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Introduction

About this report

Welcome to our 2017/18 Annual Report

This report provides a comprehensive account of our oversight and regulation of Western Australia’s workers’ compensation and injury management scheme over the past year. An introduction to WorkCover WA (the Agency) and our year in review begins on page 14. For detailed information refer to section(s):

1. Agency in focus – page 24
2. Scheme performance – page 58
3. Report on operations – page 70
4. Opportunities and challenges – page 109
5. Disclosures and legal compliance – page 120
6. Key Performance Indicators – page 144
7. Financial statements and notes – page 165.

This report is consistent with the Public Sector Commission’s Western Australian Public Sector Annual Reporting Framework (2017/18) and the Department of Treasury’s Model Annual Report for Net Cost of Service Statutory Authorities.

In compliance with these guidelines, production and printing costs were minimised. As printed copies are limited, the report is available on the WorkCover WA website [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au/).

The report conforms to State Government requirements for accessibility and readability and can be viewed online in PDF format as a whole, in sections or in an accessible Microsoft Word format. Alternative formats are available on request.

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

Statement of compliance

To the Hon. William (Bill) Johnston MLA, Minister for Commerce and Industrial Relations, Mines and Petroleum, Electoral Affairs, and Asian Engagement.

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the report of the WorkCover Western Australia Authority for the financial year ended 30 June 2018.

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



Greg Joyce  
Chairman  
WorkCover WA  
31 August 2018

CEO Chris White's signature on the Statement of compliance.   
Chris White  
A/Chief Executive Officer  
WorkCover WA  
31 August 2018

About us

Our profile

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

Our role includes:

* providing strategic policy advice to Government regarding workers’ compensation
* regulating employers and service providers, and monitoring compliance with the Workers' Compensation and Injury Management Act 1981 (the Act)
* educating workers, employers and others about workers' compensation and injury management
* providing an independent dispute resolution service for workers’ compensation issues.

Our purpose

WorkCover WA’s purpose is to lead a contemporary, healthy and integrated workers’ compensation scheme that is fair, accessible and cost-effective for all stakeholders through:

* providing advice and guidance about workers’ compensation, injury management and return to work practices
* active, responsive and transparent management of the scheme
* focused information, education and compliance activities
* fair and timely dispute resolution
* a strong service focus.

Our strategic direction

This year was the third year of WorkCover WA’s *2015–2018 Strategic Plan*   
(see page 33 for more detail).

The *2015–2018* *Strategic Plan* sets out three goals directing WorkCover WA’s activities:

* **Goal 1: Strategic scheme management**We will ensure the sustainability and strong performance of the scheme.
* **Goal 2: Leadership**We will lead continuous improvement of the scheme.
* **Goal 3: Agile and innovative organisation**We will strive to ensure WorkCover WA has the right people, culture, systems and processes.

Our values

**Service**

* We are clear about what we will deliver
* We consider our customers and their needs
* We commit, act and deliver

**Excellence**

* We are proactive, positive, flexible and act strategically
* We recognise that change is constant and that it can bring opportunity
* We build on opportunities

**Respect**

* We embrace diversity and individual differences
* We seek to understand and recognise people’s interests and rights
* We are fair and prompt in our actions and dealings with others

**Integrity**

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

**Collaboration**

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

Our vision

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

Our stakeholders

Workers and employers are the primary stakeholders of the WA scheme.

Many other stakeholders support the scheme to operate effectively by providing services to workers with a work-related injury or disease and assisting employers to meet their legal obligations.

The following stakeholders contribute to the objective of returning an injured worker to safe and sustainable work:

| Primary stakeholders | Stakeholders who provideclaims assessment,claims management anddispute resolution services | Stakeholders who provideservices for injurymanagement and return towork |
| --- | --- | --- |
| * **workers** * **employers** | * **insurers and self‑insurers** * **insurance brokers** * **approved medical specialists** * **audiologists and audiometric officers** * **legal practitioners and registered agents** * **unions and other representative bodies** | * **insurers and self‑insurers** * **general practitioners and medical specialists** * **allied health practitioners (such as physiotherapists and psychologists)** * **workplace rehabilitation providers** |

Year in review

**CEO quote**

“Our priorities and goals continue to revolve around supporting and achieving the best outcomes for injured workers and employers. With the introduction of new legislation and the commencement of a new Strategic Plan for 2018-2021, we look forward to what the next financial year brings.”

WorkCover WA Chairman and CEO report

This financial year has been one of sustained performance and ongoing commitment to ensuring the workers’ compensation scheme is operating effectively, and is fair, accessible and cost effective for stakeholders.

One of the most noteworthy developments in the last year is the introduction of new legislation, which will come into effect on 1 July 2018. WorkCover WA finalised drafting and implementation of new legislation to significantly improve entitlements to dependants of workers who die from a workplace injury. Additionally, in February 2018, the State Government approved the drafting of a Bill to modernise the State’s workers’ compensation legislation based on recommendations from WorkCover WA’s legislative review. Refer to the Legislative Review on page 34 and Progressing legislative reform on page 88 for more information about these changes.

We are pleased with how the scheme has performed again this year, and have continued to work with stakeholders to deliver good outcomes for workers, and at a sustainable cost for employers. Premium rates remained low and nearly three quarters of scheme costs were expended on injured workers in the form of payments and services to support their recovery. Data and analysis about statistics and trends across the scheme are available on page 58 in Section 2: Scheme performance.

We rely heavily on service providers to perform various roles within the scheme, and as such, maintained regulation of those providers in 2017/18. Details of these activities are outlined on page 79 in Regulating service providers. We value the importance of engaging and communicating with service providers, and our biennial conferences are an excellent way of achieving this. Planning for the 2019 Conference commenced in 2017/18 and will be delivered in May 2019, with the theme confirmed as ‘Facing forward’. More announcements will be made throughout the next year about speakers, topics and registrations.

Another of our priorities for the year focused on continuing to deliver high service standards in the context of the State Government’s Machinery of Government reforms. Our Regulatory Services Division allocated more resources to front-line roles and service delivery, and the Corporate Resources and Legislation and Scheme Information Divisions merged to form the Scheme and Corporate Resources Division. Additionally, 14 positions within the Agency were abolished under a voluntary targeted separation scheme. Notwithstanding these changes, the dedicated staff at WorkCover WA continued to maintain service standards at a high quality (see Key Performance Indicators on page 144.)

As we now look ahead to 2018/19, we would like to take this opportunity to thank members of the WorkCover WA Board and Agency staff for their continued excellence and hard work.

Year in numbers

| **Enquiries** | into expired policies and cancellations | 11,222 |
| --- | --- | --- |
| **Investigations** | into potential breaches of the Act | 2,512 |
| **Infringement notices and prosecutions** | issued or completed against  non-compliant employers | 572 |
| **Registrations** | of Memoranda of Agreement for finalising workers’ compensation claims via settlement | 3,859 |
| **Conciliations** | completed | 2,035 |
| **Arbitrations** | completed | 578 |
| **Publications** | mailed to workers, employers and service providers | 6,896 |
| **Visits** | to the WorkCover WA website | 268,429 |
| **Requests** | for advice and assistance handled by the Advice and Assistance unit | 19,939 |
| **Hours** | of staff training completed | 675 |

Year in dollars

The majority of funding (85.61 percent) for WorkCover WA’s activities is derived from insurer and self-insurer contributions and by a direct levy on employers who are approved by WorkCover WA to self-insure.

The snapshot in Table 1 represents a consolidation of the General and Supplementation Funds. Please refer to *Section 7: Financial statements and notes* on page 165 for more detailed analysis and disclosure.

Employee benefits (wages, salaries and superannuation) account for the majority of Agency expenditure. The remaining funds were expended on supplies and services, accommodation, grants, uninsured claims and other expenses.

| **Table 1: WorkCover WA totals for 2017/18** | |
| --- | --- |
| **Revenue** | $23.225 million |
| **Expenditure** | $23.664 million |

| **Table 2: WorkCover WA income for 2017/18** | |
| --- | --- |
| Insurer contribution | $19.883 million (85.61%) |
| Interest revenue | $2.298 million (9.89%) |
| Other revenue | $1.044 million (4.5%) |

| **Table 3: WorkCover WA expenditure for 2017/18** | |
| --- | --- |
| Employee benefits expense | $14.853 million  (62.77%) |
| Supplies and services | $2.729 million  (11.53%) |
| Depreciation and amortisation expense | 0.955 million  (4.04%) |
| Accommodation expenses | 0.686 million  (2.90%) |
| Grants and subsidies | $50K  (0.21%) |
| Claims expense | $3.065 million  (12.95%) |
| Loss on disposal of non-current assets | $3K  (0.01%) |
| Other expenses | $1.323 million  (5.59%) |

Year scorecard

2017/18 performance snapshot

The outcomes of WorkCover WA’s activities and services are measured by Key Performance Indicators (KPIs) indicating effectiveness and efficiency. The 2017/18 scorecard provides a snapshot view of our performance for the year.

Full explanations on all measures, analysed against previous years and set targets, are located on the page(s) referenced beside each indicator in Tables 4 and 5 on page 22.

A summary of the delivery of our 2017/18 Strategic Initiatives is located on page 23.

| **Table 4: 2017/18 indicators of effectiveness snapshot** | | | | |
| --- | --- | --- | --- | --- |
| **#** | **Description** | **2017/18 Target** | **2017/18 Result** | **Reference** |
| 1.1 | Number of non-compliance events identified as a result of a claim on the General Account | 6 | 4 | p. 150 |
| 1.2 | Proportion of conciliations completed within eight weeks | 97.0% | 96.7% | p. 152 |
| 1.3 | Proportion of disputes resolved within six months | 90.0% | 84.1% | p. 155 |

| **Table 5: 2017/18 indicators of efficiency snapshot** | | | | |
| --- | --- | --- | --- | --- |
| **#** | **Description** | **2017/18 Target** | **2017/18 Result** | **Reference** |
| 1.1 | Average cost per employer compliance activity | $290 | $261 | p. 156 |
| 1.2 | Average cost per approved and monitored service provider | $3,221 | $3,522 | p. 157 |
| 1.3 | Average cost per client contact to provide information and advice | $104 | $75 | p. 159 |
| 2.1 | Average cost to complete a conciliation | $2,194 | $2,353 | p. 161 |
| 2.2 | Average cost to complete an arbitration | $10,819 | $8,579 | p. 162 |
| 2.3 | Average cost to process a Memorandum of Agreement | $345 | $348 | p. 163 |

| **Table 6: Delivery of 2017/18 Strategic Initiatives** | | |
| --- | --- | --- |
| **Initiative** | **Commitment** | **Outcome** | |
| 1 | Legislative Review | **In progress**  In February 2018 the Government approved the drafting of a Bill to modernise the workers’ compensation legislation based on WorkCover WA’s *Review of the Workers’ Compensation and Injury Management Act 1981: Final Report.* Drafting of the new legislation is underway. | |
| 2 | Digital First Program | **Delivered**  Digital First is a multi-year initiative to transform a greater portion of WorkCover WA’s business to an online environment. In 2017/18 WorkCover WA successfully delivered the Regulatory Services component of the Digital First initiative. | |
| 3 | 2018 – 2021 Strategic Plan | **Delivered**  In 2017/18, the WorkCover WA Executive and Board held planning workshops to develop content for *WorkCover WA’s 2018 – 2021 Strategic Plan*. The new Strategic Plan will become operational from 1 July 2018. | |

Section 1: Agency in focus

Agency brief

The Western Australian context

The Western Australian workers’ compensation and injury management scheme (the WA scheme) is designed to ensure workers suffering a work-related injury or illness are compensated for lost wages, medical expenses and other associated costs.

WorkCover WA regulates the scheme in accordance with the *Workers’ Compensation and Injury Management Act 1981* (the Act) and the primary objective is to ensure work-related injuries are actively managed to assist injured workers to achieve a safe and sustained return to work.

The WA scheme is based on a ‘no-fault’ principle, meaning an injured worker does not need to establish anyone was at fault or negligent to make a claim. The WA scheme is also the largest privately underwritten workers’ compensation scheme in Australia, with insurance coverage provided by eight private insurers, 24 self‑insurers and the Insurance Commission of WA.

The Act requires employers to maintain current workers’ compensation insurance coverage for all their workers, including those engaged in casual, part-time, contract and sub-contract arrangements. WorkCover WA provides advice and education to assist employers to comply with their obligations.

The WA scheme also includes entitlements and processes related to dependents of deceased workers, noise induced hearing loss, assessment of permanent impairment and claims finalised through settlement by lump sum payment. WorkCover WA regulates, monitors and approves a range of health providers and other service providers who support injured workers to recover and return to work.

Organisational structure

Agency overview

|  |  |
| --- | --- |
| **Responsible Minister** | The Hon. Bill Johnston MLA, Minister for Commerce and Industrial Relations, Mines and Petroleum, Electoral Affairs, and Asian Engagement. |
| **Administration** | The day-to-day administration of WorkCover WA is delegated by the WorkCover WA Board (the Board) to the Chief Executive Officer (CEO), who directs the Agency’s operations.  Board responsibilities are outlined in *Section 5: Disclosures and legal compliance* on page 120. |
| **Agency funding** | Funding for the Agency’s activities is derived from:   * insurer contributions in the form of an annual levy on workers’ compensation premiums paid by employers * a direct levy on employers who are approved by WorkCover WA to self-insure. |
| **Organisational structure** | WorkCover WA consists of three divisions as outlined in the following divisional descriptions and organisational chart. |

Divisions

#### Scheme and Corporate Services

In January 2018, WorkCover WA merged the Corporate Resources and Legislation and Scheme Information divisions to form Scheme and Corporate Services. The amalgamation of the divisions formed part of the Government’s commitment to deliver services in a more efficient and effective way.

The Scheme and Corporate Services Division maintains scheme viability and effectiveness through:

* collection, quality assurance, analysis and reporting of data provided by insurers and self-insurers to assist in setting recommended premium rates and informing effective scheme management
* robust, evidence-based policy and legislation development.

The Division has a strategic focus on activities to assist the Board and Government to effectively manage the scheme.

The Division also provides business services to ensure human, financial, technological, informational and physical resources are available to support WorkCover WA’s operations.

#### Regulatory Services

The Regulatory Services Division contributes to the integrity of the scheme by:

* educating and assisting stakeholders and service providers
* ensuring only appropriately qualified service providers operate in the scheme
* establishing and monitoring performance standards for service providers
* conducting compliance activities to detect and respond to breaches of statutory obligations.

