

## Executive Summary

### 2008/09 focus

#### Vision

The agency vision is that workers, employers, service providers and WorkCover WA work together to achieve a workers' compensation scheme that is fair, accessible to injured workers and affordable to employers and the community.

#### Mission

The WorkCover WA mission is to minimise the social and economic impact on workers of work-related injury and disease, and achieve cost effectiveness for employers and the community.

#### Strategic focus areas

In 2008/09, WorkCover WA aimed to better meet its legislative obligations and to enhance its overall value to Government, employers, workers and services providers.

The strategic focus areas during the year were:

- dispute resolution – including advocacy, a review of rules and staff capacity building
- stakeholder engagement and relationships – including increasing client focus and involvement
- legislative complexity and development – through the commencement of a review of the *Workers' Compensation and Injury Management Act 1981*.



*Workcover WA aimed to better meet its legislative obligations and to enhance its overall value to Government, employers, workers and service providers.*



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

The global financial crisis made 2008/09 a very challenging year for WorkCover WA.

Our top priority continued to be a healthy, balanced and viable workers' compensation scheme for Western Australians. However, the crisis added a new dimension to this priority, demanding increased flexibility and responsiveness to factors both within and outside our control during a difficult and uncertain period.

The changed economic circumstances had immediate effects on our management of the workers' compensation system. One of those effects was an increase in the recommended premium rates because of changes to real rates of return, future wages growth and claim costs. This was the first increase in ten years, other than an increase resulting from legislative amendments in 2005.

As events of the year unfolded, we revisited our strategic plan. The agency was already well into our existing strategic plan, which was designed to take us through to 2011. Our new plan was completed by year's end. It will better equip us for the next three years and will sustain us through a more uncertain period.

Also at the strategic level, we initiated a legislative review to help identify where greater effectiveness can be achieved and anomalies can be eliminated. This has given us a vehicle to scrutinise our legislation with the involvement of a comprehensive and well represented reference group.

Throughout 2008/09 and beyond, our core commitments remain steadfast. They are:


- regulation with a strong emphasis on compliance
- ensuring that employers protect the rights of their workers in the event of work-related injury or disease
- education of scheme participants to continuously raise awareness and compliance with the Act
- engagement with our stakeholders to help them manage risks
- being innovative and proactive in whatever we do.

We invite readers to view the key achievements of the year, as well as the operational reports in greater detail in the following pages of this report.

We are fortunate to be leading a workforce that has responded positively to the changes which have been imposed by global events during the year. Through their efforts, the Western Australian workers' compensation scheme is emerging from this period in good health – fair, accessible and cost-effective for all its participants.

Appreciation is extended to the WorkCover WA Board members for their contributions during 2008/09. Thank you to Ms Janine Freeman, who resigned from the Board in August 2008. Ms Linda Morich was appointed to the Board in December 2008. Ms Michelle Reynolds was appointed Acting CEO of WorkCover WA and member of the Board also in December 2008.

Our thanks go to the Minister, Hon Troy Buswell BEd MLA, for his visit to WorkCover WA in July 2009, during which he met with the Board and staff.



