transparency in decision-making and operation, as well as ensuring accountability to stakeholders by promoting strong leadership, sound management and effective planning and review. WorkCover WA has structures and processes in place to ensure that it is effective in meeting its policy objectives, efficient in its operations, accountable for its decisions and compliant with Acts and regulations. WorkCover WA aims to achieve high standards in corporate governance to assure the State Government, stakeholders and the community that it is fulfilling its responsibilities and meeting expectations with due diligence and accountability.

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

### Board membership

The WorkCover WA Board is comprised of a Chairman and six members who exercise the functions, powers and duties conferred under the Act. Section 95 of the Act requires WorkCover WA's Board to be led by a Chairman, who is not a public servant, recommended by the Minister for Employment Protection and appointed by the Governor. A Deputy Chairman may also be appointed, but no such appointment has been made.

## Overview

Other members appointed to the Board include:

- the Chief Executive Officer of WorkCover WA
- the Chief Executive Officer of the department of the Public Service of the State principally assisting the Minister charged with the administration of the *Occupational Safety and Health Act 1984*
- a person experienced in employers' interests
- a person experienced in workers' interests
- a person experienced in insurance matters
- a person experienced in accounting and financial management.

## Profile of Board members

### Chairman



**Mr Greg Joyce** has been a member and Chairman of WorkCover WA's Board since 1 May 2005 and was reappointed for a further three years from 4 January 2008. Mr Joyce was the Director General of the Department of Housing and Works from July 2001 until his retirement in January 2005. Mr Joyce is currently a director on the Western Australian Treasury Corporation. Mr Joyce has a law degree from the University of Western Australia and is qualified to practise as a barrister and solicitor in Western Australia.

### Members



**Mr Brian Bradley, PSM** is the Director General of the Department of Consumer and Employment Protection. Mr Bradley served previously as Chairman of the former Workers' Compensation and Rehabilitation Commission from May 2000 to 3 January 2005. Mr Bradley is currently the Western Australian member on the Australian Safety and Compensation Council and also serves on the Commission for Occupational Safety and Health.



**Ms Lisa Biglin** was appointed to WorkCover WA's Board on 1 December 2005 and reappointed for a further three years from 4 January 2008 to 3 January 2011. Ms Biglin is experienced in employers' interests and has been the National Health Services Manager with United Group Ltd since 1995. Ms Biglin holds a Graduate Certificate in Workers' Compensation and Management.



**Mr Steve Burns** was appointed as a member of WorkCover WA's Board on 29 August 2007 for a term ending 31 July 2010 as a person experienced in insurance matters. Mr Burns is currently the National Product Manager at QBE Insurance (Australia) Ltd and has a wealth of experience in both Australia and New Zealand. His previous positions included roles advising the Workplace Standards Authority Board in Tasmania and the Insurance Council of New Zealand.



**Ms Janine Freeman** was appointed to WorkCover WA's Board on 4 January 2005 and reappointed for a further three years from 4 January 2008 to 3 January 2011. Ms Freeman is experienced in workers' interests having worked in the union movement for the past 13 years, including two years as the Assistant Secretary of UnionsWA. Currently, Ms Freeman works part-time for the Liquor Hospitality and Miscellaneous Union, is a trustee for HESTA Superannuation, and is involved in women's policy in the public sector.



**Mr Adrian Warner** was appointed as Chief Executive Officer of WorkCover WA from 10 January 2005 and as the Chief Executive he is a member of WorkCover WA's Board. Mr Warner has a Bachelor of Economics degree from the University of Western Australia.



**Mrs Victoria Wilmot** was appointed to WorkCover WA's Board on 4 January 2005 and reappointed for a further three years from 4 January 2008 to 3 January 2011. Mrs Wilmot is currently Manager, 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.

## Overview

### Board meetings and member attendance

The Board met 13 times during the year. The membership of the WorkCover WA Board and corresponding meeting attendance during the year is provided in Table 1.

**Table 1: Board membership and attendance**

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	13	13
Ms Lisa Biglin	13	13
Ms Janine Freeman	13	13
Mr Steve Burns	10	10
Mrs Victoria Wilmot	13	11
Mr Brian Bradley	13	9
Mr Adrian Warner	13	11

### Committees

Committees allow the WorkCover WA Board to give closer attention to important issues facing the organisation than is possible for the full Board in a scheduled meeting. Committees are an effective way to distribute the work between the Board members and allow more detailed consideration of specific matters. Committees strengthen the Board's governance framework and provide real benefit to the Board, the Board members and the organisation as a whole.

