

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

1. Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2009.

2. Summary of significant accounting policies

a) General statement

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

The *Financial Management Act 2000* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities, which are at valuation. Land and buildings have been measured at fair value and provisions have been actuarially assessed, except where stated.

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

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

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at note 5 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at note 6 'Key sources of estimation uncertainty'.

c) Reporting entity

The reporting entity comprises WorkCover Western Australia Authority.

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

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

d) Income

Revenue recognition

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

- *Insurer contributions and supplementation fund levies*
Revenue is recognised when the amount becomes due and payable.
- *Provision of services*
Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.
- *Grants, donations, gifts and other non-reciprocal contributions*
Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.
Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.
Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.
- *Interest*
Revenue is recognised as the interest accrues.

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Gains

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

e) Property, plant and equipment and vehicles

Capitalisation/Expensing of assets

Items of property, plant and equipment and vehicles costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and vehicles costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment and vehicles are initially recognised at cost.

For items of property, plant and equipment and vehicles acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Authority uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

The revaluation of land and buildings is an independent valuation provided on a triennial basis by Jones Lang LaSalle.

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.

Refer to note 25 'Property, plant, equipment and vehicles' for further information on revaluations.

Derecognition

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

Asset revaluation reserve

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

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Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, using rates that are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	13 to 16 years
Plant and equipment	10 to 15 years
Information technology - Hardware	3 years
Motor vehicles	6 to 7 years

f) Impairment of assets

Property, plant and equipment assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated

depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 26 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(j) 'Receivables' and note 22 'Receivables' for impairment of receivables.

g) Leases

The Authority has not entered into any finance lease arrangements.

The Authority has not entered into any operating lease arrangements.

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h) Financial instruments

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

- Loans and receivables
- Longer term investments
- Financial liabilities measured at amortised cost.

These have been disaggregated in the following classes:

Financial assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Term deposits

Financial liabilities

- Payables

Initial recognition and measurement is at fair value.

The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

See note 2(k) for 'Investments and other financial assets'.

i) Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

j) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value, as it is due for settlement within 30 days. See note 2(h) 'Financial instruments' and note 22 'Receivables'.

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k) Investments and other financial assets

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

Loans and receivables and longer term investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

l) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(h) 'Financial instruments' and note 27 'Payables'.

m) Provisions

Provisions are liabilities of uncertain timing and 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 can be measured reliably. Provisions are reviewed at each balance sheet date. See note 28 'Provisions'.

i) Provisions - employee benefits

Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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

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

Superannuation

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Schemes.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at balance sheet date. 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 balance sheet date 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 and WSS Scheme, and the GESBS are extinguished by the concurrent payment of employer contributions to the GESB.

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

See also note 2(n) 'Superannuation expense'.

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ii) 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. See note 13 'Employee benefits expenses' and note 28 'Provisions'.

iii) Provisions – Employer 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 changes in the discount rate is included in the income statement under workers compensation claims.

n) Superannuation expense

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

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

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

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

See also note 2(m)(i) 'Provisions - employee benefits' under Superannuation.

o) Accrued salaries

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

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p) Comparative figures

The comparative information presented in these financial statements have been restated to correct a material omission to recognise additional liabilities classified under provisions totalling \$15.308 million. The correction has been accounted for retrospectively and the comparative statements for 2008 have been restated. (Refer note 3 'Corrections of prior period omission').

q) Resources received free of charge or for nominal cost

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

r) Provision for uninsured claims pursuant to section 174

Provision is made to meet payments required under section 174 of the *Workers' Compensation and Injury Management Act 1981* where the Dispute Resolution Directorate has made an order and the worker has not received the compensation due from the General Account by balance sheet date.

3. Corrections of prior period omission

A full actuarial assessment of estimated claim liabilities conducted during the year has identified a material omission in relation to the amount of the liability recognised.

The full assessment was commissioned due to WorkCover WA's concerns about the potential impact of the global economic crisis on the solvency of both the Employer Indemnity Supplementation Fund and the Workers' Compensation and Injury Management General Account.

The omission resulted in an understatement in 2007/08 and prior years of both the liability in the balance sheet and the movement in the estimate through the profit and loss in the Income Statement.

The liabilities principally relate to projected asbestos claims whose pattern of future claim is inherently uncertain and have therefore been projected over a long period of time, with the final asbestos related diseases claims projected to arise by 2045.