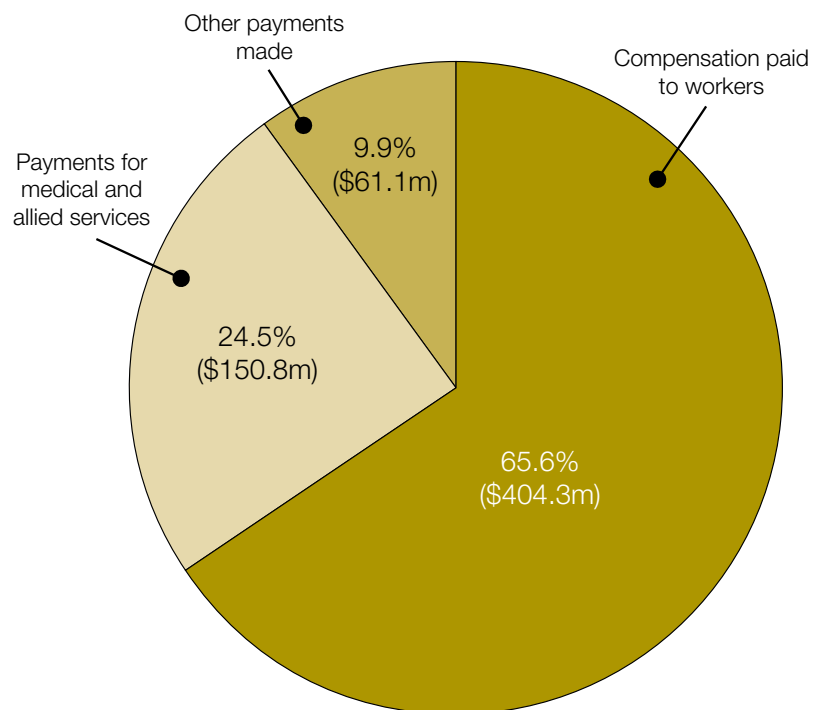
Greg Joyce  
Chairman  
WorkCover Western Australia Authority  
20 August 2009



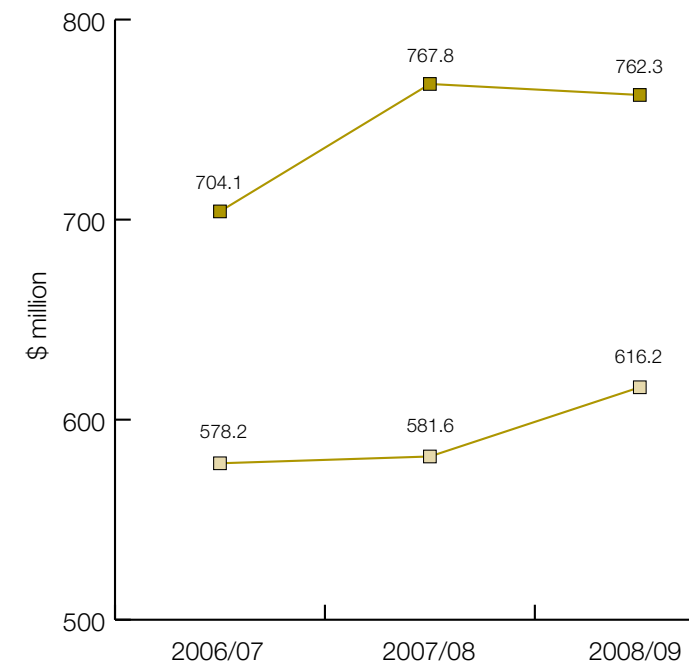
Michelle Reynolds  
A/Chief Executive Officer  
WorkCover Western Australia Authority  
20 August 2009