To contribute to the effectiveness of the WorkCover WA Board and to meet specific legislative responsibilities, an Audit Committee, Corporate Governance Committee, Costs Committee and Medical Committee were established.

As part of the governance practices adopted, each committee has 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 advice to the Board on audit matters. In particular, the committee reviews the strategic and annual internal audit plans; examines and provides advice on the performance and effectiveness of the internal audit function; attends both the entrance and exit interviews with representatives of the Office of the Auditor General; and provides advice on the findings.

The membership of the Audit Committee and corresponding meeting attendance during the year is provided in Table 2.

**Table 2: Audit Committee membership and attendance**

Member	No. of meetings held	No. of meetings attended
Mrs Victoria Wilmot (Chairperson)	6	5
Mr Greg Joyce	6	6
Mr Brian Bradley	6	6

### Corporate Governance Committee

The Corporate Governance Committee assists the Board in discharging its corporate governance responsibilities. The committee examines and provides advice to the Board on key governance activities and practices including ensuring compliance with legislative requirements, accountability, managing risk, monitoring performance and operating in an efficient management environment.

The membership of the Corporate Governance Committee and corresponding meeting attendance during the year is provided in Table 3.

**Table 3: Corporate Governance Committee membership and attendance**

Member	No. of meetings held	No. of meetings attended
Mr Greg Joyce (Chairman)	2	2
Mr Steve Burns	2	2
Ms Janine Freeman*	1	0
Mr Adrian Warner	2	1

\* Ms Freeman joined the Corporate Governance Committee on 20 March 2008

## Overview

### Medical Committee

The Medical Committee is an advisory committee established under section 100A of the Act and provides advice to the Board on medical matters. The committee advises on such issues as the *WorkCover WA Guides for the Evaluation of Permanent Impairment*; the criteria for designation and monitoring of approved medical specialists providing impairment assessments; the role of approved medical specialists within the scheme; and provides guidance on matters of a medical nature within the Western Australian workers' compensation scheme.

The membership of the Medical Committee and corresponding meeting attendance during the year is provided in Table 4.

**Table 4: Medical committee membership and attendance**

Member	No. of meetings held	No. of meetings attended
Ms Janine Freeman (Chairperson until 20 March 2008)	2	2
Mr Adrian Warner (Chairman from 20 March 2008)	2	2
Dr Alan Home	2	2
Mr Barrie Slinger	2	2
Dr Trevor Lord	2	1
Dr Heather Campbell	2	2
Ms Lisa Biglin*	0	0

\*Ms Biglin joined the Medical Committee on 20 March 2008

### Costs Committee

The Costs Committee is an independent committee, reporting directly to the Minister for Employment Protection, established under section 269 of the Act. The Costs 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 at the WorkCover WA Dispute Resolution Directorate.

The Costs Committee met in 2007 to review the costs scale for legal practitioners and registered agents introduced in 2005. The committee undertook extensive consultation with internal and external stakeholders of WorkCover WA. The revised costs scale reflects the committee's intent to maintain the event-based costs scale and alignment of the hourly rates with the Magistrates' Court costs scale. The [Workers' Compensation \(Legal Practitioners and Registered Agents\) Costs Determination 2007](#) came into effect on 14 November 2007.

## Governance

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### Code of Conduct

The Board maintains a Code of Conduct that promotes good practice, identifies the obligations of members and provides guidance on ethical conduct. The Code of Conduct is based on the Western Australian Public Sector Code of Ethics, applicable to all public sector bodies, including boards and committees created for a public purpose under Western Australian legislation. The code also applies to committees of the WorkCover WA Board.

### 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 duties. WorkCover WA holds a directors' and officers' liability insurance policy to cover the former Workers' Compensation and Rehabilitation Commission members and WorkCover WA Board members. The policy of insurance is placed through the State Government's insurer and is renewed annually.

The total amount for the insurance policy, effective from 16 May 2008 to 16 May 2009 was \$26,653.00 and in accordance with the Board's policy, members of the Board and the Corporate Executive made an individual contribution towards the total premium. The limit of liability on the policy is \$20 million, in line with the accepted industry standard.