The omission has resulted in overstating the profit by \$184,000 for the year ended 30 June 2008, and understating the liability by \$15.124 million as at 30 June 2008.

The omission has been corrected by restating each of the affected comparative amounts in these financial statements in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The restated 2008 comparatives include an adjustment to the opening balance at 1 July 2007.

The above actions taken by WorkCover WA have considerably broadened its evaluation of estimated future claim liabilities.

In past years, annual actuarial assessments of the liability for estimated future claim payments have been limited to liabilities arising from the failure of HIH Insurance. These assessments have assisted in the management of the Employer Indemnity Supplementation Fund, particularly in relation to any surcharge on employers' insurance policies paid pursuant to section 14 of the *Employer Indemnity Supplementation Fund Act 1980*.

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The restated liabilities therefore include all types of liabilities for estimated future claim payments arising against the Employers' Indemnity Supplementation Fund and the Workers' Compensation and Injury Management General Account; that is liabilities:

- that arises as a result of approved insurer collapses prior to the balance date including HIH related claims
- for claims incurred and reported plus incurred but not reported (IBNR) for workers' compensation to waterfront workers suffering from asbestos-related diseases under the *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986*
- for uninsured claims incurred up to balance date (where the employer has not maintained a workers' compensation policy, or where the employer is not able to be identified or located or an employer is in breach of the insurance contract). The liability allows for reported and IBNR claims.

4. Segment information

The Authority operates within one industry segment as per AASB 1005 however, for information purposes a summary is provided at note 44 for each of the Authority's services and the two funds.

5. Judgements made by management in applying accounting policies

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

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

6. Key sources of estimation uncertainty

Defined Benefit Superannuation Plans

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

Assessment of Supplementation Fund and General 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 28 'Provisions'.

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7. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Authority:

- Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31
- AASB 1004 'Contributions'
- AASB 1050 'Administered Items'
- AASB 1051 'Land Under Roads'
- AASB 1052 'Disaggregated Disclosures'
- AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AAS 27, 29 and 31[AASB 3, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]'
- Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise, there is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statement' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

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	Operative for reporting periods beginning on/after
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]'. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Authority does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

8. Provision of services

	2009 \$000	2008 \$000
Other	31	23
	31	23

9. Interest revenue

	2009 \$000	2008 \$000
<u>General Account</u>	745	691
<u>Employers' Indemnity</u>	2,259	2,376
<u>Supplementation Fund (see note 31)</u>		
	3,004	3,067

10. Other revenue

	2009 \$000	2008 \$000
<u>General Account</u>		
Recoveries from uninsured employers	68	196
Other	38	211
	106	407

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11. Employers' Indemnity Supplementation Fund

	2009 \$000	2008 \$000
Surcharge (i)	1,454	7,093
Recovery (ii)	1,475	5,741
	<u>2,929</u>	<u>12,834</u>

(i) This represents funds collected to pay for HIH claims.

(ii) Final dividend received from the liquidation of National Employers' Mutual Company.

12. Net gain/(loss) on disposal of non-current assets

	2009 \$000	2008 \$000
<u>Costs of disposal of non-current assets</u>		
Equipment	-	-
Vehicles	49	152
	<u>49</u>	<u>152</u>

	2009 \$000	2008 \$000
<u>Proceeds from disposal of non-current assets</u>		
Equipment	-	-
Vehicles	42	157
	<u>42</u>	<u>157</u>
Net gain/(loss)	<u>(7)</u>	<u>5</u>

13. Employee benefits expenses

	2009 \$000	2008 \$000
Wages and salaries ^(a)	11,149	10,005
Superannuation-defined benefit plans (see note 28)	1,043	806
Annual leave ^(b)	(110)	119
Long service leave ^(b)	410	367
Superannuation	127	134
	<u>12,619</u>	<u>11,431</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Reflect the adjustment for annual leave and long service leave provision.

Employment on-costs such as workers' compensation insurance are included at note 18 'Other expenses'. The employment on-costs liability is included at note 28 'Provisions'.