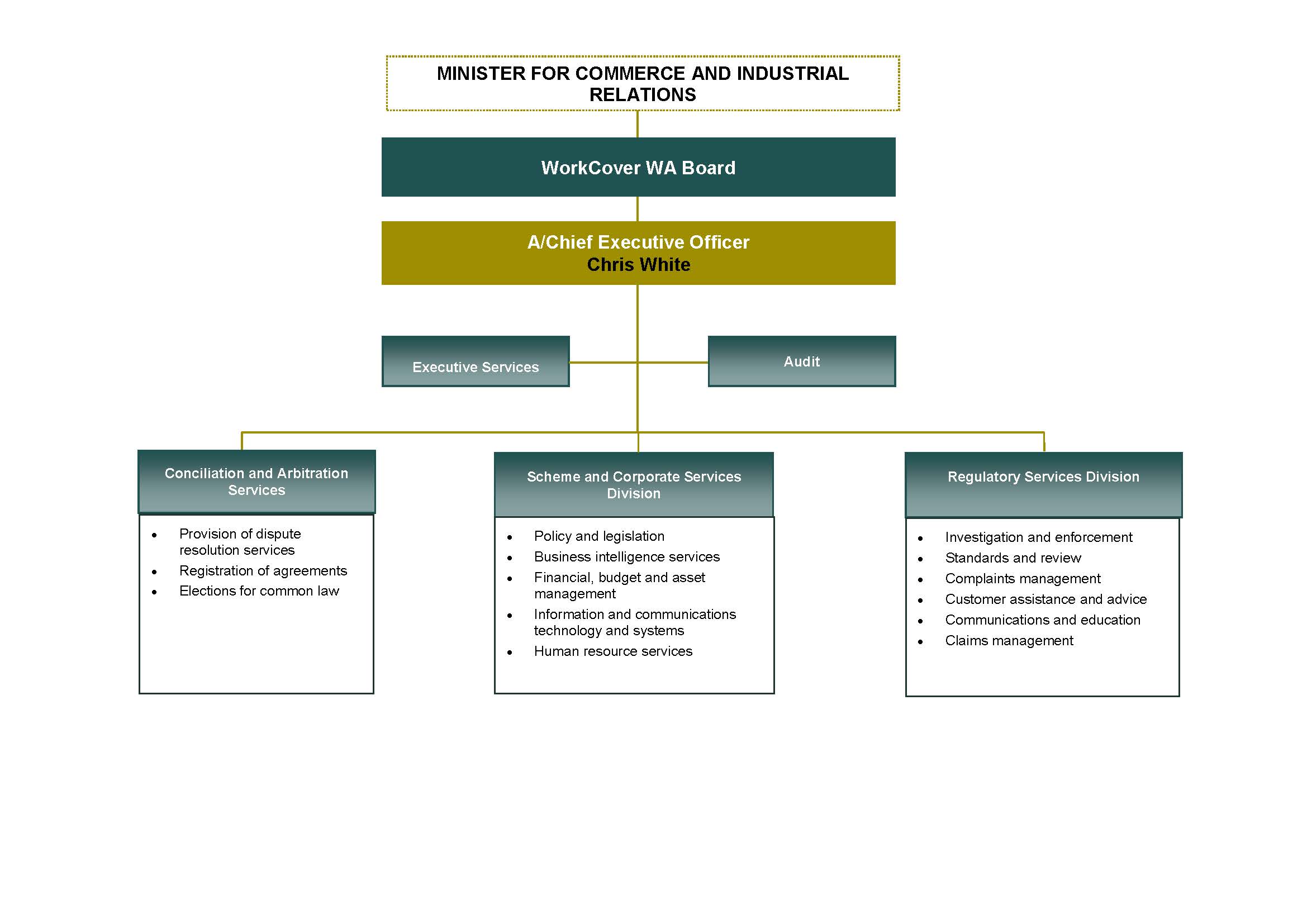
Information about the recent structural changes to the Regulatory Services Division is available under ‘Structural changes’ on page 56.

#### Conciliation and Arbitration Services

The Conciliation and Arbitration Services Division is responsible for resolving disputes in the WA scheme. The Division includes the:

* Workers’ Compensation Conciliation Service where the objective is assisting parties to resolve their disputes by agreement
* Workers’ Compensation Arbitration Service where disputes unresolved by conciliation are determined according to their substantial merits, with as little formality and technicality as possible.

Organisational chart

Leadership

WorkCover WA Board

The Board is responsible for the governance of the Agency, the provision of independent advice to the Minister and the approval of service providers. The Act provides for the Board to operate under the name ‘WorkCover WA’.

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

**Chairman** – **Appointed by the Governor on the recommendation of the Minister**

**Greg Joyce** has been a member and Chair of the Board since 1 May 2005.   
Mr Joyce was reappointed for a further three year term from 4 January 2017.   
Mr Joyce was the Director General of the Department of Housing and Works from July 2001 until his retirement in January 2005. Mr Joyce has a law degree from the University of Western Australia and is qualified to practise as a barrister and solicitor in WA.

**Member – Chief Executive Officer of WorkCover WA\***

**Chris White** was appointed Acting CEO of WorkCover WA in January 2017. Mr White has more than 35 years’ experience in workers’ compensation and occupational safety and health policy in WA. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe WA. Mr White holds a Master of Arts (Public Policy) from Murdoch University.

**Michelle Reynolds** was appointed CEO of WorkCover WA on 25 December 2008. Ms Reynolds has 31 years’ experience in the WA public sector, the past 16 years in senior executive roles, and has played a key role in shaping public sector management policy. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration from the University of Western Australia.

*\*Ms Reynolds was seconded to the Rottnest Island Authority in January 2017.*

**Member – Chief Executive Officer of the Department of the Public Service of the State principally assisting the Minister charged with the administration of the Occupational Safety and Health Act 1984**

**David Smith** is the Director General of the Department of Mines, Industry Regulation and Safety. Mr Smith has held senior positions in the Department of the Premier and Cabinet and the Department of Treasury. Mr Smith also has 21 years of experience in the Commonwealth public service, including the Department of the Prime Minister and Cabinet and an overseas posting with the Department of Foreign Affairs and Trade.

**Member – Experienced in employers' interests**

**Warren Edwardes** is the General Manager Workplace Consulting at the Chamber of Commerce and Industry WA. Mr Edwardes was appointed to the WorkCover WA Board on 30 December 2015 for a three year term. Mr Edwardes is a qualified solicitor and is the Director of the Chamber’s law firm, Business Law WA.

**Member – Experienced in insurance matters**

**Steven Burns** has been a member of the WorkCover WA Board since 1 October 2013 and was reappointed on 1 October 2016 for a three year term. Mr Burns has had a 25 year career in the insurance and injury management industries, including general management and product management responsibility in South Australia, Tasmania, Northern Territory, Western Australia, Australian Capital Territory and New Zealand. Mr Burns has held leadership roles in a range of other sectors including mining, aquaculture, and wines and spirits.

**Member – Experienced in workers' interests**

**Owen Whittle** has been a member of the WorkCover WA Board since 4 January 2014 and was reappointed on 30 December 2017 for a three year term. Mr Whittle is the Assistant Secretary of UnionsWA, with responsibility for workers’ compensation and occupational health and safety matters. Mr Whittle was previously employed by the Australian Manufacturing Workers’ Union and is a member of the ACTU’s Occupational Health and Safety Committee.

**Member – Experienced in accounting and financial management**

**Victoria Wilmot** has been a member of the WorkCover WA Board since 4 January 2005 and was reappointed on 4 January 2017 for a three year term.   
Ms Wilmot previously had a 25 year career at the University of Western Australia where she held various roles including Business Manager Finance and Resources, Associate Director Treasury and Investments, and the Deputy Director Financial Services. Ms Wilmot is a member of the Institute of Chartered Accountants Australia and New Zealand (CAANZ), a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

| **Table 7: Board meeting attendance** | | |
| --- | --- | --- |
| **Member** | **Number of meetings eligible to attend** | **Number of meetings attended** |
| Greg Joyce | 8 | 8 |
| Chris White | 8 | 8 |
| David Smith | 8 | 6 |
| Warren Edwardes | 8 | 8 |
| Steven Burns | 8 | 8 |
| Owen Whittle | 8 | 8 |
| Victoria Wilmot | 8 | 8 |

Senior officers

The Corporate Executive is WorkCover WA’s senior management team working with the CEO to lead the Agency’s corporate and business operations through:

* collaboratively achieving WorkCover WA’s vision and purpose
* sharing information across divisions
* modelling desired values and behaviours
* ensuring compliance across the Agency with government directives, guidelines and legislation
* developing and monitoring the Agency’s operational budget
* developing, implementing and monitoring organisational performance outcomes
* evaluating the effectiveness of corporate policies.

The Corporate Executive met on 12 occasions during 2017/18. Regular meetings of divisional leadership and branch teams were also conducted to disseminate Corporate Executive decisions and direction to operational areas.

**Chief Executive Officer\***

**Chris White** has been Acting CEO since January 2017. Mr White is the General Manager Scheme and Corporate Services and has more than 35 years’ experience in workers’ compensation and occupational safety and health policy in WA. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe WA. Mr White holds a Master of Arts (Public Policy) from Murdoch University.

*\*****CEO Michelle Reynolds*** *was seconded to the Rottnest Island Authority from January 2017.*

**Chief Finance Officer  
  
John Hull** commenced with WorkCover WA as Chief Finance Officer in July 2010. He has extensive public sector experience and has undertaken senior finance, compliance and corporate management roles across a range of agencies including the Department of Treasury and Finance and the Office of the Auditor General. Mr Hull is a Certified Practicing Accountant and has a Bachelor of Business in Finance and Accounting.

**General Manager, Conciliation and Arbitration Services; Director, Conciliation**

**Karin Lee** joined WorkCover WA in 2015 and worked as the Manager Regulation and Manager Employer Compliance before being appointed Acting General Manager Conciliation and Arbitration, and Director, Conciliation. Ms Lee holds a Bachelor of Laws and has over 20 years’ experience in various aspects of workers’ compensation and injury management. Ms Lee previously worked at the Chamber of Commerce and Industry of Western Australia in policy and consultancy, and prior to that in claims management and personal injuries litigation. Ms Lee was formerly a member of the WorkCover WA Board and the Commission of Occupational Safety and Health.

*\*Ms Wendy Attenborough served as General Manager, Conciliation and Arbitration Services, and Director, Conciliation from January 2013 to May 2018.*

**General Manager Scheme and Corporate Services**

**Leona Glasby** joined WorkCover WA in July 2006. In January 2018 she commenced acting in the role of General Manager Scheme and Corporate Services. With previous public sector experience at WorkSafe WA and a focus on information technology and data analysis, she has held the position of Manager Business Intelligence Services at WorkCover WA since 2010, and during 2017 acted as IT Manager. Ms Glasby has a Bachelor of Science in Computer Science and Graduate Diplomas of Business and Occupational Safety and Health.

*\*During the reporting period Harley White also undertook the role of General Manager Corporate Resources from July 2017 to January 2018.*

**General Manager, Regulatory Services**

**Stephen Psaila-Savona** commenced at WorkCover WA in May 2016. Mr Psaila‑Savona has been employed in the public sector for 24 years, and has previously worked at the Health and Disability Services Complaints Office, Public Sector Commission, Department of the Premier and Cabinet, WorkCover WA (2005‑2007) and the Disability Services Commission. Mr Psaila-Savona holds a Bachelor of Psychology, Diploma in Education, a Graduate Diploma in Business and an Executive Masters (Public Administration).

**Registrar, Arbitration**

**Sam Nunn** has been acting Registrar since January 2018. Formerly employed by the State Solicitor’s Office, Mr Nunn served as an Arbitrator at WorkCover WA from November 2012 until his appointment as acting Registrar. Mr Nunn holds a Bachelor of Arts, Master of Arts (Development Studies) and a Bachelor of Laws from Murdoch University.

*\*Mr Nilan Ekanayake served as Registrar from June 2015 to January 2018.*

Strategic planning

All WorkCover WA’s activities and operations are guided by a strategic plan that is renewed on a three-yearly basis. Progress against the strategic plan is reviewed annually. This year the Agency committed to the third and final year of its *2015–2018* *Strategic Plan* (the Plan).

**Strategic goals**

The Plan articulates three strategic goals with associated themes from which strategic projects are identified and delivered. These goals and themes (referenced below) provide opportunities to further strengthen the Agency’s performance and make the WA scheme the best in Australia.

The three goals are:

| 1. Strategic scheme management | 1. Leadership | 1. Agile and innovative organisation |
| --- | --- | --- |
| We will achieve this by:   * implementing a risk‑based approach to regulation * continuing delivery of effective and timely dispute resolution services * remaining a high‑performing scheme as measured by national benchmarks * empowering scheme participants through advice and education * promoting effective injury management | We will achieve this by:   * delivering a contemporary workers’ compensation legislative framework * influencing national and local workers’ compensation policy and scheme design * extending our business intelligence to support informed decision making * engaging with stakeholders to improve the scheme * continuing to positively influence stakeholder behaviour | We will achieve this by:   * investing in technology to improve service delivery * developing innovative responses to organisational and scheme challenges * enhancing the expertise of our staff through focused professional development * strengthening governance and risk management frameworks * maintaining a customer focus |

View the *2015–2018 Strategic Plan* at[www.workcover.wa.gov.au/about-us/workcover-wa-at-a-glance/strategic-direction/](http://www.workcover.wa.gov.au/about-us/workcover-wa-at-a-glance/strategic-direction/).

**Business planning**

WorkCover WA’s Business Plan 2017-18 (the Business Plan) builds on the Strategic Plan and outlines our Agency’s strategic and operational context, and provides information on the Agency’s major projects for the year.

The Business Plan was developed through an agency-wide planning process which involved a review of opportunities and challenges for the organisation and the workers’ compensation scheme. The process also included a review of all strategic and operational risks.

The Business Plan is supported by project plans which outline the objectives and delivery milestones for all planned projects.

Report against 2017/18 Strategic Initiatives

WorkCover WA commits resources to achieve a number of initiatives aligned with the Strategic Plan. WorkCover WA’s performance against the 2017/18 Strategic Initiatives is detailed below.

As per the Agency’s Performance Management Framework, the following projects relate to the State Government objectives embedded within Government Goal: Sustainable Finances and the achievement of WorkCover WA’s Agency Desired Outcome as outlined on page 49 of this report.

Initiative 1: Legislative Review

|  |
| --- |
| **This initiative is aligned with WorkCover WA strategic goals:** |
| 1 – Strategic scheme management  2 – Leadership |

On 15 February 2018, the Hon Bill Johnston MLA Minister for Commerce and Industrial Relations released a media statement to announce the State Government had approved the drafting of a Bill to modernise the workers’ compensation legislation based on WorkCover WA’s *Review of the* *Workers’ Compensation and Injury Management Act 1981: Final Report.*

The Bill is designed to modernise the workers’ compensation legislation as well as implement lifetime care and support arrangements for catastrophically injured workers, delivering on a commitment between the Commonwealth, and State and Territory governments.

Further public consultation on a draft Bill will occur before it is introduced into State Parliament, continuing WorkCover WA’s open and consultative approach on the legislative review.

Drafting of the new legislation is currently underway.

|  |  |
| --- | --- |
| **Outcome:** | **In progress** |
| **Key points:** | * In February 2018, the Government approved the drafting of a Bill to modernise workers’ compensation legislation * Drafting of the new legislation is underway * Amendments were implemented to increase the entitlements of the dependants of workers who are killed at work |

Initiative 2: Digital First Program

|  |
| --- |
| **This initiative is aligned with WorkCover WA strategic goal:** |
| 3 – Agile and innovative organisation |

WorkCover WA continues to strategically plan for business process improvements within a digital environment. ‘Digital First’ is a multi-year umbrella initiative adopted to coordinate a range of technology and business related projects that will see WorkCover WA migrate the majority of business interactions to an online platform.

The *WorkCover WA Online* system was established in 2016/17 and is now regularly used by insurers and self-insurers for submitting policy and claim data, and complying with claim management notification requirements.

A 2017/18 Regulatory Services project extended *WorkCover WA Online* by transitioning paper-based interactions for insurers and noise induced hearing loss (hearing loss) stakeholders to the online environment, and improving existing processes for oversight of workplace rehabilitation provider activity.

The online system includes activities such as service provider approvals, insurance policy cancellations, hearing test results, workplace rehabilitation referrals and other regulatory activities requiring a two-way flow of information between parties.

The new functionality has:

* reduced duplication of effort by not seeking information already held by WorkCover WA
* reduced the time spent by service providers and WorkCover WA staff in creating, filing and entering data into electronic systems from paper forms
* enabled online training for hearing loss service providers
* streamlined the notification of workplace rehabilitation referrals to WorkCover WA.