### Remuneration

In accordance with section 99(2) of the Act, the Chairman and Board members are entitled to be paid such fees and allowances as may be fixed by the Minister on the recommendation of the Minister for Public Sector Management. The Minister fixed the remuneration for Board members as \$27,300 per annum for the Chairman and \$13,700 per annum for members for the 2007–08 financial year. In accordance with government policy, Board members that are public service officers are not entitled to payment.

## Overview

### Corporate Executive

The Corporate Executive is responsible for developing and monitoring the agency's overall corporate direction, as well as budgeting, planning and monitoring of operational performance outcomes.

The Chief Executive Officer leads WorkCover WA's Corporate Executive and the officers of WorkCover WA in delivering services. The Corporate Executive comprises the Chief Executive Officer and divisional heads. The Corporate Executive oversees a range of operational issues, including human resource management issues, risk management, corporate governance and other issues central to the operations of the agency. The Corporate Executive ensures the effective management of resources, accountability and integrity within the agency, while providing a high level of support and advice to government.



Left to right – (*rear*) Adrian Warner, Graham Thompson, Peter King, Su Lloyd, (*front*) Carolyn Webster, Jeff McDonough

#### Chief Executive Officer

Mr Adrian Warner was appointed to the position of Chief Executive Officer on 10 January 2005. His previous position was General Manager, Strategy at the Government Employees Superannuation Board. Mr Warner has a Bachelor of Economics degree from the University of Western Australia.

#### General Manager, Regulatory Services

Mr Peter King joined WorkCover WA in November 2005 and is the Acting General Manager, Regulatory Services. For the five years prior to joining, Mr King provided business coaching and consultancy services in the private sector. Prior to working in the private sector, Mr King held executive management positions in the Department of the Premier and Cabinet as well as the Public Service Commission. Mr King has tertiary qualifications in economics and business administration.

#### General Manager, Corporate Resources

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

### General Manager, Scheme Development

Ms Carolyn Webster joined the corporate executive group in February 2008 as the Acting General Manager, Scheme Development following the resignation of Mr Chris White. Prior to joining WorkCover WA, Ms Webster directed an international non-government agency in Kenya, held senior government positions at the Disability Services Commission, the Department of the Premier and Cabinet and the Public Service Commission. She has an extensive background in health and other human services. Ms Webster is the immediate past President of the World Federation of Occupational Therapists, a Director of Occupational Therapy Australia and has honorary faculty status at the Dow University of Health Sciences, Karachi, Pakistan. She has an undergraduate degree in health sciences and graduate qualifications in epidemiology and management.

### Director, Dispute Resolution

Ms Su Lloyd was appointed as Director of the Dispute Resolution Directorate in March 2007. Ms Lloyd was principal of the legal and mediation firm Lloyd and Associates for four years prior to joining WorkCover WA. She has also served as a Ministerial adviser, and in senior public service roles, primarily in the portfolios of industrial relations and corporate restructuring. An accredited mediator with the Institute of Arbitrators and Mediators Australia, Ms Lloyd is also an Adjunct Professor at the School of Law, Murdoch University. She is an inaugural Fellow of the Western Australian Institute of Dispute Management and a member of the Editorial Board of the *International Journal of Social Security and Workers' Compensation*.

Ms Lloyd has extensive experience in dispute resolution, and her research interests include intellectual property mediation and co-mediation. Ms Lloyd holds the degrees of Bachelor of Laws and Bachelor of Education from Murdoch University.

### Chief Finance Officer

Mr Graham Thompson commenced with WorkCover WA as the Chief Finance Officer in April 2006. Prior to this, Mr Thompson was the Assistant Director, Finance and Administration with the Department of Indigenous Affairs. Mr Thompson is a member of the Institute of Chartered Accountants (CA) and has extensive experience in public sector financial and corporate management across a broad range of agencies including the Department of Treasury and Finance, Disability Services Commission and the Office of the Auditor General.

### WorkCover WA says farewell

During the 2007–08 financial year, WorkCover WA said goodbye to Chris White. Mr White was the Acting General Manager, Scheme Development until February 2008. The executive team also said farewell to Eileen McCaffrey. Ms McCaffrey was the Acting General Manager, People and Performance until July 2007.