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14. Supplies and services

	2009 \$000	2008 \$000
Communications	152	182
Consultants and contractors	1,523	1,545
Consumables	675	1,037
Insurance	78	44
Training	184	125
Travel	60	69
Other	128	73
	<u>2,800</u>	<u>3,075</u>

15. Depreciation expense

	2009 \$000	2008 \$000
Buildings	448	443
Plant, equipment and vehicles	97	159
	<u>545</u>	<u>602</u>

16. Accommodation expenses

	2009 \$000	2008 \$000
Outgoings	159	188
Repairs and maintenance	184	186
Other	16	84
	<u>359</u>	<u>458</u>

17. Workers' compensation claims

	2009 \$000	2008 \$000
<u>Employers' Indemnity</u>		
<u>Supplementation Fund (see note 31)</u>	1,230	3,192
Workers' compensation claims	1,932	530
Movement in provision	<u>3,162</u>	<u>3,722</u>
General Account (see note 28)	427	553
Uninsured claims	516	418
Movement in provision	<u>943</u>	<u>971</u>

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18. Other expenses

	2009 \$000	2008 \$000
<u>General Account</u>		
Joint initiative with WorkSafe	250	250
Employment on-costs ^(a) (see note 13)	613	474
Seminars	7	85
Doubtful debts	(47)	66
Sitting fees	79	100
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Administration fee paid to Insurance Commission of WA	62	73
	<u>964</u>	<u>1,048</u>

(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 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

19. Grants and subsidies from State Government

	2009 \$000	2008 \$000
Revenue received during the year:		
Resources received free of charge from the State Solicitors Office	38	48
	<u>38</u>	<u>48</u>

20. Cash and cash equivalents

	2009 \$000	2008 \$000
Bank account	247	1,720
Cash on hand	2	2
Term deposits (a)	4,018	2,752
	<u>4,267</u>	<u>4,474</u>

(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.

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21. Restricted cash and cash equivalents

	2009 \$000	2008 \$000
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Cash balance at Treasury	43,969	39,143
<u>Commonwealth Funding - Christmas and Cocos Keeling Islands</u>		
The Commonwealth Government provides funding in accordance with the Service Delivery Arrangement. Under the arrangement the Authority provides a range of workers' compensation related services.		
Unspent funds for Christmas and Cocos-Keeling Islands	25	34
	<u>43,994</u>	<u>39,177</u>

22. Receivables

	2009 \$000	2008 \$000
Current		
<u>General Account</u>		
Receivables	310	266
Allowance for impairment of receivables	(59)	(106)
Fines and penalties	49	100
Accrued revenue - Trust Fund	1	1
Accrued interest	103	87
GST receivable	114	89
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Accrued interest	354	743
GST receivable	21	16
	<u>893</u>	<u>1,196</u>
Non-current		
<u>General Account</u>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
	<u>-</u>	<u>-</u>

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	2009 \$000	2008 \$000
<u>Reconciliation of changes in allowance for impairment of receivables</u>		
Balance at the start of the year	106	40
Doubtful debts expense recognised in the income statement	(47)	66
Amounts written-off against the allowance account during the year	-	-
Amount recovered during the year	-	-
Balance at the end year	59	106

Credit risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 1 month	154	152
Not more than 3 months	22	85
More than 3 months but less than 6 months	96	1
More than 6 months but less than 1 year	3	58
More than 1 year	79	66
	354	362

	2009 \$000	2008 \$000
<u>Receivables individually determined as impaired at the balance sheet date:</u>		
Carrying amount, before deducting any impairment loss	-	-
Impairment loss	-	-
	-	-

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

See also note 2(j) 'Receivables' and note 36 'Financial instruments'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

23. Other financial assets

	2009 \$000	2008 \$000
<u>Current</u>		
At cost:		
Term deposits ^(a)	9,119	7,787
	<u>9,119</u>	<u>7,787</u>

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

24. Other financial assets

	2009 \$000	2008 \$000
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Sundry debtors	26	462
	<u>26</u>	<u>462</u>

25. Property, plant, equipment and vehicles

	2009 \$000	2008 \$000
<u>Land</u>		
At fair value ^(a)	13,985	13,985
	<u>13,985</u>	<u>13,985</u>
<u>Buildings</u>		
At fair value ^(a)	7,932	7,932
Accumulated depreciation	(892)	(443)
	<u>7,040</u>	<u>7,489</u>
<u>Buildings under construction</u>		
Construction costs	25	-
	<u>25</u>	<u>-</u>
<u>Plant, equipment and vehicles</u>		
At cost	1,081	1,258
Accumulated depreciation	(536)	(677)
	<u>545</u>	<u>581</u>
	<u>21,595</u>	<u>22,055</u>