The 2017/18 Regulatory Services component of the ‘Digital First’ initiative was successfully completed. Under the ‘Digital First’ Program, further projects for specific business areas will follow in future financial years.

|  |  |
| --- | --- |
| **Outcome:** | **Delivered** |
| **Key points:** | * The 2017/18 Regulatory Services component of the ‘Digital First’ initiative was successfully completed |

Initiative 3: 2018–2021 Strategic Plan

|  |
| --- |
| **This initiative is aligned with WorkCover WA strategic goals:** |
| **1 – Strategic scheme management**  **3 – Agile and innovative organisation** |

The WorkCover WA Executive and Board held planning workshops in 2017/18 to develop content for *WorkCover WA’s 2018–2021 Strategic Plan*. The new Plan will commence from 1 July 2018 and is published on the WorkCover WA website.

|  |  |
| --- | --- |
| **Outcome:** | **Delivered** |
| **Key points:** | * *WorkCover WA’s 2018–2021 Strategic Plan* will become operational on 1 July 2018 |

Outlook for the future

WorkCover WA’s new *2018-2021 Strategic Plan* identifies four strategic areas:

|  |  |
| --- | --- |
| **Table 8: Strategic Focus Areas** | |
| **Goals** | **Focus Area** |
| **1** | **Scheme Leadership and Management**  Align scheme operations with a new workers’ compensation Act.  Continuously improve scheme services through advice, collaboration and support.  Respond to trends using business intelligence. |
| **2** | **Dispute Resolution**  Implement online services for conciliation, arbitration and settlements.  Implement contemporary approaches to dispute resolution.  Continue delivering effective and timely dispute resolution services. |
| **3** | **Regulation**  Enhance statutory compliance through targeted regulation.  Introduce contemporary investigation and regulatory approaches.  Promote awareness of workers’ compensation and injury management. |
| **4** | **Capability**  Achieve efficiencies through customer focused technology and innovation.  Increase the digital capability of staff through training and development.  Improve staff capability and mobility. |

Enabling legislation

The WorkCover Western Australia Authority is constituted under the Act.   
  
**Legislation administered**

In the performance of its functions, WorkCover WA administers the following legislation:

*Workers’ Compensation and Injury Management Act 1981*

*Employers’ Indemnity Supplementation Fund Act 1980*

*Workers’ Compensation and Injury Management (Acts of Terrorism) Act 2001*

*Workers’ Compensation (Common Law Proceedings) Act 2004*

*Waterfront Workers’ (Compensation for Asbestos Related Diseases) Act 1986*

*Employers’ Indemnity Policies (Premium Rates) Act 1990*

**Subsidiary legislation**

*Workers’ Compensation and Injury Management Regulations 1982*

*Workers’ Compensation Code of Practice (Injury Management) 2005*

*Workers’ Compensation and Injury Management (Scales of Fees) Regulations 1998*

*Workers’ Compensation (Legal Practitioners and Registered Agents) Costs Determination 2015*

*Workers’ Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Regulations 2002*

*WorkCover Western Australia Guides for the Evaluation of Permanent Impairment – Fourth Edition*

*Workers’ Compensation and Injury Management Conciliation Rules 2011*

*Workers’ Compensation and Injury Management Arbitration Rules 2011*

**WorkCover WA complies with all other State and Federal legislation impacting on its activities.**

Governance

Governance framework

WorkCover WA maintains a Governance Framework aligned to the Public Sector Commission’s Good Governance Guide. The Framework forms the foundation for all of WorkCover WA’s planning, reporting and governance needs, and draws from a number of sources to ensure relevant documents and plans are aligned with organisational and government goals. It also links service areas and projects to the vision, purpose and objectives of WorkCover WA.

Delegation of authority

To contribute to the effectiveness of the Board and meet specific legislative obligations, an Audit and Risk Management Committee, a Costs Committee and a Medical Committee are established. At its August 2017 meeting, the Board resolved to suspend the operation of the Medical Committee pending the outcome of the legislative review process.

These committees provide objective review, administration and advice on discrete elements of the scheme.

As part of governance arrangements, these committees are supported by:

* documented terms of reference/standing orders
* an appointed Chair who is also a Board member
* committee members with expertise relevant to their respective roles
* mechanisms for regular reporting to the Board
* appropriate administrative resources.

WorkCover WA maintains a Manual of Delegations, Authorisations and Powers which outlines the scope of authority assigned to various officers under relevant governing legislation. The manual is reviewed annually, or as required, and the Board is kept informed of all management strategies and ongoing activities relevant to its delegated powers.

Refer to page 134 under ‘Committees’ in *Section 5: Disclosures and legal compliance* for full disclosures on these Committees.

Audit and Risk Management Committee

The Audit and Risk Management Committee provides assurance and assistance to the Board on WorkCover WA’s risk, control and compliance framework, and its external accountability responsibilities.

The Audit and Risk Management Committee is chaired by a Board member and meets bi-monthly or as required.

Costs Committee

The Costs Committee is an independent committee established under the Act reporting directly to the Minister for Commerce and Industrial Relations. It is authorised to make, amend or revoke a determination fixing maximum costs for legal and registered agent services.

The Costs Committee is chaired by the CEO and meets as required. There was no requirement for the Costs Committee to meet in 2017/18.

Medical Committee

Section 100A of the Act provides for the establishment of a Medical Committee to provide guidance on permanent impairment assessments and other matters of a medical nature relevant to the scheme.

The Medical Committee did not meet in 2017/18 and at its August 2017 meeting, the Board resolved to suspend the operation of the Medical Committee.

Workplace consultation

In addition to regular divisional and branch meetings, WorkCover WA has a number of internal committees, all chaired by a member of the Corporate Executive. The committees include staff members with relevant skills, knowledge or insights from across the Agency. These arrangements provide leadership and oversight from an executive level, whilst offering avenues for staff to engage with senior management about policy and operational matters.

Minutes of all internal committees, along with any matters for consideration, are provided at the next Corporate Executive meeting. Similarly, divisional leadership team and flow-on branch meetings are conducted on a regular basis to ensure dissemination of Corporate Executive decisions to operational areas. Committee meeting minutes are also published on WorkCover WA’s intranet and can be accessed by all staff.

Meeting actions are recorded and tracked, and progress is reported back to each committee by relevant support staff.

Equity and Diversity Committee

The Equity and Diversity Committee supports a workplace culture compliant with and committed to equal employment opportunity and diversity principles, in which people are treated with fairness, dignity and respect.

This Committee meets quarterly and develops and monitors policies relating to equity and diversity in employment, disability and indigenous matters, and associated action plans. This includes the development of initiatives to raise staff awareness and understanding of equity and diversity, and employment strategies supporting diversity at WorkCover WA.

In 2017/18 the Committee:

* monitored progress against the Agency’s Reconciliation Action Plan
* published intranet articles on NAIDOC and Reconciliation weeks
* oversaw the implementation of the Disability Access Inclusion Plan   
  2017–2022
* oversaw the progress of a project to bring internet and intranet forms to an accessible standard
* initiated the delivery of a training program for managers responsible for supervising staff with a disability
* monitored the Agency’s progress against equity and diversity targets
* hosted the State Government Disability Network meeting attended by representatives of 23 public sector agencies. The meeting examined workplace initiatives to increase employment opportunities within the public sector for people with disabilities and improve their access to the public sector.

Equity and Diversity is a standing agenda item for all meetings of the Corporate Executive.

Emergency Planning Committee

The Emergency Planning Committee is responsible for developing, implementing and maintaining emergency plans, response procedures and training.

The Emergency Planning Committee meets bi-annually, or as required, and met once during 2017/18. The Emergency Response Procedure and Guide for WorkCover WA were reviewed this year and are valid until March 2020.

There was an unplanned evacuation of the premises in 2017/18. The evacuation of the building was completed in a timely and efficient manner, and in accordance with the emergency response procedures.

Joint Consultative Committee

The Joint Consultative Committee consists of WorkCover WA’s elected union delegates, the CEO and senior management representatives. The Committee meets quarterly, or as required, to ensure consultation occurs between staff and management on major issues affecting the working conditions of employees.

In 2017/18, the Joint Consultative Committee was consulted on:

* the ‘Christmas/New Year reduced services’ period
* accrued leave in the public sector (Public Sector Labour Relations Policy)
* staff requests to transition from full-time to part-time work arrangements
* the voluntary targeted separation scheme
* proposed changes to corporate policies
* restructuring arrangements within the Regulatory Services Division.

Occupational Safety and Health Committee

The Occupational Safety and Health (OSH) Committee facilitates consultation and cooperation across WorkCover WA by examining issues affecting the health and wellbeing of staff, and developing and implementing measures to prevent workplace accidents and injuries.

The OSH Committee makes recommendations to the Agency regarding the establishment, maintenance and monitoring of programs, measures and procedures in the workplace relating to the safety and health of all employees.

The OSH Committee is comprised of a member of the Corporate Executive as Chair, a Human Resources Branch delegate, a Business Services Administration Officer and three elected employee representatives who meet on a quarterly basis.

In 2017/18, the OSH Committee was involved in:

* a five-yearly audit of the safety and health management systems in place at WorkCover WA by an accredited and approved WorkSafe Plan assessor
* the compilation of a Safe Work Method Statement for the Records Branch, which was a catalyst for arranging manual handling training for relevant staff
* the nomination and appointment of two new OSH representatives.

A staff survey was conducted to seek feedback and suggestions regarding the OSH system and practices in place at WorkCover WA. Survey results were positive, finding that:

* 91 percent of staff understand WorkCover WA’s OSH Policy and are aware of their legal responsibilities relating to OSH
* 92 percent of staff are aware of who the Agency’s OSH representatives are, with 87 percent advising they are comfortable raising and following up OSH issues
* 89 percent of staff confirmed they have been informed and understand what to do in an emergency situation
* 94 percent of staff know how to access the Hazard and Incident Management System or an OSH representative.

OSH remains a standing agenda item for all meetings of the Corporate Executive, ensuring a direct link to the Agency’s senior management team. It also discussed at divisional and branch meetings throughout the year.

KPI Performance Reporting Committee

The KPI Performance Reporting Committee reviews and manages the Agency’s Outcome Based Management (OBM) structure.

The KPI Performance Reporting Committee is chaired by the CEO and consists of the Corporate Executive and senior officers. The Committee meets quarterly or as required. The Committee ensures the Agency complies with relevant government directives, guidelines and legislation in developing, implementing and monitoring organisational performance outcomes.

The KPI Performance Reporting Committee has integrated the Agency’s Key Performance Indicators (KPIs) with operational processes to ensure KPIs are regarded as integral to the Agency’s reporting framework. The committee met four times in 2017/18.

Each year since 2011/12, the Auditor General has acknowledged WorkCover WA as one of the ‘Best Practice Top 20 Small Agencies’ for the managing and reporting of its finances and KPIs.

In March 2018, WorkCover WA received the Bronze Award Category 2 at the Institute of Public Administration Australia WA’s W.S. Lonnie Awards (W.S. Lonnie Awards) in recognition of excellence and accountability in annual reporting. The judges commented the report had a “*strong and informative performance section*” which was “*easy to follow with easy comparison to targets*”.

Risk Management Review Group

The Risk Management Review Group comprises divisional and branch managers and other staff with risk management responsibilities. The group oversees WorkCover WA’s risk management processes and is responsible for maintaining the Agency’s risk management framework. The Risk Management Review Group:

* identifies, monitors and reviews Agency risks (both strategic and operational)
* encourages and promotes greater awareness and understanding of risk management throughout all levels of the Agency
* provides guidance on risk management to the Agency.

During 2017/18, the Risk Management Review Group continued to grow risk management knowledge, awareness and adoption across the Agency. This was achieved through:

* quarterly meetings to monitor risk management activities
* oversight of changes to risks and controls within the risk management register
* adoption of an Agency Risk Strategy and Appetite Statement
* ensuring risk owners monitor and review risks in accordance with set schedules
* reporting regularly to the Corporate Executive, Audit and Risk Management Committee, and Board.

Complaints handling

Customer First Feedback policy and procedures

WorkCover WA recognises feedback from customers is the most immediate and effective measurement of public perception of its performance.

WorkCover WA’s Customer First Feedback System complies with the Australian Standard on Complaints Handling (ISO 10002-2014) and Public Sector Commission Circular 2009-27: Complaints Management. The system provides customers with an avenue to deliver feedback (positive or negative) about the Agency’s services, decisions, procedures, policies and facilities.

Customer First processes increase our understanding of customer needs and expectations and identifies opportunities for organisational improvement. Customer feedback is reported regularly to the Agency’s Corporate Executive to identify trends and implement positive change.

Customer feedback is recorded either verbally (in person or by telephone) or in writing (by Customer First Feedback Form, email, website, letter, fax or ministerial). A response to verbal feedback must be provided within five working days, and written feedback within 10 working days. More complex complaints are expected to be resolved within 30 working days.

In 2017/18, all customer feedback was actioned within the agreed deadline of five working days for verbal feedback and 10 working days for written feedback. This year our Agency received six compliments, eight complaints and seven suggestions.

In March 2018, WorkCover WA received the Bronze Award Category 2 at the W.S. Lonnie Awards for our Annual Report, with judges noting our complaints handling continued to be strong.

Complaints against service providers

WorkCover WA (as the scheme regulator) places great importance on investigation of complaints about service providers who participate in the scheme. Management of these complaints during 2017/18 is detailed in *Section 3: Report on operations* under the following sections:

* Complaints against approved insurers and self-insurers – page 84
* Complaints against registered agents – page 84
* Complaints against approved workplace rehabilitation providers – page 85
* Complaints against approved audiometric officers, audiologists and audiometrists – page 85
* Complaints against approved medical specialists – page 86.

Communications policies

WorkCover WA publishes policies which govern internal and external communications, and ensures staff are made aware of these policies.

WorkCover WA’s communications policies are supported by our Agency’s Freedom of Information Policy, Records Management Policy and Code of Conduct.

A strict governance schedule ensures each policy is periodically reviewed for adequacy, currency and effectiveness. All policies were reviewed in accordance with the schedule and were all adhered to in 2017/18.

Customer Service Charter

The WorkCover WA Customer Service Charter identifies the Agency’s commitment to our customers and outlines the service they can expect to receive when dealing with WorkCover WA. The Customer Service Charter is supported by the Agency’s Customer First Feedback Policy and Procedures, and managed through the online Customer First Feedback System as detailed under ‘Complaints handling – policy and procedures’ on page 45.

Communications Protocol

In accordance with the *Public Sector Management Act 1994*, WorkCover WA has a Communications Protocol which outlines the manner and circumstances in which the CEO and Agency employees interact with the Minister’s Office.

Ministerial correspondence

To ensure precise and timely provision of information to the Minister, and accurate recordkeeping, WorkCover WA actively manages all Ministerial communications as matters of priority. Detailed procedures exist to assist all officers involved in ministerial communication.

Statistical information regarding Ministerial communication is regularly reviewed by the Board and Corporate Executive.

Board Governance Policy: Official Communication

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

This policy establishes:

* communication approvals and authority (including authorisation to make public comment on behalf of WorkCover WA)
* the extent of what should be communicated
* confidentiality considerations.

Public Interest Disclosure

WorkCover WA is committed to the objectives of the *Public Interest Disclosure Act 2003* which provides protection of sensitive, public interest information for those who disclose it and those who are the subject of information disclosures.

The Agency’s intranet and external website contain information on what can be considered a matter of public interest for disclosure, the information to be included in the disclosure, how to make the disclosure and to whom.

There was one public interest disclosure in 2017/18.

Freedom of Information

The *Freedom of Information Act 1992* gives a general right of access to documents held by State and local government agencies.

WorkCover WA publishes a Freedom of Information Statement on the Agency’s external website which outlines the Agency’s processes for dealing with and responding to freedom of information requests.

There were 124 freedom of information requests in 2017/18.

Additional communications policies

WorkCover WA has the following additional policies and procedures:

* External Data Release Policy to govern the supply of data to government agencies, researchers, stakeholders and the general public
* Restriction of Communications Procedures which provides WorkCover WA staff with guidance on managing customers who have displayed unreasonable behaviour in the course of communications in person, on the telephone or in writing (email, social media or letter)
* Disclosure of Personal Information Policy and Procedures to ensure all personal information concerning WorkCover WA staff remains strictly confidential unless a staff member has given written consent for its disclosure.

Risk management policies

Enterprise Risk Management Framework

WorkCover WA aims to anticipate and mitigate risks to the Agency and the sustainability of the scheme. The Agency’s Enterprise Risk Management Framework guides WorkCover WA’s approach to managing risk.