## Scheme snapshot

**2008/09 breakdown of expenditure within the WA workers' compensation scheme**

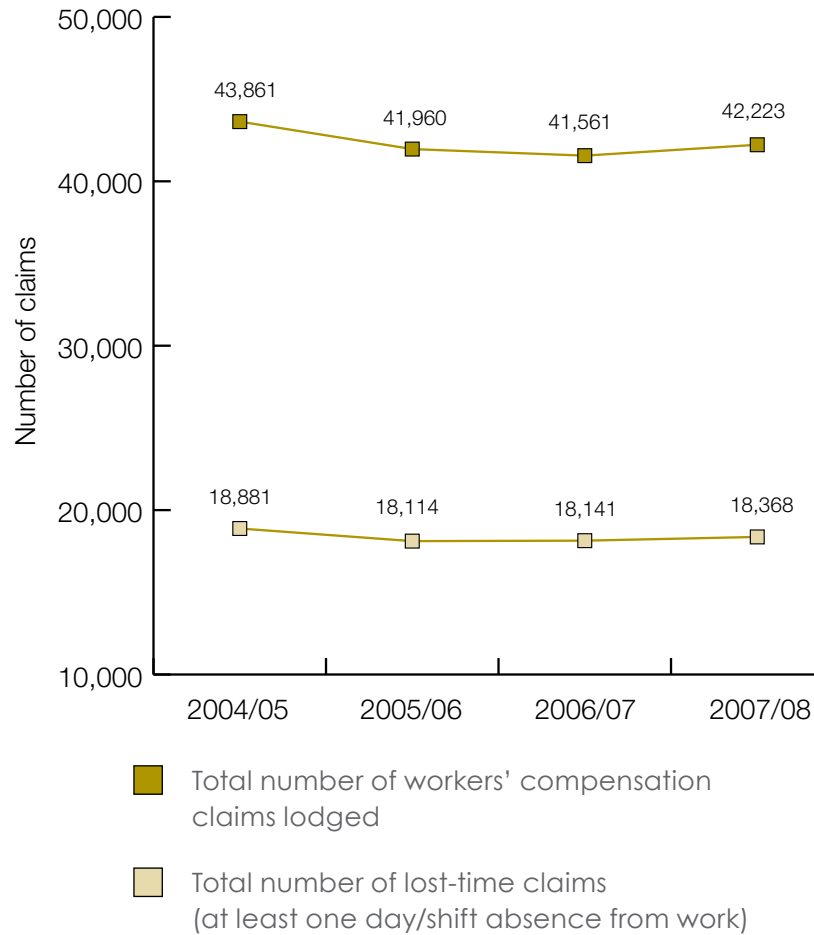


**Trends in the cost of the WA workers' compensation scheme**

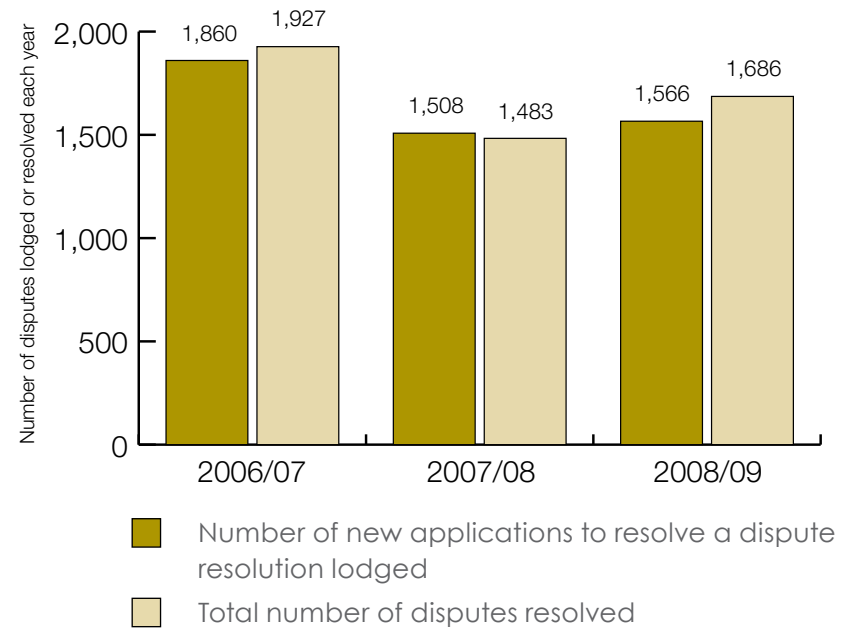


- Total workers' compensation premiums paid
- Total workers' compensation payments

**Trend comparison between total number of workers' compensation claims and number of lost-time claims**



**Comparison between the number of disputes lodged and the number resolved each year**



Statistics relating to disputes are the total of statutory proceedings which are Part XI and Part XII matters together with common law proceedings involving notices of referral of questions of degree of disability under the 1993 scheme (injury date prior to 14 November 2005).

These figures have been retrospectively adjusted from those reported in the previous years to allow direct comparisons to be made across the different years using new methodology employed this year as a result of the changed Key Performance Indicators. Please see additional information under the Key Performance Indicator section of this report.

Further statistical information can be found in the Agency Performance section of this report.