(a) Land and buildings were revalued as at 30 June 2007 by Jones Lang LaSalle. The valuations were performed during the year ended 30 June 2007 and recognised at 30 June 2007. The fair value of all land and buildings have been determined by reference to recent market transactions. Refer note 2(e) 'Property, plant and equipment and infrastructure'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Reconciliations

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

	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment and vehicles \$000	Total \$000
2009					
Carrying amount at start of year	13,985	7,489	-	581	22,055
Additions	-	-	25	110	135
Transfers	-	-	-	-	-
Disposals	-	-	-	(49)	(49)
Revaluation increments/(decrements)	-	-	-	-	-
Depreciation	-	(449)	-	(97)	(546)
Carrying amount at end of year	13,985	7,040	25	545	21,595
2008					
Carrying amount at start of year	13,985	7,415	105	631	22,136
Additions	-	-	536	221	757
Transfers	-	517	(556)	40	1
Disposals	-	-	(85)	(152)	(237)
Revaluation increments/(decrements)	-	-	-	-	-
Depreciation	-	(443)	-	(159)	(602)
Carrying amount at end of year	13,985	7,489	-	581	22,055

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

26. Impairment of assets

There were no indications of impairment to property, plant and equipment assets at 30 June 2009.

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

All surplus assets at 30 June 2009 have been written-off.

27. Payables

	2009 \$000	2008 \$000
Current		
<u>General Account</u>		
Trade payables	375	154
Accrued expenses	463	730
Accrued salaries	1,018	1,437
GST payable	-	-
Other payables	83	382
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Claim payments	173	63
GST payable	-	-
Other creditors	4	3
	<u>2,116</u>	<u>2,769</u>

See also note 2(l) 'Payables' and note 36 'Financial instruments'.

28. Provisions

	2009 \$000	2008 \$000
Current		
<u>General Account</u>		
Employee benefits provision		
Annual leave ^(a)	937	1,087
Long service leave ^(b)	1,365	1,019
	<u>2,302</u>	<u>2,106</u>
Superannuation ^(d)	200	200
Uninsured workers	615	289
	<u>3,117</u>	<u>2,595</u>
Other provisions		
Employment on-costs ^(c)	129	118
	<u>129</u>	<u>118</u>
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Liability for estimated future claim payments	2,441	3,234
	<u>5,687</u>	<u>5,947</u>
Non-current		
<u>General Account</u>		
Employee benefits provision		
Long service leave ^(b)	554	627
Superannuation ^(d)	3,889	3,617
Uninsured workers	4,369	4,179
	<u>8,812</u>	<u>8,423</u>
Other provisions		
Employment on-costs ^(c)	31	35
	<u>8,843</u>	<u>8,458</u>
<u>Employers' Indemnity Supplementation Fund (see note 31)</u>		
Liability for estimated future claim payments	26,978	24,253
	<u>35,821</u>	<u>32,711</u>

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12-months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2009 \$000	2008 \$000
Within 12-months of Balance Sheet date	584	625
More than 12-months after Balance Sheet date	353	462
	937	1,087

(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 balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2009 \$000	2008 \$000
Within 12-months of Balance Sheet date	1,185	1,019
More than 12-months after Balance Sheet date	734	627
	1,919	1,646

(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 18 'Other expenses'.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

(d) Defined benefit superannuation plans

The amounts recognised in the income statement are as follows:

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Current service cost	29	34	-	-
Interest cost (unwinding of the discount)	87	186	49	62
Net actuarial losses/(gains) recognised	360	(144)	61	7
Past service cost	-	-	-	-
Total, included in 'Employee benefits expense' (see note 13)	576	76	110	69

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	3,358	2,944	731	873
Liability in the balance sheet	3,358	2,944	731	873

The Authority has no legal liability to make up the liability other than by continuing to comply with the employer funding arrangements as detailed below.