WorkCover WA uses risk management and planning tools to integrate risk with key business strategies and scheme viability objectives, and align risk management with strategic and business planning.

In 2017/18, the Agency further enhanced its risk management maturity levels by operationalising its Risk Appetite Statement through the measurement and monitoring of Key Risk Indicators.

In June 2018 all staff completed refresher training in Accountability, Ethics and Decision Making.

Other policies and procedures

Other policies and procedures involving risk management include:

* business continuity plans, procedures and enactments
* annual review of performance against the Public Sector Commission Good Governance Guide for Agencies
* an OSH manual (incorporating the OSH Policy and OSH Procedures), an OSH Management Plan and an OSH Risk and Legal Register
* a suite of IT policies (incorporating the Information Security Policy, IT Management Policy, IT Disaster Recovery, and Acceptable Use of Technology Policy)
* a Fraud, Corruption and Misconduct Prevention Policy.

These policies are reviewed on an annual or biennial basis.

Performance Management Framework

Outcome Based Management structure

The scheme delivers services to minimise the social and economic impact of work‑related injury and illness on workers, employers and the WA community. WorkCover WA is the regulator of the scheme to ensure it operates in accordance with the Act.

WorkCover WA contributes to a range of State Government objectives related to the State Government Goal: Sustainable Finances which demands “*responsible financial management and better service delivery*.”

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

| **Table 9: WorkCover WA Outcome Based Management Structure** | |
| --- | --- |
| **Government Goal** | |
| Sustainable Finances – Responsible financial management and better service delivery. | |
| **WorkCover WA’s Agency Level Desired Outcome** | |
| To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary and integrated, whilst providing services that are fair, accessible, timely and cost effective for all participants. | |
| **Indicators of Outcome Achievement** | |
| **Key Effectiveness Performance Indicators** | |
| **WorkCover WA’s Agency Services** | |
| **1. Scheme Regulation**  Regulation of workers’ compensation scheme participants to promote compliance with legislative requirements. | **2. Scheme Services**  Provision of effective and equitable dispute resolution and other services to scheme participants. |
| **Indicators of Service Delivery** | |
| **Key Efficiency Performance Indicators** | |

Other government goals

WorkCover WA also contributes to the following State Government Goals:

| Government Goal | Purpose | WorkCover WA’s contribution |
| --- | --- | --- |
| Sustainable Finances | Responsible financial management and better service delivery | WorkCover WA strives to ensure adequate premium collection for workers’ compensation liabilities through recommended premium rates and maintenance of safety net reserves.  WorkCover WA’s Digital First approach aims to provide better service delivery to stakeholders and cost effective business processes.  WorkCover WA participates in whole of Government workforce management initiatives aimed at achieving operational efficiencies. |
| Future Jobs and Skills | Grow and diversify the economy, create jobs and support skills development | The Western Australian workers’ compensation and injury management scheme provides opportunities for injured workers to develop new skills if they are unable to return to their original work duties. |
| Strong Communities | Safe communities and supported families | The workers’ compensation and injury management scheme in Western Australia supports workers and their families if they suffer an injury or develop a disease at work and require time off work or medical treatment.  In 2017/18, legislation was passed to significantly increase the level of compensation and support for dependants of workers killed at work. The new legislation provides for an increase in the lump sum compensation amount to over half a million dollars, more than doubles the weekly allowance for each dependent child, and enables de facto partners access to compensation on the same footing as married spouses. |
| Better Places | A quality environment with liveable and affordable communities and vibrant regions | WorkCover WA regularly conducts visits to regional areas to provide education about workers’ compensation and injury management rights and responsibilities. These visits are also conducted to ensure compliance with workers’ compensation legislative requirements. |

Shared responsibilities with other agencies

WorkCover WA did not share any responsibilities under the Act with other agencies in 2017/18.

How we measure our performance

In order to evaluate its contribution to State Government Goal Sustainable Finances, WorkCover WA measures its performance in the delivery of two services:

* **Service 1: Scheme Regulation**  
  Regulation of scheme participants to ensure compliance with legislative and other requirements.
* **Service 2: Scheme Services**  
  Provision of effective dispute resolution and other services to scheme participants.

Key Performance Indicators

WorkCover WA’s services are linked to effectiveness and efficiency KPIs which indicate the extent to which WorkCover WA achieved its Agency Desired Outcome.

WorkCover WA did not make any changes to its OBM and KPIs in 2017/18 as the Agency desired Outcomes, Services and KPIs remain relevant and appropriate. The Agency has however, realigned its OBM to the new Government Goals.

Refer to *Section 6: Key Performance Indicators* on page 144 for full KPI information.

|  |  |  |
| --- | --- | --- |
| **Table 10: WorkCover WA’s KPIs** | | |
| **Key Effectiveness Indicators** | | |
| **1.1** | Number of non-compliance events identified as a result of a claim on the General Account | |
| **1.2** | Proportion of conciliations completed within eight weeks | |
| **1.3** | Proportion of disputes resolved within six months | |
| **Key Efficiency Indicators** | | |
| **1.1** | | Average cost per employer compliance activity |
| **1.2** | | Average cost per approved and monitored service provider |
| **1.3** | | Average cost per client contact to provide information and advice |
| **2.1** | | Average cost to complete a conciliation |
| **2.2** | | Average cost to complete an arbitration |
| **2.3** | | Average cost to process a Memorandum of Agreement |

People

Workforce profile

Table 11 summarises WorkCover WA’s 2017/18 workforce profile. WorkCover WA’s complete full-time equivalent (FTE) profile is provided on page 122 under ‘Employment and industrial relations’ in *Section 5: Disclosures and legal compliance*.

| **Table 11: Staff by FTE** | |
| --- | --- |
| **Employment type** | **2017/18** |
| Full-time permanent | 95 (78.0%) |
| Full-time contract | 14 (11.4%) |
| Part-time permanent (FTE) | 10.8 (8.8%) |
| Part-time contract (FTE) | 2.2 (1.8%) |
| **Total (FTE)** | **122.00** |
| Staff on secondment | 4 |
| Staff on traineeship | 0 |
| Staff in graduate program | 1 |

Workforce policies

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

Strategic Workforce and Diversity Plan 2015-2018

This year was the final year of the Strategic Workforce and Diversity Plan 2015-2018 (the Plan). Strategies outlined in the Plan have largely been completed and integrated into day-to-day Human Resources activities. Where the timeframe for completion extends beyond 2018, strategies have been carried forward into the new Strategic Workforce and Diversity Plan 2018-2022.

Notable workforce achievements for the period 2015-2018 include a revised approach to recruitment and selection, implementation of a blended learning approach to staff development, and preparation of a new staff development system.

Development of the Strategic Workforce and Diversity Plan 2018-2022 is underway.

Staff engagement

Staff perceptions

In 2016/17, WorkCover WA staff completed an Employee Climate Survey providing overwhelmingly positive results, however a few areas of improvement were identified.

In response to the results, in 2017/18 WorkCover WA:

* commenced a comprehensive revision of the Performance Development system
* ensured a renewed focus on regular Branch and “whole of Division” staff meetings
* increased the number of Intranet articles focusing on core business issues.

A new staff survey is scheduled for 2018/19.

Structural changes

In 2017, Premier Mark McGowan MLA announced the first round of Machinery of Government (MOG) changes in the public sector, as outlined in the Government’s election commitments.

These wide reaching changes have affected a range of public sector agencies including WorkCover WA. The changes are aimed at creating collaborative departments focused on whole‑of‑government objectives, and delivering services in a more efficient and effective way.

In response, WorkCover WA merged its Corporate Resources and Legislation and Scheme Information divisions to improve efficiency and utilise resources more effectively.

In late 2016, WorkCover WA conducted an organisational review of our second largest division, Regulatory Services. The findings from the review have continued to be embedded in 2017/18. The Division is responsible for a variety of the Agency’s functions including the regulation of service providers, compliance by scheme participants and the provision of advice and education. A number of changes were made to the Division’s staffing structure throughout 2017/18 to enable:

* more divisional resources being allocated to service delivery and front-line roles
* increased presence in metropolitan and regional communities
* greater range of classification levels to improve career paths and succession planning opportunities for staff.

These changes to the Regulatory Services Division further represent   
WorkCover WA’s commitment to the delivery of the Machinery of Government changes.

For more information in relation to the changes within both the Scheme and Corporate Services and Regulatory Services Divisions, refer to ‘Divisions’ on   
page 26.

Voluntary Targeted Separation Scheme Summary

In September 2017 the Government announced the Voluntary Targeted Severance Scheme (VTSS) to assist public sector agencies in achieving efficiencies under the MOG reforms and the public sector renewal agenda.

WorkCover WA participated in the VTSS resulting in 14 staff accepting offers of voluntary severance equating to 12.4 FTE.

Offers of severance were enabled through an organisational review leading to structural reorganisation, process improvements, extension of digital and online services, and consolidation of service delivery through which positions were identified that were no longer required or which would not be required in the future.

Section 2: Scheme performance

Open and transparent reporting

WorkCover WA closely monitors the performance of all aspects of the Western Australian (WA) workers’ compensation and injury management scheme (the scheme). Understanding scheme trends through the collection and analysis of data is vital to ensuring the ongoing stability of the scheme, and early detection of emerging issues.

WorkCover WA communicates new scheme developments through information sessions and regular publication of statistical information on the WorkCover WA website.

During 2017/18, the Agency published the following reports:

* Scheme Status Report
* Scheme Exits Report
* Insurer Claims Status Report
* Services Status Report (Medical, Allied Health and Workplace Rehabilitation)
* Workers’ Compensation Scheme Trends
* Workers’ Compensation Annual Statistical Report
* Industry Benchmark Report
* Industry-specific Statistical Reports (Construction, Health care and social assistance, Manufacturing, and Mining)
* Conciliation and Arbitration Services Status Report
* Long Duration Claims Report

WorkCover WA works with the scheme actuary to produce annual recommended premium rates and quarterly statistical summaries from an actuarial perspective. These reports are available on the ‘Statistical reports’ page at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

Comparative overview

The WA scheme is working well. According to Safe Work Australia’s C*omparative Performance Monitoring Report, Nineteenth Edition*, analysis of the most recent comparative statistics shows WorkCover WA leads a scheme with:

* the lowest standardised average premium rate across the States and Territories, on par with the Australian Government
* nearly three quarters of scheme costs expended on services and payments for claimants, on par with the national average
* approximately 87 percent of claim disputes resolved within six months, above the national average of 83 percent
* a disputation rate of 3.8 percent, the second lowest of all Australian jurisdictions.

Scheme performance report

**Important:** Due to the nature of the processes involved in the capture, verification and analysis of claims data, information relating to time lost as a result of workers’ compensation claims is only available one year retrospectively. Therefore, some information from 2017/18 was unavailable at the time of publishing this report and we have therefore, in line with established practice, reported on information from 2016/17.

Claim numbers

In 2016/17, 28,161 claims were lodged. Of these, 45 percent had no lost time and   
55 percent involved at least one day or shift off work (lost-time claims). Of all  
lost-time claims lodged in 2016/17, 35 percent had 60 or more days or shifts lost (long duration claims).

Further information on scheme performance is available from workcover.wa.gov.au under ‘Resources – Research, evaluation and statistics’.

| **Table 12: Claim numbers – 2016/17** | |
| --- | --- |
| No lost-time claims | 12,567 |
| Lost-time claims | 15,594 |
| Total number of 1–59 days/shifts lost claims | 10,185 |
| Total number of long duration claims (60+ days/shifts lost) | 5,409 |

Claim trends

From 2012/13 to 2016/17, the annual number of claims lodged in the WA scheme decreased by 24.5 percent from 37,297 to 28,161.

The number of long duration claims (claims with 60 or more days/shifts lost) increased over the last four years, whereas claims with shorter duration and no lost‑time decreased.

| **Table 13: Claim trends** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Lodgement year** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** |
| Total number of workers’ compensation claims lodged | 37,297 | 35,456 | 32,637 | 30,891 | 28,161 |
| Total number of no lost‑time claims lodged | 18,689 | 17,789 | 15,839 | 14,307 | 12,567 |
| Total number of 1–59 days/shifts lost claims | 13,785 | 12,695 | 12,030 | 11,546 | 10,185 |
| Total number of long duration claims (60+ days/shifts lost) | 4,823 | 4,927 | 4,768 | 5,038 | 5,409 |

Frequency rates

The frequency rate (number of lost-time claims per million hours worked) decreased by 11.7 percent between 2012/13 and 2016/17. However, the frequency rate of longer duration claims increased for this reporting period.

| **Table 14: Frequency rates** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Lodgement year** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** |
| Frequency rate of lost‑time claims (at least one day/shift lost) | 8.8 | 8.2 | 7.7 | 8.0 | 7.7 |
| Frequency rate of 1–59 days/shifts lost claims | 6.5 | 5.9 | 5.6 | 5.6 | 5.1 |
| Frequency rate of long duration claims (60+ days/shifts lost) | 2.3 | 2.3 | 2.2 | 2.4 | 2.7 |

Frequency of lost-time claims by industry

In 2016/17, the industries with the highest lost-time claim frequencies were Arts and recreation services, Agriculture, forestry and fishing, Manufacturing, and Health care and social assistance.

| **Table 15: Frequency of lost-time claims by industry 2016/17** | |
| --- | --- |
| **Frequency of lost-time claims by industry** | **Frequency Rate** |
| Arts and recreation services | 13.2 |
| Agriculture, forestry and fishing | 12.9 |
| Manufacturing | 12.1 |
| Health care and social assistance | 10.9 |
| Construction | 10.7 |
| Transport, postal and warehousing | 10.4 |
| Education and training | 8.9 |
| Public administration and safety | 8.2 |
| Wholesale trade | 8.0 |
| All industry average | 7.7 |
| Electricity, gas, water and waste services | 7.2 |
| Accommodation and food services | 6.4 |
| Retail trade | 6.2 |
| Other services | 6.2 |
| Unknown industry | 6.0 |
| Mining | 5.8 |
| Administrative and support services | 4.3 |
| Rental, hiring and real estate services | 2.7 |
| Information media and telecommunication | 2.1 |
| Professional, scientific and technical services | 1.6 |
| Financial and insurance services | 0.7 |

Scheme payments 2017/18

During 2017/18, 65.9 percent of scheme payments were paid directly to workers in the form of income payment and common law and lump sum payouts, while 23.7 percent of payments were made for treatment services, such as medical, allied health and workplace rehabilitation services. The remaining 10.5 percent of payments were related to legal and other services.

| **Table 16: Scheme payments 2017/18** | | |
| --- | --- | --- |
| Income payments | $331.1 million | 37.3% |
| Common law and lump sum payments | $253.5 million | 28.6% |
| Treatment service payments | $210.1 million | 23.7% |
| Legal and other service payments | $92.8 million | 10.5% |

Average recommended premium rates

WorkCover WA publishes annual recommended premium rates for workers’ compensation insurance for each industry. The average recommended premium rate for 2018/19 represents an increase of 3.9 percent on the previous rate, from 1.525 percent to 1.585 percent of total wages.

In 2017/18 WorkCover WA published recommended premium rates for 2018/19 based on Australian and New Zealand Industrial Classification (ANZSIC) 2006 classifications. Previously recommended premium rates were based on ANZSIC 1993 classifications.

The change to ANZSIC 2006 does not affect the overall average recommended premium rate although some classes will be impacted. Recommended premium rates are developed with the assistance of the scheme actuary. In 2017/18 the scheme actuary was PricewaterhouseCoopers Actuarial.

The increase in 2018/19 premium rates is the result of a number of factors, including increasing average claim costs and expenses and a reduction in wages.