## Performance management framework

### Contribution to government strategic goals

WorkCover WA’s agency level outcomes and mission contribute to the government’s strategic goals of enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services and creating conditions that foster a strong economy delivering more jobs, opportunities and greater wealth for all West Australians. Specifically, the agency’s operations support the government’s strategic outcome of an efficient labour market that utilises a fair but flexible system of employment. Figure 2 reflects the relationship between WorkCover WA’s outcomes and services and contribution to the government’s strategic planning framework.

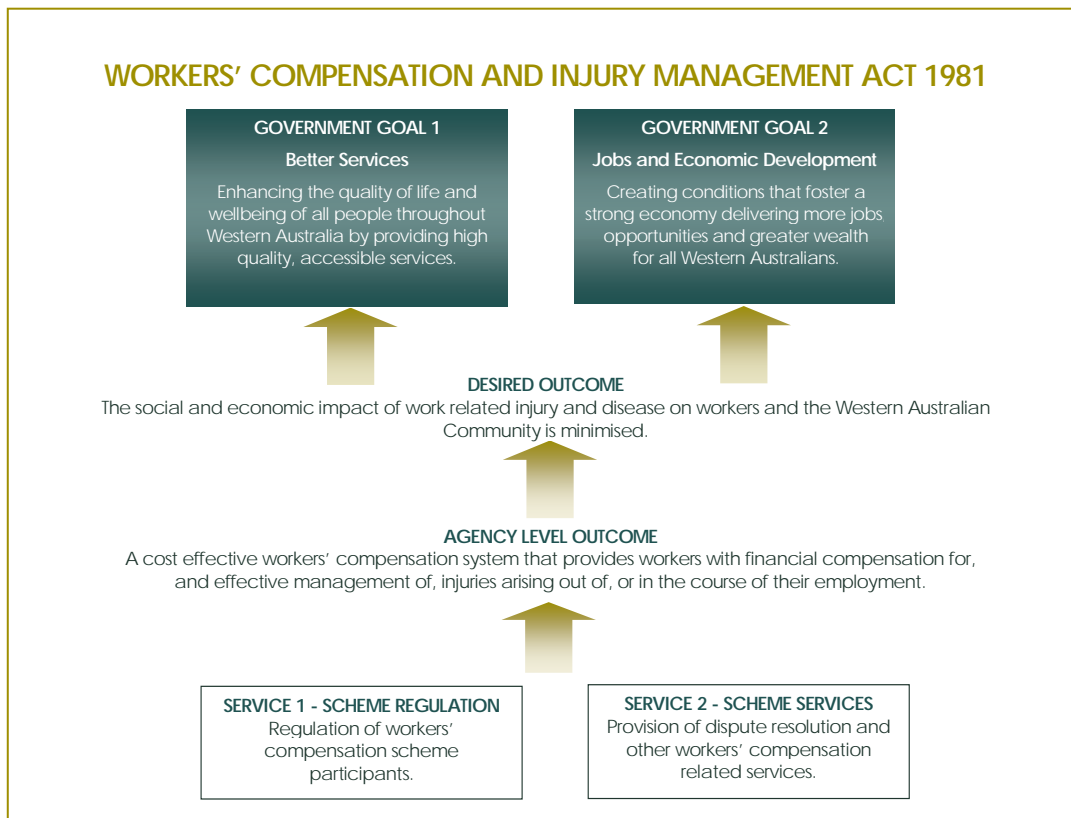


Figure 2: Summary of the agency’s contribution to Government strategic goals, mission, outcomes and services for 2007–08

### Changes to outcome-based management framework

WorkCover WA’s outcome-based management framework reflected in Figure 2 did not change during the 2007–08 reporting period.

## Agency level outcome

WorkCover WA's agency level outcome is:

A cost-effective workers' compensation system that provides workers with financial compensation for, and effective management of, injuries arising out of, or in the course of their employment.

This outcome contributes to two of the government's strategic goals, those of 'Better Services' and 'Jobs and Economic Development'.

As shown in Figure 2, the desired outcome would be that 'the social and economic impact of work-related injury and disease on workers and the Western Australian community is minimised'.