Reconciliation of the unfunded liability recognised in the balance sheet is as follows:

Liability at start of year	2,944	3,055	873	1,119
Current service cost	29	34	-	-
Interest cost (unwinding of the discount)	187	186	49	62
Net actuarial losses/(gains) recognised	360	(144)	61	7
Benefits paid	(162)	(187)	(252)	(315)
Liability at end of year	3,358	2,944	731	873

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

Fair value of plan assets at start of year	-	-	-	-
Employer contributions	162	171	252	319
Benefits paid	(162)	(171)	(252)	(319)
Fair value of plan asset at end of year	-	-	-	-

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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

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

	2009 \$000	2008 \$000	2007 \$000
--	---------------	---------------	---------------

Historic summary

Pension scheme:

Present value of unfunded obligation	3,358	2,944	3,055
Fair value of plan assets	-	-	-
Surplus/(Deficit)	3,358	2,944	3,055

Pre-transfer benefit - Gold State Superannuation Scheme:

Present value of unfunded obligation	731	873	1,119
Fair value of plan assets	-	-	-
Surplus/(Deficit)	731	873	1,119

Experience adjustments arising on plan liabilities:

Pension Scheme	(33)	(68)	256
Pre-transfer benefit - Gold State Superannuation Scheme	11	31	(12)

Employer funding arrangements for the defined benefit plans

Employer contributions of \$175,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2010.

Employer contributions of \$211,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2010.

- (e) Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance sheet date. These claims are expected to be settled within two financial years, but this may be extended if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

	2009 \$000	2008 \$000
<u>Movements in other provisions</u>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employers' Indemnity Supplementation Fund</u>		
Liability for estimated future claim payments		
Carrying amount at the start of year	27,487	26,957
Additional provisions recognised	1,223	1,661
Unwinding of the discount	1,939	2,061
Payments/other sacrifices of economic benefits	(1,230)	(3,192)
Carrying amount at the end of year	29,419	27,487
<u>Employment on-costs provision</u>		
Carrying amount at the start of year	153	167
Additional provisions recognised	7	-
Unwinding of the discount	-	-
Payments/other sacrifices of economic benefits	-	(14)
Carrying amount at the end of year	160	153

29. EquityReserves

	2009 \$000	2008 \$000
<u>Asset revaluation reserve⁽ⁱ⁾:</u>		
Opening balance	17,697	17,697
Net revaluation increments/ (decrements):		
Land	-	-
Buildings -	-	-
Closing balance	17,697	17,697
<u>Retained earnings/(accumulated losses)</u>		
Balance at start of year	16,027	19,082
Change in accounting policy ⁽ⁱⁱ⁾	-	(75)
Correction of prior period error	-	(15,124)
Result for the period	2,546	12,144
Transfer (to reserve)/from asset replacement reserve	-	-
Balance at end of year	18,573	16,027
	36,270	33,724

(i) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(e).

(ii) The change in Accounting policy relates to the increase in the asset capitalisation threshold.

(iii) Management has decided to report the asset replacement reserve as part of retained earnings.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

30. Notes to the Cash Flow Statement

	2009 \$000	2008 \$000
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents and Restricted cash	57,380	51,438
Interest-bearing liability	-	-
	<u>57,380</u>	<u>51,438</u>
<u>Reconciliation of profit/loss to net cash flows provided by/(used in) operating activities</u>		
Profit/(loss)	2,546	12,144
Non-cash items:		
Depreciation and amortisation expense	545	520
Net (gain)/loss on sale of property, plant and equipment	7	(5)
(Increase)/decrease in assets:		
Current receivables	396	202
Other current assets	373	(329)
Non-current assets	-	-
Increase/(decrease) in liabilities:		
Current payables	(654)	1,225
Current provisions	402	(625)

Non-current provisions	2,448	1,011
Net GST receipts/(payments) ^(a)	(27)	(19)
Change in GST receivables/ (payables) ^(b)	-	-
Net cash provided by/(used in) operating activities	<u>6,036</u>	<u>14,124</u>

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

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

31. Employers' Indemnity Supplementation Fund (EISF)

The EISF was established by the *Employers' Indemnity Supplementation Fund Act 1980* to provide for payment of workers' compensation claims in Western Australia:

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

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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 for clients of the HIH Insurance Group are assessed by an independent actuary using models applicable to the nature of the incident by which the liability under the fund has been incurred. Claims under the EISF Act are assessed under the categories of Asbestos-related claims (which includes incidents of mesothelioma, lung cancer and other diseases of the reparatory system) and non Asbestos-related claims.

Workers' compensation - Asbestos-related claims

Asbestos-related claims are assessed using actuarial models based on those developed by Professor Geoffrey Berry* utilising ICGF data. The models predict the total number of claims likely to emerge over time and also determine likely average cost per claim.

Workers' compensation - non Asbestos-related claims

The majority of these claims are long tail in nature and the actuarial models rely heavily on the case estimated placed on each claim to determine the total outstanding liabilities.