Average recommended premium rates vary from year to year to ensure the scheme is fully funded. The average recommended premium rate has reduced by 8.8 percent over the last decade.

| **Table 17: WA average recommended premium rates** | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
| 1.738 | 1.497 | 1.569 | 1.691 | 1.668 | 1.556 | 1.483 | 1.478 | 1.525 | 1.585 |

Scheme payments and premium income

This table shows changes in premiums collected and compensation paid during the past five financial years. Variations in claim payments and premium income over time reflect changes in number of employees, wage growth and inflationary pressures.

| **Table 18: Scheme payments and premium income** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Scheme payments and premium income** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| Total workers’ compensation premiums (premium payers only) | $1,250.7 million | $1,169.3 million | $1,023.6 million | $1,013.8 million | $992.7 million |
| Total workers’ compensation payments (premium payers and  self-insurers) | $902.2 million | $943.0 million | $967.4 million | $945.5 million | $917.1 million |

Settlements

Settlement of workers’ compensation claims may occur in a number of ways in the Western Australian scheme. A Memorandum of Agreement may include compensation for redemption of future weekly payments, and medical expenses and lump sum payments for specific injuries or impairments. Section 92(f) deeds arise from the settlement of actions for common law damages relating to workplace injuries that do not proceed to judgement in a court.

The number of 92(f) deed settlements increased between 2013/14 and 2017/18. However, the number of Memoranda of Agreement decreased during this time.

| **Table 19: Number of settlements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Settlements** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| Section 92(f) deeds | 1,916 | 2,085 | 2,207 | 2,206 | 2,523 |
| Memoranda of Agreement | 3,996 | 4,113 | 4,327 | 4,116 | 3,859 |

Section 3: Report on Operations

Service 1: Scheme Regulation

Regulation of scheme participants for compliance with legislative requirements.

Workers’ Compensation Regulatory Framework

The Workers’ Compensation Regulatory Framework (the Framework) provides staff with a ‘one stop shop’ for all regulatory tools.

In the course of developing the Framework:

* all regulatory tools were reviewed and updated
* regulatory policies were developed for all stakeholders
* supporting regulatory processes were developed
* reviews were undertaken of all Standard Operating Procedures
* a Quality Criteria Checklist was produced to ensure document standards are maintained.

Regulatory policies for employers, insurers, self-insurers, service providers and communications and education are available to stakeholders on the WorkCover WA website. All documents will be reviewed on an annual basis.

Regulating employers

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goals** | **WorkCover WA strategic goal** |
| Sustainable Finances  Future jobs and skills  Strong communities  Better places | 1 – Strategic scheme management |

WorkCover WA devotes significant resources to regulating employers for compliance with their obligations under the *Workers' Compensation and Injury Management Act 1981* (the Act) through the application of an Employer Compliance Framework.

During 2017/18, employer compliance activities included:

* expired policy enquiries
* assessment of policy cancellation requests
* investigations into suspected:
  + breaches of an employer’s legal requirement to hold workers’ compensation insurance to cover all workers
  + late/irregular weekly payments to injured workers
  + fraud
* proactive campaigns to educate employers and identify non-compliance in particular industries and suburbs (refer to page 75 for further information)
* regional compliance visits (refer to page 73 for further information).

| **Table 20: 2017/18 compliance outcomes** | |
| --- | --- |
| **Compliance activity** | **Total number** |
| Compliance inspections | 2,230 |
| Compliance investigations | 2,512 |
| Letters of caution sent | 83 |
| Infringement notices issued | 529 |
| Prosecutions completed | 43 |
| Enquiries into lapsed/expired policies | 6,707 |
| Enquiries into policy cancellations | 4,515 |

WorkCover WA’s effective regulation of employers is also demonstrated through the following Agency Key Performance Indicator (KPI) of effectiveness:

| **Table 21: 2017/18 KPI effectiveness indicator related to employer compliance** | | |
| --- | --- | --- |
| **Description** | **2017/18 Target/Result** | **Reference** |
| 1.1 Number of non‑compliance events identified as a result of a claim on the General Account | 6 - Target  4 - Result | p. 150 |

The above result indicates the low number of claims that result from employers who do not hold a workers’ compensation policy. This is largely due to a range of compliance and education activities that identify uninsured employers prior to a claim eventuating. Refer to ‘Indicator 1.1’ within Section 6: Key Performance Indicators for further explanatory detail on this KPI.

Implementation of a new investigation model

Since the 2014 introduction of infringement notices for less serious breaches of workers’ compensation legislation, modified penalties have been applied on more than 95 percent of all enforcement cases. As this outcome is less time and resource intensive than preparing cases for prosecution, it was recognised that WorkCover WA’s processes could be simplified to reflect a less rigid approach to investigation.

The objectives were to update the investigation model to:

* recognise the more administrative nature of the majority of investigations
* create greater transparency and consistency in compliance decision-making
* streamline processes and remove delays, duplication and unnecessary steps.

A new investigation model, supported by internal policies and templates, was introduced on 1 March 2018 and underpinned by Service Standards implemented in April 2018. Standards have been developed to reflect good practice in case management, investigations, administrative decision making and customer service.

The new investigation model has resulted in the number of compliance investigations more than doubling from 1,161 in 2016/17 to 2,512 in 2017/18. Data collected through this model is also being used to improve the targeted detection of businesses that employ workers without workers’ compensation insurance. WorkCover WA Inspectors are assigned geographical portfolios to enlarge the Agency’s regulatory footprint and provide more effective detection of uninsured employers.

This project was successfully completed in 2017/18.

Regional plan

WorkCover WA aims to ensure all employers, irrespective of where they operate within the State, comply with their obligations in relation to workers’ compensation and injury management.

To increase WorkCover WA’s presence in the regional areas of Western Australia (WA), WorkCover WA maintains a three year Regional Plan to ensure systematic compliance and educational activities within the regions.

This year WorkCover WA completed all remaining visits in the 2015-2018 Regional Plan. The visits were well received by employers, insurers, insurance brokers, workers and medical service providers in the areas. A new Regional Plan for   
2018-2019 has been approved.

For further information on our regional activities in 2017/18 see *Case study 1: Regional activity* below.

Case study 1: Regional activity

Under the Regional Plan, WorkCover WA visited nine regional centres in 2017/18. During the visits, WorkCover WA conducted workplace compliance inspections and delivered education seminars to medical clinics, employer groups and regional insurance branches.

**Pilbara**

In August 2017, WorkCover WA carried out 87 inspections on businesses in Karratha and Dampier. The majority of businesses visited were in the retail industry. WorkCover WA inspectors also consulted a local insurance broker during the visit to provide education.

**Goldfields**

In September 2017, WorkCover WA carried out 124 inspections on businesses in Esperance, Ravensthorpe and Hopetoun. WorkCover WA inspectors also met with Ravensthorpe Regional Council, Esperance Chamber of Commerce and Esperance Business Local during the visit.

**Kimberley**

In October 2017, WorkCover WA carried out 64 inspections on businesses in Kununurra. The majority of businesses visited were in the mechanical repair, tourism, retail and café industries. Inspectors also met with Kimberley Small Business Support, who expressed interest in having WorkCover WA involved in annual information sessions for business owners in Kununurra and Broome.

**Wheatbelt**

In October 2017, WorkCover WA travelled to the Wheatbelt town of Dallwallinu to deliver a joint presentation with Local Government Insurance Scheme (LGIS) to local shire representatives and educational materials to the town’s medical practice.

WorkCover WA inspectors also visited Jurien Bay, Lancelin, Gingin and Toodyay in November 2017 and carried out 71 inspections on businesses in the area.

**Midwest**

In November 2017, WorkCover WA officers visited Geraldton, Dongara and Kalbarri and carried out 52 inspections on businesses in the area. The officers also delivered a joint presentation with LGIS to representatives from the Shires of Geraldton, Dongara, Carew and Mingenew, and held meetings with local insurers, insurance brokers, accountants and a business advisory service.

**Great Southern**

In February 2018, WorkCover WA inspectors carried out 86 inspections on businesses in Albany and met with four local insurance brokers during the visit. Information packs were provided to six local medical practices in the region to raise awareness of WorkCover WA’s gp*support* website and where to direct injured workers for more information.

**South West**

In May 2018, WorkCover WA officers conducted an educational visit to Bunbury. The officers attended a BizLinks Forum event and conducted a pop up information booth at Bunbury Forum. They also visited three insurers, five insurance brokers, eight medical practices, three health care providers, WorkSafe WA and South West MLC Adele Farina’s office to provide education and deliver information packs.

**Gascoyne**

In May 2018, WorkCover WA carried out 40 inspections on businesses in Carnarvon and Coral Bay. Businesses that were inspected included a hairdresser, real estate agents, cafes, tour operators and retail stores.

WorkCover WA also provided education and delivered information packs to the Shire of Carnarvon, Carnarvon TAFE, Carnarvon Medical Health Campus, Carnarvon Medical Centre, insurance brokers and Coral Bay Nursing Post.

**Christmas Island**

WorkCover WA, in collaboration with the Commonwealth Government, visited Christmas Island in May 2018. Inspections were conducted on 77 businesses, with the majority in the mining and retail industry. WorkCover WA officers also held meetings and delivered educational packs to social workers, health services, the Shire of Christmas Island and the Indian Ocean Territories office.

Indian Ocean Territories Service Delivery Arrangement

WorkCover WA has a Service Delivery Agreement with the Commonwealth Government. This Agreement ensures compliance obligations are being met in the Indian Ocean Territories, and education and advice is available to local employers and injured workers.

In 2017/18 WorkCover WA and the Commonwealth Department of Infrastructure and Regional Development completed a new Service Delivery Agreement which runs from 1 July 2017 to 30 June 2021.  
  
Targeted regulatory education

WorkCover WA’s Education Plan aims to raise awareness of our Agency and the rights, roles and responsibilities of various parties within the scheme.

WorkCover WA’s targeted regulatory education campaigns are explained in further detail below.

Case study 2: Industry campaigns

As part of the 2017/18 Education Plan, WorkCover WA ran three campaigns focused on targeted industries. The industries selected were considered to present a higher risk of non-compliance with the duty to have workers’ compensation insurance or were emerging industries.

#### Hand Car Wash Campaign

The first industry campaign ran from July to September 2017 and focused on the car wash industry. During the campaign, WorkCover WA inspectors conducted 24 inspections. One employer was prosecuted for failing to hold insurance and others were issued with infringement notices.

Educational letters were distributed to car wash employers selected at random and to key industry representatives including the Australian Car Wash Association (ACWA), Small Business Development Corporation (SBDC) and the Chamber of Commerce and Industry Western Australia (CCIWA).

Two WorkCover WA officers attended an ACWA meeting in March 2018 to discuss campaign findings and industry specific workers’ compensation concerns, such as the use of contractors in car wash businesses.

This emerging industry continues to be monitored by WorkCover WA and our Agency has been working with ACWA to educate business operators about their workers’ compensation obligations.

#### Road Freight, Restaurants and Cafes Campaign

The second industry campaign ran from October to December 2017 and focused on road freight services, restaurants and cafes.

WorkCover WA sent letters to the SBDC, CCIWA, Transport Workers Union, WA Road Transport Road Association, National Road Transport Association, Transafe WA, National Restaurant Association, and the Restaurants and Catering Industry Association of WA. The letters directed recipients to the WorkCover WA website and acted as an informative tool to educate industry representatives of the Agency’s role in the scheme and to remind employers of their duty to hold workers’ compensation insurance.

An article was published in Wheels Magazine in December 2017 further promoting the campaign’s key messages to transport operators.

The campaign was a success, with WorkCover WA inspectors conducting 408 inspections.

#### Residential Construction Industry Campaign

The final industry campaign ran from January to June 2018 and focused on the residential construction industry. WorkCover WA inspectors conducted compliance checks during this time on painters and bricklayers.

Articles and advertisements were published in industry publications including Master Builders Magazine and the Housing Industry Association’s Building News. An educational email was also sent to residential construction industry associations and over 300 employers advising them of the campaign and of their duty to hold workers’ compensation insurance.

As part of the campaign, WorkCover WA held a Residential Construction Industry Seminar on 10 April 2018. Further information on the Residential Construction Industry Seminar can be found on page 102. WorkCover WA also exhibited at the Perth Tradies Expo from 22 to 24 June 2018. Further information on the Tradies Expo can be found on page 104.

GP campaign

The GP campaign was developed in 2017/18 with the aim of educating general practitioners on their role within the scheme and the importance of   
Certificates of Capacity.

As part of the campaign, WorkCover WA determined the top ten suburbs in WA with the highest number of workers’ compensation claims and targeted medical centres within these suburbs. Educational emails and resources were sent to over 70 medical centres in suburbs including Baldivis, Ellenbrook and Thornlie. Articles were also published on the WorkCover WA and *gpsupport* websites, and educational posts published on our Twitter and Facebook pages.

In 2018/19, WorkCover WA will publish further articles and advertisements in relevant medical publications. The results of the campaign will be available next financial year.

Business insurance packages

In 2017/18 WorkCover WA identified a number of cases where employers mistakenly believed their ‘business insurance package’ covered them for workers’ compensation. Many of these packages specifically exclude workers’ compensation liability.

In response to these findings, WorkCover WA ran a targeted education campaign which involved submitting e-news articles to relevant agencies and associations. The articles advised employers to check they had adequate workers’ compensation insurance coverage, and this information was also published on the WorkCover WA Facebook and Twitter accounts.

Letters were sent to approved and other commercial insurers requesting their ‘business insurance’ product advertisements be clear about whether workers’ compensation insurance was included or not. WorkCover WA worked directly with one large business insurance provider to correct information on their website.

The issue was also promoted at the Insurance Brokers’ Breakfast Seminar in December 2017. See page 101 for more information about this event.

Noise induced hearing loss

In 2017/18, WorkCover WA continued to offer advice and guidance to workers and employers across the State with regards to noise induced hearing loss related tests and claims.

| **Table 22: Involvement in noise induced hearing loss in 2017/18** | |
| --- | --- |
| **Activity/outcome** | **Total number** |
| Workers identified with potential noise induced hearing loss claims | 738 |
| Full audiological assessments arranged | 206 |
| Otorhinolaryngology (ear, nose and throat) assessments of occupational hearing loss arranged | 140 |
| Successful claims for work-related gradual onset noise induced hearing loss | 100 |
| First election claims (10 percent permanent hearing loss) | 92 |
| Subsequent election claims (additional five percent permanent hearing loss) | 8 |

Regulating service providers

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goals** | **WorkCover WA strategic goals** |
| **Sustainable finances**  **Strong communities** | **1 – Strategic scheme management**  **2 – Leadership** |

WorkCover WA approves and monitors service providers to ensure compliance with the Act and an appropriate standard of service delivery. WorkCover WA approves and monitors the following service providers:

* insurers and self-insurers
* registered agents
* workplace rehabilitation providers
* approved medical specialists
* audiometric officers, audiologists and audiometrists.

Regulation of service providers in 2017/18 included:

* annual review of the performance of approved insurers and self-insurers to measure compliance and identify areas for service improvement
* audits of workplace rehabilitation providers, insurers and self-insurers
* approval, renewal and reinstatement of workplace rehabilitation providers and registered agents
* review of service delivery proposals
* approval of a self-insurer
* revocation of a self-insurer
* investigation of complaints
* regular meetings with service providers and representative bodies
* delivery of regulatory education to influence best practice service provision.

| **Table 23: Approved and monitored service providers** | | | |
| --- | --- | --- | --- |
| **Type of service provider** | **Total Approved (2016/17)** | **Total Approved (2017/18)** | **Monitored as  at 30/6/2018 \*** |
| Insurers | 7# | 0 | 8 |
| Self-insurers | 0 | 1 | 24 |
| Registered agents | 221 | 243 | 225 |
| Workplace rehabilitation providers | 3 | 4 | 46 |
| Audiometric officers, audiologists and audiometrists | 58 | 48 | 433 |
| Approved medical specialists | 7 | 9 | 267 |
| **Totals** | **296** | **305** | **1,003** |

*\*Reflects the total number of approved service providers in the scheme as at 30 June 2018.*

*#Seven insurers were renewed in November 2016 as a consequence of the expiry of their current period of approval. The approval of one insurer had not yet expired.*

| **Table 24: Complaints against service providers** | | | |  |
| --- | --- | --- | --- | --- |
| **Type of service provider** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| Insurers | 11 | 7 | 4 | 5 |
| Self-insurers | 0 | 2 | 0 | 1 |
| Registered agents | 7 | 2 | 2 | 2 |
| Workplace rehabilitation providers | 2 | 7 | 0 | 0 |
| Audiometric officers, audiologists and audiometrists | 0 | 0 | 0 | 0 |
| Approved medical specialists | 2 | 0 | 2 | 0 |
| **Total complaints** | **22** | **18** | **8** | **8** |

WorkCover WA Online Services

WorkCover WA’s Online Services project continued throughout 2017/18 with a focus on streamlining and digitising a number of insurer, noise induced hearing loss (NIHL) and workplace rehabilitation processes.