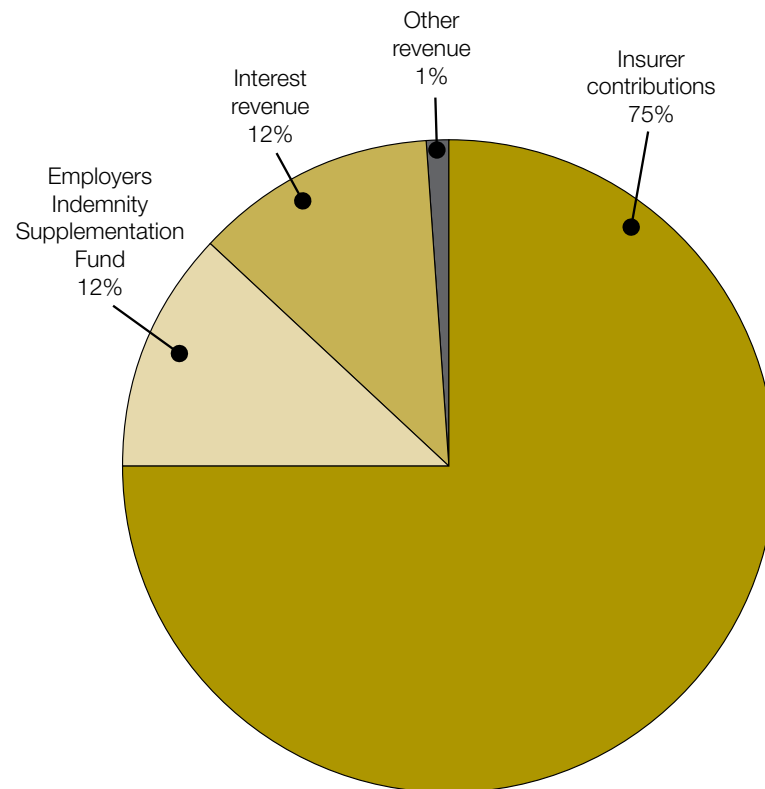
## Financial snapshot

The majority of WorkCover WA's funding (75%), is derived from insurer contributions in the form of an annual levy paid by employers and by a direct levy on employers who are approved by the agency to self-insure.

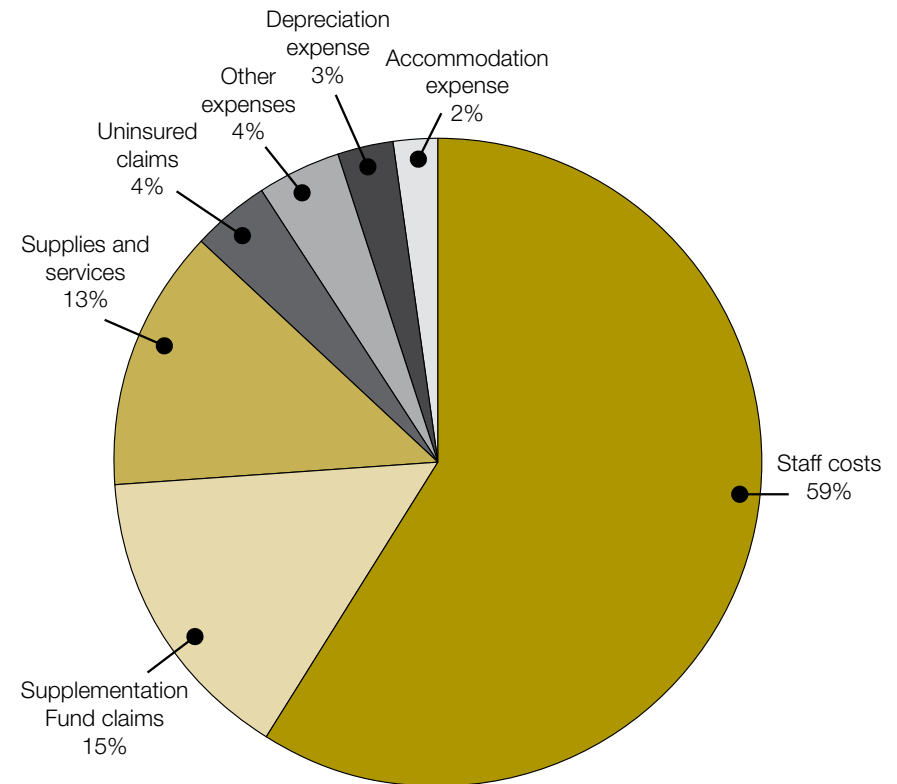
Total WorkCover WA revenue in 2008/09 was \$23.91 million.