Actuarial assumptions

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

EISF Act: Asbestos-related claims	2009	2008
Inflation rate	4% for 2010 and later	4.75% for 2009 and later
Discount rate	3.4% for 2010, 4.8% for 2011, 6.0% for 2012, 6.2% for 2013 to 2015 and 6.1% for 2016 onwards	7.1% for 2009, 6.8% for 2010, 6.6% for 2011, 6.4% for 2012 and 6.3% for 2013 onwards
Claims managements expenses	10.5% of claim payments	5% of claim payments
Superimposed inflation	2%	2%
Risk margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

EISF Act: non Asbestos-related claims	2009	2008
Inflation rate	4% for 2010 and later	4.75% for 2009 and later
Discount rate	3.4% for 2010, 4.8% for 2011, 6.0% for 2012, 6.2% for 2013 to 2015 and 6.1% for 2016 onwards	7.1% for 2009, 6.8% for 2010, 6.6% for 2011, 6.4% for 2012 and 6.3% for 2013 onwards
Claims managements expenses	10.5% of claim payments	5% of claim payments
Superimposed inflation	4.00%	4.50%
Risk margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

**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	26,957
2008	27,487
2009	29,419

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 do not include provision for Non-HIH liabilities.

In accordance with Accounting Standard AASB 1023 General Insurance Contracts the outstanding claims liability at 30 June 2009 was assessed at \$29,419,000 and a provision for this amount has been included in the financial statements (see note 28).

The actuary's assessment of outstanding claims liability does not recognise that money maybe recovered from HIH's liquidator.

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

32. Commitments

	2009 \$000	2008 \$000
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	468	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>468</u>	<u>-</u>
The capital commitments include amounts for:		
Air conditioning plant upgrade	<u>468</u>	<u>-</u>

33. Contingent liabilities and contingent assetsContingent liabilities

A contingent liability has been identified against the General Account of approximately \$100,000.

Contingent assets

There are no contingent assets.

34. Events occurring after Balance Sheet date

No events occurred after Balance Sheet date.

35. Explanatory statement

This statement provides details of any significant variation between estimates and actual results for 2009, and between the actual results for 2008 and 2009

Significant variations are considered to be those greater than 5 per cent and \$100,000.

Significant variances between estimates and actual results for the financial year.

	2009 Actual \$000	2009 Estimate \$000	Variation \$000
<u>Income</u>			
Interest revenue	3,004	3,104	(100)
Employers' Indemnity Supplementation Fund	2,929	500	2,429
<u>Expenses</u>			
Employee benefits expenses	12,619	13,832	1,213
Suppliers and services	2,800	4,612	1,812
Workers' compensation claims	3,162	2,361	(801)

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Interest revenue

The reduction largely reflects lower return on Supplementation Fund Treasury account as a result of lower cash rates.

Employers' Indemnity Supplementation Fund

The increase largely reflects higher than expected Liquidator's dividends received for HIH, FAI and CIC insurers and levies received from insurers regarding prior year policy adjustments.

Employee benefits expenses

The reduction largely reflects general vacancies across the organisation.

Supplies and services

The reduction largely represents not meeting projected expenditure for Business Plan Initiatives and other projects.

Workers' compensation claims

The rise in workers compensation claims is largely due to the recognition of Supplementation Fund HIH and Non-HIH liabilities and movements.

Significant variances between actual and prior year actual - revenues and expenditures.

	2009 \$000	2008 \$000	Variation \$000
Income			
General Account contributions	17,837	17,067	770
Employers' Indemnity Supplementation Fund	2,929	12,834	(9,905)
Expenses			
Employee benefits expense	12,619	11,431	(1,188)
Supplies and services	2,800	3,075	275
Workers' compensation claims	3,162	3,722	560

General Account contributions

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

Employers' Indemnity Supplementation Fund

The reduction largely reflects discontinued Supplementation Fund surcharge from insurers and self-insurance and the lower Liquidator's dividends received for HIH, FAI and CIC insurers.

Employee benefits expenses

The increase largely reflects the EBA backpayment, increase in superannuation and leave entitlements.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Supplies and services

The reduction largely reflects a decrease in expenditure on consumables, printing and IT costs.

Workers' compensation claims

The reduction is largely due to lower than expected claims payments.