Processes included in the 2017/18 project were those used daily by insurers,   
self-insurers, audiometric officers, audiometrists, audiologists and workplace rehabilitation providers. The new online services were scheduled to be finalised and released in the first week of 2018/19.

Insurers and self-insurers

WorkCover WA monitors approved insurers and self-insurers to ensure compliance with performance indicators and statutory requirements. Improvements were made by WorkCover WA in 2017/18, with policy cancellations and 75% leave loading requests now being lodged through WorkCover WA Online. More information about WorkCover WA Online for insurers and self-insurers is on page 81.

WorkCover WA approved insurers

* Allianz Australia Insurance
* Catholic Church Insurances
* CGU Workers’ Compensation (Insurance Australia Group)
* GIO Insurance (AAI Limited)
* Guild Insurance
* QBE Insurance
* WFI Insurance (Insurance Australia Group)
* Zurich Australian Insurance
* Insurance Commission of WA\*  
  \**insurance covering WA State Government workers*

WorkCover WA approved self-insurers

* Alcoa World Alumina
* Arrium Ltd (revoked 9 October 2017)
* ANZ Bank
* BHP Billiton
* Bluescope Steel
* BP Australia
* Brambles
* Bristile
* Cockburn Cement
* Competitive Foods Australia
* CSR
* Holcim (Australia) Holdings
* Inghams Enterprises
* ISS Facility Services Australia
* Metcash
* Myer
* Onesteel (approved 3 January 2018)
* Primary Health Care
* South32
* St John of God Health Care
* Wesfarmers
* Western Australian Local Government Association
* Westpac Banking Corporation
* Woodside Energy
* Woolworths Group

Annual performance review

The performance of approved insurers is reviewed annually by WorkCover WA. The Annual Review Report 2016/17 was considered by the Board in November 2017. The report provided an assessment of approved insurer performance under the following categories:

* service delivery and claims management
* settlements and disputes
* data submission
* audit results.

While all insurers were considered to meet service expectations, some insurers received “improvement letters” seeking commitment to address issues where performance fell below the benchmark or the insurer average.

WorkCover WA audits of insurers and self-insurers considered the management and application of internal dispute practices by insurers and self-insurers. Opportunities for improvement were identified and relayed where appropriate.

WorkCover WA also wrote to all insurers following the 2016/17 review seeking an improvement in the timeliness and quality of policy and claims data submitted. Whilst this remains an area of focus, all insurers demonstrated some improvement in the timeliness of policy data submitted.

Complaint investigations against approved service providers

WorkCover WA manages complaints about approved service providers in accordance with the *Complaints Against Scheme Participants Policy.* Processes and procedures for making a complaint are available on the WorkCover WA website.

WorkCover WA encourages the use of service provider internal dispute resolution processes to resolve complaints and disputes in the first instance.

Insurers and self-insurers

Insurers and self-insurers provide underwriting, claims and injury management services to employers and injured workers.

Complaint investigations against approved insurers and   
self-insurers

In 2017/18 WorkCover WA investigated five complaints against approved insurers, compared with four in the previous year. One of these complaints was substantiated.

One unsubstantiated complaint against a self-insurer was investigated in 2017/18, compared with no complaints in 2016/17.

Registered agents

WorkCover WA registers agents who may represent parties in proceedings in the Workers’ Compensation Conciliation and Arbitration Services.

Registered agents are approved and regulated by WorkCover WA and are subject to performance monitoring for compliance with the *Registered Agents Code of Conduct*, as well as a gazetted scale of costs.

Most registered agents are employees of insurers, self-insurers, law firms or representative organisations and act under the instruction of their employer. Some agents are approved to operate as independent registered agents. Independent registered agents are not legal practitioners and cannot provide advice about matters other than the resolution of workers’ compensation disputes.

In 2017/18, there were 225 registered agent approvals, of which four were independent registered agents.

Complaint investigations against registered agents

There were two complaints against a former independent registered agent made in 2017/18, however, WorkCover WA was unable to investigate as the agent was not registered when the complaints were made.

Workplace rehabilitation providers

Approved workplace rehabilitation providers assist injured workers to return to work through services including workplace visits, vocational assessment, host employment placements, workplace support and redeployment.

Workplace rehabilitation provider approvals are valid for three years. In 2017/18, WorkCover WA approved four new workplace rehabilitation providers and audited four. At 30 June 2018, there were 46 workplace rehabilitation providers operating within the scheme.

Complaint investigations against workplace rehabilitation providers

No complaints were received about workplace rehabilitation providers for investigation in 2017/18.

Audiometric officers, audiologists and audiometrists

Audiometric officers, audiologists and audiometrists are approved by WorkCover WA to conduct baseline hearing tests and full audiological assessments for the purposes of the scheme. The regulatory framework ensures high standards are maintained for the processing of hearing tests and audiological testing.

In 2017/18, WorkCover WA approved 433 audiometric officers, audiologists and audiometrists to operate within the scheme.

Complaint investigations against approved audiometric officers, audiologists and audiometrists

There were no complaints recorded about approved audiometric officers, audiologists and audiometrists for investigation in 2017/18.

Approved medical specialists

Approved medical specialists undertake permanent impairment assessments in accordance with the *WorkCover WA Guidelines for the Evaluation of Permanent Impairment* (WA Guidelines).

In order to become an approved medical specialist, a medical practitioner must meet specific criteria and complete formal training on the fifth edition of the American Medical Association’s *Guides to the Evaluation of Permanent Impairment* and the WA Guidelines. WorkCover WA may then designate a medical practitioner as an approved medical specialist qualified to assess an injured worker’s degree of permanent impairment.

In 2017/18, WorkCover WA designated nine new approved medical specialists and, as at 30 June 2018, there were 267 operating within the WA scheme.

Complaint investigations against approved medical specialists

There were no complaints about approved medical specialists investigated in 2017/18.

Improving scheme performance

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goals** | **WorkCover WA strategic goals** |
| **Sustainable finances**  **Strong communities** | **1 – Strategic scheme management**  **2 – Leadership** |

WorkCover WA ensures the stability and fairness of the scheme by ensuring worker entitlements, premium rates and provider fees remain fair and reasonable.

During 2017/18, WorkCover WA made adjustments to:

* the entitlement limits of injured workers
* recommended premium rates for workers’ compensation insurance policies
* fees payable to medical and allied health providers operating in the workers’ compensation scheme.

Other scheme performance initiatives are in this section.

GP Clinical Guidelines for mental health compensation claims

The Institute for Safety Compensation and Recovery Research (ISCRR), in partnership with the Department of General Practice at Monash University (Monash), is undertaking a three-year project to deliver and implement clinical guidelines to assist general practitioners manage patients with mental health compensation claims

WorkCover WA, along with a number of Australian injury compensation jurisdictions, has offered financial support to the project, reflecting the national relevance and importance of the project.

Public consultation on draft clinical guidelines concluded in March 2018 and a final draft is likely to be submitted to the National Health and Medical Research Council for consideration in August 2018. The guidelines will then be considered for endorsement and promotion by relevant organisations including WorkCover WA.

Approved medical specialists – Designation criteria and training review

In 2016 WorkCover WA implemented the *National Guidelines for the Evaluation of Permanent Impairment* (National Guidelines).

Following the implementation of the National Guidelines, WorkCover WA has undertaken an internal review of the designation criteria and training requirements to enable national training and recognition of interstate assessors of impairment.

The implementation of changes to the designation criteria and training for AMS will be subject to consultation as part of the development of a new workers’ compensation statute.

Review of Recommended Premium Rate Methodology

The purpose of this project was to review data development issues associated with transition to new industry premium rating classifications based on ANZSIC 2006 and to consider alternative premium rating methodologies for calculating recommended premium rates.

The review of the premium rating methodology sought to ensure premium rates remain fair and sustainable.

The Board approved the transition to new industry premium rate classifications commencing with the 2018/19 recommended premium rates. A temporary high and low limit to the change in premium rates has been applied to assist in managing the financial impact on employers associated with the transition to the new classifications.

Focus on injury management and return to work

WorkCover WA was involved with a Safe Work Australia project to develop a best practice framework for the management of psychological injury claims. The objective of the project was to adapt SuperFriend’s group life insurance psychological claims management framework for the Australian workers’ compensation sector.

This project has been finalised with the publication of the *Taking Action: A Best Practice Framework for the Management of Psychological Claims in the Australian Workers’ Compensation* *Sector*, which WorkCover WA has promoted with insurers and self-insurers for adoption or integration into claim management practices.

In June 2018 Safe Work Australia also released the national guide *Work-related psychological health and safety – A systematic approach to meeting your duties*.

Progressing legislative reform

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goals** | **WorkCover WA strategic goals** |
| **Sustainable finances**  **Strong communities** | **1 – Strategic scheme management**  **2 – Leadership** |

Entitlements for dependants of deceased workers

Previously, legislation relating to entitlements for dependants of deceased workers was complex and difficult to navigate, particularly in the context of having lost a family member to a workplace accident.

In late 2017, the Minister for Commerce and Industrial Relations introduced a Bill into Parliament to significantly increase the level of compensation and support for dependants of workers killed at work.

The *Workers’ Compensation and Injury Management Amendment Act 2018* was passed by both houses of Parliament and commenced operation on 1 July 2018.

The new provisions provide for:

* an increase in the lump sum compensation payable to dependants to over half a million dollars
* more than doubling the weekly allowance for each dependent child
* de facto partners having access to compensation on a similar footing to married spouses
* an expedited claims process.

These amendments are part of a larger legislative review that will develop a new workers’ compensation statute. For more information see the ‘Legislative Review’ section on page 31.

Service 2: Scheme Services

Provision of effective and equitable dispute resolution and other services to scheme participants.

Resolving disputes

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| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goals** | **WorkCover WA strategic goals** |
| **Sustainable finances**  **Strong communities** | **1 – Strategic scheme management**  **2 – Leadership** |

WorkCover WA’s Conciliation and Arbitration Services provide a fair and cost effective system to resolve disputes in a timely, accessible, approachable and professional manner. It also aims to:

* minimise costs to parties to disputes
* in the case of conciliation, lead to final and appropriate agreements between parties in relation to disputes
* in the case of arbitration, enable disputes not resolved by conciliation to be determined with as little formality and technicality as practicable.

In addition to facilitating the resolution of disputes by conciliation, the Workers’ Compensation Conciliation Service (Conciliation Service) is responsible for recording workers’ compensation claims finalised through settlement (i.e. registration of Memoranda of Agreement and common law settlement deeds) and the processing of documents submitted in relation to common law elections.

3,859 Memoranda of Agreement were registered in 2017/18.

Initiatives implemented in the Conciliation and Arbitration Services to improve service delivery in 2017/18 included:

* issuing three Practice Notes by the Registrar to promote a more streamlined Arbitration process and provide direction to practitioners
* implementing the voluntary pre-arbitration conference program after a successful pilot. The program facilitates parties meeting ahead of a scheduled arbitration hearing and, where appropriate, enables the early resolution of disputes prior to Arbitration. This provides significant savings and the ability to allocate hearing dates to other matters enabling earlier access to arbitration for all
* appointing new arbitrators and increasing the pool of sessional arbitrators to maintain appropriate resource levels and service delivery timeframes.

Dispute resolution performance

The objective of the Conciliation Service is to provide a timely and effective service to assist parties to resolve their dispute by agreement. The focus of the Arbitration Service is resolving disputes which were unable to be resolved by conciliation according to their substantial merits.

The following tables illustrate WorkCover WA’s achievement of these objectives, including numbers of applications accepted and cases completed. In Table 25, KPI effectiveness indicator 1.2 relates to Conciliation Services and 1.3 to Conciliation and Arbitration Services combined.

| **Table 25: 2017/18 Conciliation and Arbitration Services applications and cases\*** | |
| --- | --- |
| Conciliation applications accepted | 2,050 |
| Conciliation cases completed | 2,035 |
| Arbitration applications accepted | 586 |
| Arbitration cases completed | 578 |

\*The figures for conciliation and arbitration cases ‘completed’ include some applications which were accepted for lodgement in previous financial years.

| **Table 26: 2017/18 KPI effectiveness indicators related to the Conciliation and Arbitration Service** | | |
| --- | --- | --- |
| **Description** | **2017/18 Target/Result** | **Reference** |
| 1.2 Proportion of conciliations completed within eight weeks | 97.0% - Target  96.7% - Result | p. 152 |
| 1.3 Proportion of disputes resolved within six months | 90.0% - Target  84.1% - Result | p. 155 |

Dispute Services Users Group

The Dispute Services Users Group was established as a means of engaging and consulting with key stakeholders involved with Conciliation and Arbitration Services, including legal practitioners and registered agents. It provides an effective forum for the two-way exchange of information regarding the operations of the Conciliation and Arbitration Services, and workers’ compensation dispute resolution matters in general. The Dispute Services Users Group meets biannually.

In 2017/18, the group was consulted on the proposed amendments to the Act relating to compensation for dependents of workers killed at work. The group discussed the proposed referral of dependency claims directly to the Arbitration Service to expedite the payment of compensation, and provided feedback on the proposed administrative instruments supporting the determination process.

Business Process Redesign

As part of WorkCover WA’s *IT Strategic Plan,* the Conciliation and Arbitration Services have commenced work to progress current services to an online environment by 2020.

In 2017/18, the Conciliation and Arbitration Services completed a Business Process Redesign project to ensure existing processes are fit for purpose and effective prior to a transition online.

Pre-arbitration conference

A pilot program of pre-arbitration conferences commenced in 2016 in response to frequent discontinuance or settlement of arbitration matters just prior to a scheduled arbitration hearing.

As part of a pre-arbitration conference, parties agree to participate, on a voluntary basis, in a meeting held approximately one month prior to the scheduled arbitration hearing. This is intended to narrow the issues in dispute prior to the arbitration date, and to minimise the resource impact related to the late discontinuance of matters.

The pre-arbitration conferences have led to a more efficient use of Arbitration Service resources and as a result the program will continue in the future. In 2017/18 125 pre-arbitration conferences were held, with 85 percent of these disputes resolving without the need for formal arbitration.

Conciliation Officer Development Program

The Conciliation Officer Development Program (the Program) was first established in April 2014 to develop a pool of suitably skilled WorkCover WA staff to undertake the role of a conciliation officer. This is a graduated program which builds skills and knowledge over a 13 week period in a supported environment.

In 2017/18, one WorkCover WA staff member successfully completed the Program.

The Program has helped the Conciliation Service maintain appropriate staffing levels and service delivery, and as a result will continue into the foreseeable future.

Arbitrator and Conciliation Officer Professional Development

WorkCover WA continually invests in the professional development of conciliation officers and arbitrators through a combination of in-house and external training opportunities.

In 2017/18, in-house professional development opportunities were provided, including a renewed course on making costs decisions in workers’ compensation disputes, and training on developments in workers’ compensation case law in WA.

External training opportunities were also provided to arbitrators to enable them to meet their professional development obligations under the *Legal Profession Act 2008.*

The Registrar of the Arbitration Service maintains a library of all relevant appeal decisions and circulates decisions to conciliation officers and arbitrators to ensure their knowledge of the workers’ compensation law is current. Monitoring these decisions also assists WorkCover WA’s awareness of developing trends in workers’ compensation case law in Western Australia.