Total expenditure was \$21.39 million.

**WorkCover WA income**



**WorkCover WA expenditure**



Staff costs account for nearly 60 per cent (\$12.62 million) of agency expenditure. Approximately 15 per cent, or \$3.16 million, is used to provide for uninsured workers' compensation payments from the Supplementation Fund.

The remaining funds were expended on supplies and services, General Account uninsured claims, accommodation and other expenses.

### Key achievements of 2008/09

The single most important factor affecting WorkCover WA and the State's workers' compensation system during the year was the global financial crisis. WorkCover WA's response was both proactive and positive. Achievements in the strategic focus areas of dispute resolution, stakeholder engagement and legislative complexity consolidated the agency's capacity to deliver relevant workers' compensation services into the future.

#### **Dispute resolution**

The agency built upon strategies to improve the effective and efficient resolution of workers' compensation disputes. The work undertaken by the Dispute Resolution Directorate (DRD) ensured that the general increase in applications received was complemented by a rise in the number of disputes resolved, to ensure the dispute resolution system operated smoothly.

Key achievements in this area included:

- eliminating the backlog of appeals against arbitrator decisions to the Commissioner
- a review of the dispute reporting methodology to ensure data integrity
- advocacy workshops for legal practitioners and registered agents
- staff capacity building
- review of DRD rules (the DRD Commissioner, after consultation with the Director, makes the rules that facilitate the organisation and management of the business of the DRD)
- creating the foundation for a trial fast track program to enable resolution of disputes with minimum paperwork.

#### **Stakeholder engagement**

The successful operation of the workers' compensation scheme and its long-term viability, depends on open and clear communication between its participants. The agency has a strong customer service ethic to ensure that productive and positive relationships with stakeholders.

Stakeholder engagement activities included:

- reference groups involved in resource and project development
- information sessions about the agency's role and responsibilities
- regional education and information sessions in Geraldton and the Pilbara
- a survey of participants in the dispute resolution process.

## **Legislative complexity**

The agency began a review of the *Workers' Compensation and Injury Management Act 1981*, with a focus on examining the readability and accessibility of the statute.

The main aims of the review are to:

- improve the structure of the Act
- make operation of the Act more efficient and flexible
- address specific policy issues identified by stakeholders.

Key achievements in this area included:

- establishment of a reference group of key external stakeholders to assist the review process
- research and issue investigation to support the review
- a broad consultation process with workers' compensation scheme participants.

WorkCover WA's recommendations for improvements to the Act will be finalised and presented to the Minister in late 2009.

## **Outlook for the future**

To better position WorkCover WA to manage the workers' compensation scheme, a review of the agency's strategic and business outlook was undertaken. This has provided the opportunity and impetus for a strategic shift for 2009/10 and beyond.

The areas of strategic activity in 2009/10 and into the foreseeable future include:

- improved strategic positioning of WorkCover WA to address changes in industry, anticipate and meet future needs of key stakeholders, and ensure long-term financial integrity and stability of the scheme
- actively engaging with stakeholders to maintain a viable and sustainable scheme
- continuing to educate and inform stakeholders about regulatory requirements to ensure compliance
- enhancing agency systems and processes to enable WorkCover WA to provide high quality and responsive customer service
- building agency culture, systems and processes to enable delivery of services.

The new strategic focus will allow the agency to be proactive and flexible in responding to challenges and changes within the scheme over the next few years.