36. Financial instruments

a) Financial risk management objectives and policies

Financial instruments held by the Authority are cash and cash equivalents, term deposits and receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). The Authority has no borrowings or long term-debt obligations.

Cash Flow interest rate risk

The Authority has no long-term debt obligations. The Authority's exposure to market risk for changes in interest rates relate primarily to cash and cash equivalent holdings. Variations on interest rates have a direct impact on the Authority's earnings, however, movements in interest rates are beyond the Authority's control.

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 Balance Sheet date are as follows:

	2009 \$000	2008 \$000
Financial assets		
Cash and cash equivalents	4,267	4,474
Restricted cash	43,994	39,177
Receivables ⁽ⁱ⁾	759	1,091
Other financial assets	9,119	7,787
Other current assets	27	462
Financial liabilities		
Payables	2,116	2,769
Provisions	41,508	38,658

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

c) Financial instrument disclosures

a) Interest rate risk exposure

The following table details the Authority's exposure to interest rate risk as at the Balance Sheet date:

	Interest Rate Exposure					Past Due But Not Impaired				
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total \$000	Up to 1 Month \$000	1 to 3 Months \$000	3 to 6 Months \$000	6 to 12 Months \$000	More than 1 Year \$000
2009										
Financial assets										
Cash and cash equivalents	3.44	-	4,267	-	4,267					
Restricted cash	3.21	43,994	-	-	43,994					
Receivables ^(a)	-	-	-	759	759	154	22	96	3	79
Other financial assets	4.13	-	9,119	-	9,119					
Other current assets	-	-	-	27	27					
		43,994	13,386	786	58,166	154	22	96	3	79
Financial liabilities				2,116	2,116					
Payables				41,508	41,508					
Provisions				43,624	43,624					

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

	Interest Rate Exposure					Past Due But Not Impaired				
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity Less than 1 Year \$000	Non Interest Bearing \$000	Total \$000	Up to 1 Month \$000	1 to 3 Months \$000	3 to 6 Months \$000	6 to 12 Months \$000	More than 1 Year \$000
2008										
Financial assets										
Cash and cash equivalents	6.14	-	4,474	-	4,474					
Restricted cash	7.63	39,177	-	-	39,177					
Receivables ^(a)	-	-	-	1,091	1,091	152	85	1	58	66
Other financial assets	8.11	-	7,787	-	7,787					
Other current assets	-	-	-	462	462					
		39,177	12,261	1,553	52,991	152	85	1	58	66
Financial liabilities										
Payables				2,769	2,769					
Provisions				38,658	38,658					
				41,427	41,427					

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

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

b) 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 balance sheet date on the surplus for the period and equity for a 1 per cent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2009	Carrying amount \$000	-1% change Profit \$000	Equity \$000	+1% change Profit \$000	Equity \$000
Financial assets					
Cash and cash equivalents	4,267	-43	-43	43	43
Receivables	759	-	-	-	-
Other financial assets	9,119	-91	-91	91	91
Financial liabilities					
Payables	2,116	-	-	-	-
Borrowings					
Other financial liabilities					
Total increase/ (decrease)		-134	-134	134	134

2008	Carrying amount \$000	-1% change Profit \$000	Equity \$000	+1% change Profit \$000	Equity \$000
Financial assets					
Cash and cash equivalents	4,474	-45	-45	45	45
Receivables	1,091	-	-	-	-
Other financial assets	7,787	-78	-78	78	78
Financial liabilities					
Payables	2,769	-	-	-	-
Borrowings					
Other financial liabilities					
Total increase/ (decrease)		-123	-123	123	123

c) Fair value

All financial assets and liabilities recognised in the balance sheet, 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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

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

Remuneration of members of the accountable Authority

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

	2009 \$000	2008 \$000
\$0 - \$10,000	3	2
\$10,001 - \$20,000	3	4
\$30,001 - \$40,000	1	1
\$80,001 - \$90,000	1	-
\$200,001 - \$210,000	-	1
\$470,001 - \$480,000 ⁽ⁱ⁾	1	-
The total remuneration of members of the accountable Authority is:	642	297

(i) Includes the termination payment for a member during the financial year.

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:

	2009 \$000	2008 \$000
\$0 - \$10,000	3	1
\$20,001 - \$30,000	-	1
\$30,001 - \$40,000	1	-
\$80,001 - \$90,000	1	1
\$90,001 - \$100,000	1	-
\$100,001 - \$110,000	1	-
\$110,001 - \$120,000	-	2
\$120,001 - \$130,000	1	-
\$130,001 - \$140,000	-	2
\$140,001 - \$150,000	1	-
\$170,001 - \$180,000	1	-
The total remuneration of senior officers is:	794	618

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.