Education and information

|  |  |  |
| --- | --- | --- |
| **This scheme service contributes to, and is aligned with:** | **Government Goals** | **WorkCover WA strategic goals** |
| **Sustainable finances**  **Better places** | 1. **Strategic scheme management** 2. **Leadership** |

WorkCover WA offers education, advice and assistance to workers, employers and other stakeholders via a range of methods and resources. Providing education and information is a vital WorkCover WA service aimed at establishing and increasing stakeholders’ knowledge of rights and responsibilities in regards to workers’ compensation and injury management.

WorkCover WA completed initiatives in line with the *External Communications Strategy 2016–2018,* ensuring a systematic approach to all communications and education activities.

WorkCover WA educational videos

WorkCover WA has continued to add to our suite of educational videos that provide information and support for a range of workers’ compensation and injury management topics.

The videos are available under the ‘Educational videos’ section of the   
WorkCover WA website. New videos launched in 2017/18 include:

* *Workers’ compensation insurance: a guide for employers*
* *Injured workers: what are my entitlements*
* *Dispute resolution: what happens if there is a dispute*
* *Certificates of Capacity: guidance for doctors*
* *Workers’ compensation insurance: a guide for insurance brokers*

WorkCover WA also translated the most commonly viewed video, ‘*Making a claim*,’ in Chinese Mandarin with voiceover and closed captions.

Additional videos on a further range of topics, including contractors and settlements, are scheduled to be released in 2018/19. Further consideration will be given to translating additional videos.

| **Table 27: Educational videos 2017/18** | |
| --- | --- |
| **Video title** | **Total views** |
| Making a claim | 1,407 |
| Injured workers: what are my entitlements | 1,284 |
| Return to work | 1,099 |
| Return to work: employer guide | 1,096 |
| Case conferences | 1,061 |
| Dispute resolution: what happens if there’s a dispute | 706 |
| Workers’ compensation insurance: a guide for employers | 671 |
| Certificates of Capacity: guidance for doctors | 426 |
| Workers’ compensation insurance: a guide for brokers | 326 |
| **Total** | **8,076** |

Publications

WorkCover WA publishes a range of educational resources providing workers, employers and service providers with relevant and comprehensive information on workers’ compensation and injury management rights, obligations and entitlements.

In 2017/18, the *Workers’ Compensation and Injury Management: A Guide for Workers* (Workers’ Guide) was the most requested publication by mail, comprising 69 percent of all publications ordered. The Workers’ Guide was also the most downloaded publication, recording 33 percent of all downloads.

This financial year was the first time the number of publications downloaded was higher than the number of publications mailed. This is due to the increased promotion of online resources to stakeholders.

WorkCover WA publications can be downloaded from the resources section on the WorkCover WA website at [www.workcover.wa.gov.au/resources/forms-publications](http://www.workcover.wa.gov.au/resources/forms-publications).

| **Table 28: Publication distribution** | | |  |
| --- | --- | --- | --- |
| **Publication** | **Number mailed** | **Number downloaded** | **Number of translated publications downloaded\*** |
| Workers’ Compensation and Injury Management: A Guide for Workers | 4,792 | 7,389 | 1,756 |
| Workers’ Compensation: A Guide for Employers | 785 | 5,658 | 4,413 |
| Injury Management: A Guide for Employers | 528 | 3,624 | 588 |
| A technical note on contractors and workers’ compensation | 477 | 3,507 | N/A |
| A Guide to Noise Induced Hearing Loss | 120 | 1,036 | N/A |
| What happens if there is a dispute? | 182 | 1,179 | 969 |
| Insurance Brokers’ Code of Practice | 12 | 439 | N/A |
| **Total** | **6,896** | **22,393** | **7,726** |

\**Translated languages include Chinese, Italian, Malaysian and Vietnamese.*

WorkCover WA website

WorkCover WA’s website provides information on our services and the rights and responsibilities of stakeholders in an accessible, user-friendly format. Stakeholders can subscribe to Latest News updates from WorkCover WA and in 2017/18 our Agency sent 45 Latest News articles to 1,335 website subscribers. There were 439,960 downloads of publications, forms, reports and other information in 2017/18.

In 2017/18, WorkCover WA changed its website data collection software to a more accurate server-side analytics program. Previous software only captured client-side analytics. Therefore, the number of downloaded publications, forms, reports and other information is significantly higher than previous years. The rise in downloads can also be attributed to the increased promotion of online resources to stakeholders.

General website statistics

|  |  |
| --- | --- |
| **Table 29: Key downloads for 2017/18** | |
| Variations in the Prescribed Amount 2017/18 | 14,650 |
| Workers’ Compensation Claim Form | 12,276 |
| Recommended Premium Rates 2017/18 | 7,942 |

| **Table 30: Site visits for 2017/18** | |
| --- | --- |
| New visitor | 129,195  (77.7%) |
| Returning visitor | 37,083  (22.3%) |
| Total visits | 268,429 |
| Unique visits | 134,184 |

| **Table 31: Views by WorkCover WA website channels** | |
| --- | --- |
| Resources | 239,022 |
| Workers | 158,764 |
| Employers | 119,150 |
| Health providers | 40,725 |
| News | 38,400 |
| Service providers | 31,365 |
| Contact us | 16,780 |
| Resolving a dispute | 16,588 |

gp*suppor*t website

WorkCover WA continued to promote stakeholder engagement and cooperation via its subsidiary gp*support* website, a key educational tool for general practitioners who have an important role to play in the workers’ compensation and injury management scheme.

Three news articles were published on the gp*support* website in 2017/18 on topics including the:

* Clinical Practice Guidelines
* launch of the ‘Certificates of Capacity – guidance for doctors’ educational video
* WorkCover WA’s GP campaign

| **Table 32: gp*support* site visits for 2017/18** | |
| --- | --- |
| New visitor | 2,975 (87.7%) |
| Returning visitor | 418  (12.3%) |

Social media

Twitter

WorkCover WA uses Twitter to engage and communicate with external stakeholders. Information is ‘tweeted’ with links directing followers to the WorkCover WA website for more information.

During 2017/18, WorkCover WA ‘tweeted’ 83 times to 463 followers including workers, healthcare providers, business managers, human resource officers and advocacy groups.

Facebook

WorkCover WA’s Facebook page was launched in January 2018 as an additional source of information and education for our external stakeholders.

WorkCover WA has so far accumulated 73 followers and published 45 posts on a range of topics including:

* WorkCover WA’s regional visits to Albany, Bunbury and the Gascoyne
* educational events, such as WorkCover WA’s Employer Essentials and Residential Construction Industry seminars
* scheme updates, such as changes to the recommended premium rates.

Advice and Assistance Unit

WorkCover WA’s Advice and Assistance Unit is the Agency’s frontline service for workers, employers and other stakeholders who require immediate guidance related to workers’ compensation and injury management.

This year the Unit responded to 19,939 requests for advice and assistance by email, letter, phone and onsite at WorkCover WA. The requests came from a broad cross section of stakeholders and covered topics including the claims process, injury management, return to work, weekly compensation rates and entitlements, workplace rehabilitation entitlements, and dispute resolution.

In 2017/18, data collected from requests for advice and assistance were categorised based on stakeholder type and where possible, organisation. This helped to inform and determine appropriate targeted regulatory activity and education.

Another initiative introduced and trialled in 2017/18 was a live chat feature on the WorkCover WA website, enabling stakeholders to directly message an Advice and Assistance Officer online with their queries. Over the two month trial, 217 chats were received. This feature will be reviewed in 2018/19.

Training and seminars

During 2017/18, WorkCover WA delivered a range of events in the form of seminars, information sessions and presentations. The events informed stakeholders and the general public about workers’ compensation and injury management rights, obligations and responsibilities. The events also promoted collaboration and mutual respect between stakeholder groups by providing insight into the various elements of the scheme. Table 32 outlines some of the events delivered by WorkCover WA in 2017/18.

| **Table 33: Events delivered by WorkCover WA in 2017/18** | | |
| --- | --- | --- |
| **Event name** | **Target stakeholder** | **Event details** |
| Welcome to WorkCover WA Seminar | Employers, service providers, health providers | Provides an introduction to the workers’ compensation and injury management scheme in Western Australia and WorkCover WA |
| Insurance Brokers’ Breakfast Seminar | Insurance brokers, insurers, self-insurers | Updates stakeholders with WorkCover WA’s activities and current priorities, and relevant statistics and trends |
| Residential Construction Seminar | Employers, contractors, sub-contractors | Overviews the role of WorkCover WA and discusses employer obligations and contracting arrangements |
| Approved Medical Specialist Training | Specialist and non- specialist medical practitioners | Provides training to specialist and non-specialist medical practitioners seeking to become designated as WorkCover WA Approved Medical Specialists. |

WorkCover WA seminars

Welcome to WorkCover WA

Welcome to WorkCover WA seminars are regular events in the Agency’s calendar. Providing an introductory overview of WorkCover WA and its role within the workers’ compensation and injury management scheme, the seminar offers attendees an opportunity to discuss individual queries and concerns with experienced divisional heads.

WorkCover WA conducted 4 seminars in 2017/18, informing and educating 182 stakeholders about the scheme. Attendees included workers, employers, and scheme and service providers.

WorkCover WA received positive feedback for the seminars, including:

* “*All the speakers were knowledgeable and delivered information and resources clearly and precisely*.”
* “*I was very pleased with the information given and the commitment to ongoing contact should I need to be in touch in the future*.”

A number of attendees commented they would like further information in relation to injury management coordination and the return to work process. To help improve future seminars, WorkCover WA added more information about these topics to the presentation.

|  |  |
| --- | --- |
| **Table 34: 2017/18 Welcome to WorkCover WA seminar attendance\*** | |
| Employer | 49% |
| Service provider | 14% |
| Health provider | 14% |
| Other / No response | 16% |
| Worker | 7% |

\*Based on feedback from 135 attendees

Insurance Brokers’ Breakfast Seminar

The 2017 Insurance Brokers’ Breakfast Seminar was held on Friday 8 December at Crown Perth. This was the eighth seminar since the commencement of the series in 2006, continuing WorkCover WA’s commitment to engaging with insurance brokers in collaboration with the National Insurance Brokers Association.

The event included a keynote presentation from generational expert Claire Madden that discussed the trends redefining the future of work. The seminar helped insurance brokers:

* learn more about WorkCover WA and the WA scheme
* better understand WorkCover WA’s regulatory role
* receive feedback about how the services of brokers are perceived by stakeholders and where the interface between insurers, brokers, employers and workers can be improved
* hear about latest scheme trends and developments.

Nearly 200 brokers attended the event. The presentation was rated as either ‘good’ or ‘excellent’ by 90 percent of surveyed attendees, with 100 percent indicating they would recommend the seminar to others.

The seminar also provided a platform for the launch of WorkCover WA’s latest educational video, ‘*Workers’ compensation insurance: a guide for insurance brokers’*. For more information in relation to the video read Educational videos on page 93.

Residential Construction Industry Seminar

WorkCover WA held the Residential Construction Industry Seminar on 10 April 2018. The seminar was held in response to data showing the industry was one of the top two industries most at risk of employers not holding adequate workers’ compensation insurance.

The seminar aimed to educate employers in the industry about their rights, roles and obligations under the scheme. Twenty six employers attended the event, ranging from bricklayers and builders, to painters and plumbers.

Positive feedback was received, with 100 percent of attendees indicating the seminar better informed them about workers’ compensation and employer obligations.

The seminar was held to coincide with WorkCover WA’s Residential Construction Industry Campaign. More information about the campaign is available under Case Study 2: Industry campaigns on page 75.

Approved medical specialist training

In order to become an approved medical specialist, medical practitioners must complete formal training in permanent impairment assessment, including a   
WA-specific session.

In 2017/18, WorkCover WA held one training session on the WA permanent impairment assessment regime and registered nine new approved medical specialists.

Presentations on request

WorkCover WA delivers a range of tailored presentations to stakeholders upon request. During 2017/18, the Agency delivered eight external presentations to stakeholders including regional shires, physiotherapists and insurers.

The presentations focused on:

* the role of WorkCover WA
* the workers’ compensation scheme
* the claims process
* injury management and return to work.

External seminars

WorkCover WA presents and exhibits at a number of external events and seminars each year. These activities enable workers’ compensation and injury management information and practical advice to be provided to hundreds of interested stakeholders.

Bizlinks

BizLinks events are hosted by the Small Business Development Corporation and provide WorkCover WA the opportunity to educate small business owners about their workers’ compensation and injury management obligations. In 2017/18, WorkCover WA presented at BizLinks seminars in Perth and Bunbury.

Each free BizLinks seminar involves 9-10 government agencies presenting to 50-60 attendees. Involvement in the seminars has proved successful with a number of attendees indicating their knowledge of workers’ compensation significantly increased after the event.

Edith Cowan University

In 2017/18, WorkCover WA presented to third year Occupational Therapy, third year Occupational Safety and Health, and postgraduate Human Resources students at Edith Cowan University. The presentations focused on workers’ compensation, the role of rehabilitation providers in the workers’ compensation and injury management scheme, and the importance of an effective return to work. Information provided to students formed the basis of either an assignment or examination question. Feedback indicated the presentations were well received and useful to students’ studies.

External exhibitions

NIFNEX Small Business Expo

WorkCover WA exhibited at the NIFNEX Small Business Expo on 5 May 2018. The majority of enquiries were in relation to workers’ compensation insurance, employer obligations and contracting arrangements.

WorkCover WA also exhibited at the NIFNEX Business Essentials Expo on 15 September 2017. The majority of enquiries focused on contractors and   
sub-contractors, and general information about workers’ compensation.

Exhibiting at the expos enabled WorkCover WA to engage with the small business community and ensure small business owners were aware of their obligation to insure all workers for workers’ compensation.

Perth Franchising Expo

WorkCover WA exhibited at the Perth Franchising Expo at Crown Perth on 6 May 2018. Over 1,000 people visited the Expo and WorkCover WA staff also made contact with the 50 other exhibitors present. Attending staff were kept busy providing information, handing out publications and responding to queries. The majority of queries came from potential and current business owners about better understanding their legal requirements and knowing when they needed to take out workers’ compensation insurance.

Perth Tradies Expo

WorkCover WA exhibited at the Perth Tradies Expo at Ascot Racecourse from 22 to 24 June 2018. This event provided WorkCover WA staff with the opportunity to liaise with tradespeople about their obligations, in particular regarding contracting and   
sub-contracting arrangements.

Approximately 8,000 people attended the three day event. Staff answered questions from attendees about covering workers for workers’ compensation insurance and contracting arrangements.

The exhibition coincided with WorkCover WA’s Residential Construction Industry Campaign. More information about the campaign is available under Case Study 2: Industry campaigns on page 75.

Collaboration

WorkCover WA collaborates with external parties who contribute to the effective management of the WA scheme. This collaboration is aimed at ensuring ongoing improvement of State and National workers’ compensation outcomes.

National collaboration

Heads of Workers’ Compensation Authorities

On 31 December 2017, WorkCover WA successfully completed its two-year term as chair of the Heads of Workers’ Compensation Authorities (HWCA). HWCA comprises the Chief Executives (or their representatives) of the peak bodies responsible for the regulation of workers’ compensation in Australia and New Zealand. This includes Australia's 10 workers' compensation authorities and the New Zealand Accident Compensation Corporation.

HWCA’s vision is to promote and implement best practice in workers’ compensation arrangements in Australia and New Zealand in the areas of policy and legislative matters, regulation and scheme administration. HWCA also liaises with Safe Work Australia on workers’ compensation matters.

As chair of HWCA, WorkCover WA provided executive and policy level support for meetings and national projects. On 1 January 2018, Comcare assumed responsibility for chairing HWCA. WorkCover WA maintains an active role in driving a strategic policy agenda at a national level.