## Agency level services

The services delivered by the agency directly support the achievement of this outcome. The achievement of the outcome in turn influences the broader aims of WorkCover WA's Mission. To achieve the outcome, WorkCover WA delivers the following services:

### Service 1: Scheme regulation

#### Regulation of workers' compensation scheme participants

These services cover all the proactive activities undertaken by WorkCover WA and include securing compliance with the provisions of the legislation through inspections, investigations, policy cancellations and prosecutions to ensure compliance; accreditation and monitoring of performance of key workers' compensation scheme service providers; and information and education to workers' compensation scheme participants and the general community on the scheme, workers' compensation and injury management.

### Service 2: Scheme services

#### Provision of dispute resolution and other workers' compensation related services

These services encompass all the systems and processes required to resolve civil and statutory disputes (Part XI), interim orders and minor claim applications (Part XII). They also include the processes required to register agreements.

WorkCover WA also oversees the provision of other services such as audiometric tests, certifying the calibration of hearing testing equipment and the development of specialised retraining programs.

## Measure of agency level services and outcomes

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

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

## Overview

### Key effectiveness indicators

Key effectiveness indicators measure the extent to which WorkCover WA has achieved its outcomes during the preceding year. To measure the extent to which this outcome has been achieved, four key effectiveness indicators have been used. These are:

- Percentage of workers covered by a current workers' compensation policy.
- Percentage of lost time injuries with an appropriate injury management response.
- Percentage of dispute resolution decisions successfully appealed.
- User satisfaction with the dispute resolution system.

### Key efficiency indicators

Key efficiency indicators measure the level of resource inputs required to deliver them including costs. Service delivery costs include all expenditure of the agency with the exception of costs associated with the Employers' Indemnity Supplementation Fund, uninsured claims payments, the management of trust funds, funding of joint initiatives with the WorkSafe division of the Department of Consumer and Employment Protection, and the fulfilment of WorkCover WA's obligations under the service delivery agreement with the Commonwealth for delivery of services to Cocos and Christmas Islands. These costs do not contribute to the delivery of services. To measure the cost and efficiency of delivering services, the following three efficiency indicators have been used:

- Average weighted cost per regulation activity.
- Average cost to resolve each dispute.
- Percentage of disputes resolved within 12 and 26 weeks respectively from date an application is received.

### Shared responsibilities with other agencies

An agreement is in place with the Department of Consumer and Employment Protection (DOCEP) for its labour relations inspectors to undertake workers' compensation and injury management compliance checks with businesses they routinely inspect.

This initiative supports the government's goal of creating conditions that foster a strong economy by establishing a regulatory and decision-making framework that promotes fair trade and industry.

This cooperation with DOCEP reduces the regulatory impact on businesses and allows WorkCover WA's resources to focus on more complex investigations and compliance enquiries.

## Performance overview

### Service delivery activities

WorkCover WA delivers a number of services to support achievement of its agency outcomes. In each case, units of output are used as a measure of service delivery. Past and current years' results for the services delivered by the agency are shown below. Further details of these statistics are available throughout the report.

### Organisational performance

#### Service 1: Scheme regulation

Percentage of employers that hold policies following inspection:

	2007-08	2006-07	2005-06
▪ New business	86%	83%	96%
▪ Lapsed cases	80%	67%	n/a <sup>1</sup>
▪ Targeted	97%	92%	94%
▪ New owners	99%	98%	n/a <sup>1</sup>

Inspections conducted:

2007-08	2006-07	2005-06
19,414	24,081	19,516

Percentage of service providers that achieved accreditation standards:

▪ Insurers (10)	100%	100%	100%
▪ Self-insurers (27)	100%	100%	100%
▪ Vocational rehabilitation providers (37)	100%	100%	100%
▪ Approved air conduction testers (441)	87%	90%	89%

Service providers monitored:

2007-08	2006-07	2005-06
515	450	n/a <sup>1</sup>

#### Service 2: Scheme services

Percentage of disputes resolved at Conciliation:	81%	80%	77%
Percentage of disputes resolved within 12 weeks:	23%	31%	59%
Disputes lodged:	1,574	2,103	1,647
Disputes resolved:	1,623	2,168	1,766
Agreements registered:	3,506	3,760	3,992
Cost to resolve a dispute:	\$4,486	\$3,723	\$4,126
Cost to register an agreement:	\$286	\$469	\$712
Enquiries answered:	24,403	25,195	25,571
Cost per customer contact:	\$93	\$73	\$83

<sup>1</sup>Due to a change in methodology, figures are not comparable for this period