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

38. Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators

73	67
73	67

39. Workers' compensation and Injury Management Trust Account

The purpose of the Trust Account 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.

	2009 \$000	2008 \$000
Income		
Amounts paid to the custody of the Authority	214	188
Interest on investments	57	72
	271	260
Expenditure		
Payments by the Authority	496	236
Administration fee	8	10
	504	246
Surplus/(Deficit)	(233)	14
Balance 1 July	951	945
Balance 30 June	718	959
Balance of funds held represents:		
Cash and cash equivalents	716	951
Add accrued interest	2	8
Less accrued expenses	-	-
	718	959

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

40. Supplementary financial information**Potential claims recoveries written off**

In relation to the General Account, WorkCover WA may have a statutory obligation to pay a workers' compensation claim. For uninsured claims where the employer has not maintained a workers' compensation insurance policy, or the employer is not able to be identified or located or an employer is in breach of the insurance contract, WorkCover WA seeks to recover the costs of the claims from the employer.

Potential recoveries receivable are assessed with regard to the ability of the debtors to meet their obligation. These recoveries have not been recognised as income because the amount to be recovered could not be reliably measured and consequently the write-off of these debts have not been charged as an expense in the Income Statement. The General Account debt write-offs outlined below for the 2009 financial year are net of recoveries received from employers.

In accordance with section 48(2) of the *Financial Management Act 2006*, potential recoveries were written-off from the following fund:

	2009 \$000	2008 \$000
<u>Write-offs</u>		
Debts written off by the Authority during the financial year:		
Uninsured claims	1,481	61
General account	-	-
	<u>1,481</u>	<u>61</u>
Amounts written-off by the Board	685	61
Amounts written-off by the Minister	796	-
	<u>1,481</u>	<u>61</u>

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

Number of individual recovery write-offs with values between:

\$0 - 100,000	19
\$100,001 - 250,000	6

	2009 \$000	2008 \$000
<u>Losses through theft, defaults and other causes</u>		
Losses of public money and public and other property through theft or default	-	-
Amount recovered	-	-
	-	-
	2009 \$000	2008 \$000
<u>Gifts of public property</u>		
Gifts of public property provided to the Authority	-	-
	-	-

41. Related bodies

The Authority does not have related bodies.

42. Affiliated bodies

The Authority does not have affiliated bodies.

43. Indian Ocean Territories

The Commonwealth Government has a service delivery arrangement with the Authority for the provision of services to Christmas and Cocos-Keeling Islands.

	2009 \$000	2008 \$000
Opening balance	34	67
Funding received from the Commonwealth	-	-
	34	67
Payments by program	-	-
Statistical database	5	1
Scheme development	-	3
Dispute resolution	-	-
Compliance	2	21
Support	2	8
Total payments	9	33
Balance carried forward	25	34

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

44. Schedule of income and expenses by service

	General Account								Employers' Indemnity Supplementation Fund			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenues from ordinary activities	8,467	8,784	7,097	7,187	3,155	2,222	18,719	18,193	5,188	15,210	23,907	33,403
Expenses from ordinary activities	9,222	8,887	7,717	7,285	1,236	872	18,175	17,044	3,224	4,029	21,399	21,073
Grants and subsidies from Government	-	-	-	-	38	48	38	48	-	-	38	48
Net profit/(loss)	(755)	(103)	(620)	(98)	1,957	1,398	582	1,197	1,964	11,181	2,546	12,378

WorkCover Western Australia Authority - Notes to the Financial Statements for the year ended 30 June 2009

45. Schedule of income and expenses by service

	General Account								Employers' Indemnity Supplementation Fund			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenues from ordinary activities	8,467	8,784	7,097	7,187	3,155	2,222	18,719	18,193	5,188	15,210	23,907	33,403
Expenses from ordinary activities	9,222	8,887	7,717	7,285	1,236	872	18,175	17,044	3,224	4,029	21,399	21,073
Grants and subsidies from Government	-	-	-	-	38	48	38	48	-	-	38	48
Net profit/(loss)	(755)	(103)	(620)	(98)	1,957	1,398	582	1,197	1,964	11,181	2,546	12,378