Strategic Issues Group – Workers’ Compensation

WorkCover WA’s Chief Executive Officer (CEO) is WA’s representative on the Safe Work Australia Strategic Issues Group – Workers’ Compensation (SIG‑WC).   
SIG-WC is a forum for workers’ compensation authorities and social partners to discuss national policy issues. SIG-WC has a strategic focus and develops initiatives to improve workers’ compensation arrangements across Australia.

Some of the key activities progressed in 2017/18 by SIG-WC include:

* implementing *Taking Action: A Best Practice Framework for the Management of Psychological Claims for the Australian Workers’ Compensation Sector*
* publishing fact sheets regarding return to work experiences and outcomes of employees with psychological injury claims.
* publishing key benchmark reports including the *Comparative Performance Monitoring Report* and the 25th edition of the *Comparison of Workers’ Compensation Arrangements in Australia and New Zealand*.

Personal Injury Education Foundation

WorkCover WA is a member of the Personal Injury Education Foundation   
(PIEF, www.pief.com.au) and continued to support programs developed by PIEF in 2017/18, including the *Principles of Personal Injury Scheme Design and Evaluation*.

Australian Taxation Office

WorkCover WA has continued to work with the Australian Taxation Office (ATO) in 2017/18 to identify potential employer compliance breaches. The ATO data is an invaluable source of information for proactive campaigns and WorkCover WA will continue to work with the ATO to optimise the use of data in regulatory activities.

State collaboration

Commission for Occupational Safety and Health

The WorkCover WA CEO attends meetings of the Commission for Occupational Safety and Health. The Commission consists of representatives from employers, employees, government and people with expertise and knowledge in occupational safety and health matters. WorkCover WA also provides ongoing support to the Commission’s objectives in the form of statistical data about work-related injury and disease.

Edith Cowan University

WorkCover WA sponsored and presented the inaugural undergraduate and postgraduate WorkCover WA Workers’ Compensation Award at the Edith Cowan University (ECU) School of Medical and Health Sciences Awards Ceremony in April 2018. These awards recognise the highest achieving undergraduate student in the Workplace Compensation and Injury Management unit and highest achieving postgraduate student in the Workers’ Compensation and Rehabilitation unit. WorkCover WA was pleased to present the awards to Ms Leanne Nolan and Mr Jamie Malone for their outstanding work in the undergraduate and postgraduate coursework respectively, and present them with a complimentary ticket to the WorkCover WA Biennial Conference in 2019.

WorkCover WA also delivered presentations to ECU Occupational Therapy and Occupational Safety and Health students during 2017/18. More information in relation to the ECU presentations is available on page 103.

Healthier Workplace WA

WorkCover WA has continued to work with Healthier Workplace WA (HWWA) to help promote better employee health. Focus areas are decreasing smoking and alcohol intake and increasing physical activity and healthy eating. For more information on WorkCover WA’s HWWA inspired initiatives see ‘Health and wellness’ on page 115.

Industrial Foundation for Accident Prevention

WorkCover WA’s cooperative partnership with the not-for-profit Industrial Foundation for Accident Prevention (IFAP) continued in 2017/18 by providing free information sessions to injured workers. IFAP is a registered training organisation providing education and information to injured workers about the workers’ compensation, injury management and return to work process.

In 2017/18, 6 free IFAP seminars were delivered to 31 injured workers.

Previously, seminars were held monthly at either WorkCover WA or IFAP’s premises in North Lake. A review was conducted in January 2018, which resulted in the seminars being conducted every two months at WorkCover WA only. This will be reassessed in 2018/19.

Inter Insurer Injury Management Forum

The Inter Insurer Injury Management Forum (the Forum) consists of injury management advisers from approved insurers, the Insurance Commission of WA, LGIS, and representatives of allied health providers.

The aim of the Forum is to develop the skills and knowledge of injury management professionals operating within the scheme. WorkCover WA participated in three meetings of the Forum in 2017/18.

Public Sector Safety and Injury Management Steering Committee

WorkCover WA is a member of the Public Sector Safety and Injury Management Steering Committee, which consists of representatives from WorkSafe, the Department of Commerce, RiskCover, the Public Sector Commission and UnionsWA. The committee is responsible for arranging presentations for public sector staff on injury management and return to work topics.

National Insurance Brokers Association

WorkCover WA has an ongoing relationship with the National Insurance Brokers Association (NIBA) to educate insurance brokers about their role and obligations within the workers’ compensation scheme in Western Australia.

For the last six years, WorkCover WA has held an Insurance Brokers’ Breakfast Seminar to update insurance brokers on the latest trends and statistics within the workers’ compensation and injury management scheme, and provide information about WorkCover WA’s activities. More information about the Insurance Brokers’ Breakfast Seminar is on page 101.

In 2017/18, WorkCover WA assisted NIBA and the Insurance Council Australia Western Australia (ICA WA) with the development of a training program to educate insurance brokers in relation to WorkCover WA, the workers’ compensation and injury management scheme in Western Australia and claims management.

WorkCover WA also attended a NIBA WA Divisional Committee Meeting in July 2017 to update the Committee on WorkCover WA activities and legislative changes.

Section 4: Opportunities and challenges

Opportunity and accessibility

Workforce development

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| **The following initiatives are aligned with, and contribute to, WorkCover WA strategic goal:** |
| **3 – Agile and innovative organisation** |

Employee capability

WorkCover WA invests in building the capability of staff. Professional development strategies are identified through the Performance Development Agreement (PDA) process. Refer to page 111 for more details on the PDA process.

Blended Learning Program

WorkCover WA’s ‘blended learning’ approach to staff development aims to build the competency of staff through learning plans that are specific and tailored to the individual. The approach is based on a philosophy that a balance of differing options including on-the-job learning, learning from other staff and structured formal programs is the most effective method to build staff skills and competency.

The blended learning approach has now been embedded into the agency staff development methodology. Staff predominantly attain skills enhancement opportunities through accessing a library of online courses or through work experience placements.

#### Staff training

In 2017/18, WorkCover WA staff attended external training on courses including:

* Certificate IV in Government Investigations
* Public Sector Graduate Development Program
* Leadership and Management Coaching
* Adobe InDesign
* Injury Management
* Equal Employment Opportunity Law.

During the year staff also attended in-house training programs on:

* Mental Health First Aid for Managers
* Manual Handling
* Accountable and Ethical Decision Making
* Fire Warden Training.

#### Online learning

In 2016/17, the blended learning strategy was enhanced through a pilot program using an online learning platform. This allowed staff to access a library of learning and development resources at their own workstations during working hours. Access to online training replaced most of the traditional training accessed by staff and provided a ‘learn-as the need-arises’ approach to staff learning.

The intention of utilising the pilot was to evaluate the engagement and effectiveness of an online learning directory and support blended learning strategies. The trial implementation was successful with staff undertaking online learning on an as needs basis.

Since launching in April 2017, WorkCover WA staff:

* completed 294 online courses
* watched 1,094 educational videos
* completed 675 hours of online training.

The top three courses completed by staff covered topics including communication skills, writing in plain English and Microsoft Excel.

WorkCover WA has commenced implementation of a long term program of online learning which is integrated with our online Human Resources Information System. Implementation of the new online system commenced in January with completion due later in 2018.

Employee development

#### Performance Development Agreement process

WorkCover WA’s employee development process is facilitated through its performance development agreement (PDA) system. Through the PDA process, all staff participate in two formal meetings with their supervisor each year to discuss performance, provide feedback, and develop action plans to improve performance and/or capability.

#### Performance and competency development

A review of the existing performance management system was undertaken and, coupled with results from past audits, identified a need to implement an online performance management system.

In 2017/18, WorkCover WA scoped the requirements for an online system and engaged a service provider to ensure readiness for implementation. The new system will reduce the administrative burden emanating from paper-based performance managing, and will allow for automated reminders and improved access to historical performance reviews.

The online system will be launched next financial year.

Attraction and retention

Graduate Program

The 2017/18 graduate program sought graduates to perform dedicated roles within the Agency compatible with their qualifications and employment aspirations. This is a continuation of the approach adopted last financial year.

One graduate commenced in February 2018 to undertake a dedicated role in the Business Intelligence Branch. In addition to the core responsibility of her position, the graduate also participated in the Graduate Development Program sponsored by the Public Sector Commission (PSC).

The two graduates recruited in January 2017 successfully completed the PSC Graduate Development Program this financial year.

Innovative recruitment

The Innovative Recruitment Strategy reviewed current WorkCover WA attraction, selection and assessment practices to identify improvements and enhance talent attraction and retention.

In 2017/18, WorkCover WA implemented revised recruitment, selection and assessment methods, including:

* improving the Careers page on the WorkCover WA website
* integrating context statements into selection criteria
* utilising free-form interview questions
* increasing adoption of personality testing.

The Innovative Recruitment Strategy is now part of WorkCover WA’s mainstream recruitment and selection process.

**Careers page**

In October 2017, a new Careers page was launched on workcover.wa.gov.au that is easier to navigate and more attractive to applicants seeking employment with WorkCover WA.

The new Careers page is an education source for prospective jobseekers, and contains information on the benefits of working with our Agency. The page also includes current staff profiles to provide applicants with an idea of the work undertaken by Agency staff.

Equality and inclusion

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| **The following initiatives all fall under the banner of the Equal Employment Opportunity Management Plan (which forms part of our Strategic Workforce Plan). All initiatives are aligned with, and contribute to, WorkCover WA strategic goal:** |
| **3 – Agile and innovative organisation** |

Disability Access and Inclusion Plan

Through the implementation of its Disability Access and Inclusion Plan (the Plan), WorkCover WA recognises and commits to the inclusion of people with disability (both internal and external to the Agency) by ensuring they have appropriate access to our facilities and services.

WorkCover WA’s Equity and Diversity Committee meets quarterly and is responsible for delivery of the initiatives included in the Plan. Further information about the Committee can be found on page 41.

During the year, WorkCover WA utilised the website and intranet to promote the commitment contained within the Plan to people with disability, internal staff and external contractors.

Specific initiatives arising from the Plan in 2017/18 include:

* intranet articles promoting Disability Awareness Week and Mental Health Week
* Mental Health Safety Training for supervisory staff
* commencement of a project to ensure improved accessibility to WorkCover WA publications
* completion of an audit to identify staff requiring physical assistance during emergency evacuations.

Reconciliation Action Plan

WorkCover WA has a Reconciliation Action Plan to raise awareness about the culture and values of Aboriginal and Torres Strait Islander Australians.

Reconciliation Action Plan initiatives completed in 2017/18, included:

* intranet articles promoting and celebrating NAIDOC Week and National Reconciliation Week
* cultural awareness training provided to new staff
* regular monitoring of actions by the Equity and Diversity Committee
* increased engagement with Aboriginal and Torres Strait Islander businesses on the procurement of goods and services.

A review of the 2015–2018 Reconciliation Action Plan has been initiated with a view to finalising the new Plan by the first quarter of 2018/19.

Traineeship program

Primarily targeted at youth under the age of 25, WorkCover WA’s traineeship program also emphasises engagement with young Aboriginal and Torres Strait Islander Australians.

Trainees are supported in completing a Certificate III in Government while undertaking a range of work placements across the Agency. This arrangement provides trainees with skills and experience to enable them to be ‘job ready’ and skilled for future employment opportunities.

During 2017/18, WorkCover WA engaged one new trainee. A previous trainee completed a Certificate III in Government and has commenced a Certificate IV in Business. The trainee has been engaged on a contract basis since completing her traineeship in September 2017.

Safety, health and wellbeing

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| **The following initiatives are aligned with, and contribute to, WorkCover WA strategic goal** |
| **3 – Agile and innovative organisation** |

Occupational Safety and Health Management Plan

The OSH Management Plan 2018–2020 (the Plan) ensures a systematic and consistent approach is adopted towards OSH management and allows WorkCover WA greater transparency and accountability in its management of OSH.

The OSH Management Plan ensures our documented OSH requirements, management processes and other activities proactively contribute to improving and maintaining positive OSH outcomes. The content of the OSH Management Plan reflects the requirements of the *OSH Act 1984*, the *OSH Regulations 1996*, the Public Sector Occupational Safety and Health Code of Practice 2007 and the WorkSafe Plan 2014.

OSH policies and practices are communicated to staff through an online induction program and on the intranet. Online OSH training is a requirement for all employees and managers. WorkCover WA’s current OSH policies and procedures are available to stakeholders through the OSH manual and on the WorkCover WA website. Managers and supervisors also communicate OSH expectations and discuss OSH matters with staff at team meetings.

An audit of the Plan against the WorkSafe Plan assessment tool was completed in May 2018. WorkCover WA was found to have a strong safety culture, evidenced by a 0% incident rate for the past three years and feedback from staff. This resulted in the Agency’s receipt of a WorkSafe Plan Gold Certificate of Achievement. Further identified improvement opportunities have been prioritised and scheduled.

For information on the Occupational Safety and Health Committee go to page 42 of this report.

Health and wellness

WorkCover WA supports and contributes to the health and wellbeing of its employees by offering a Health and Wellness Program (the Program).

In 2017/18, the Program offered a range of wellness initiatives to staff including:

* healthy heart checks
* skin cancer screening
* flu vaccinations
* free on-site gym
* ‘lunch and learn’ sessions on topics including:
  + Nourish your body to reduce stress
  + How to unplug and recharge.

A health and wellness survey was conducted in 2017/18 seeking staff feedback on current initiatives and new ideas WorkCover WA can offer as part of the Program. The survey found:

* approximately 96 percent of staff are motivated to participate in initiatives to improve their overall health
* there was considerable interest from staff to improve their physical and mental wellbeing
* the majority of respondents cited a lack of time as the reason for not being more physically active
* 74 percent of respondents indicated they receive sufficient health and wellness information within the workplace.

In October 2017, 18 WorkCover WA managers completed an AMA accredited Mental Health Safety Training course. Managers learnt about the stigma, organisational factors and common types of mental illnesses. The training helped managers understand the important role they play in raising awareness of mental health conditions and reducing mental health issues within the workplace.

#### Health and wellness champions

In 2017/18, seven WorkCover WA staff members were appointed as health and wellness champions. The champions meet every three months and brainstorm health and wellness initiatives for our Agency.

This year, the champions have assisted with monthly health and wellness intranet articles and ‘lunch and learn’ sessions. The champions are also responsible for updating a dedicated ‘Health and wellness’ page on the intranet which contains links to healthy recipes and low cost health related events across Perth.

Agency challenges

Strategic management of the scheme

There are a number of current and future technological, demographical and economic challenges to the workers’ compensation and injury management scheme (the scheme). WorkCover WA continues to monitor and manage these as strategic issues.

Refer to ‘Strategic planning’ on page 32 in *Section 1: Agency in focus* for a description of the *WorkCover WA 2015 – 2018 Strategic Plan* and for details of the Strategic Initiatives which aim to proactively and strategically address scheme challenges on a short and long term basis.

Electronic Document and Records Management System

WorkCover WA is committed to best practice recordkeeping to ensure effective and efficient use of information, and maintain compliance with the *State Records Act 2000.*

Following an upgrade of our electronic document records management system (EDRMS), activities in 2017/18 focussed on reducing the storage of hard copy records and migration of historical records stored on network drives.

WorkCover WA has also made significant progress on digitising important historical scheme records, especially those on deteriorating microfiche media. All microfiche records have now been preserved and scanned using optical recognition software and are in the process of being imported into the EDRMS, allowing these records to be easily accessible and searchable.

Risk Management Framework

In accordance with the Public Sector Commissioner’s (PSC) Circular 2015-03 and Treasurer’s Instruction 825, all public sector bodies must practise risk management, regularly undertake a structured risk assessment process to identify the risks facing the organisation, be able to demonstrate the management of risks and, where appropriate, have business continuity plans to ensure they can respond to and recover from any business disruption.

This year the Agency continued to build on its risk management advancements by:

* regularly reviewing strategic and operational risks. This ensures full consideration is given to high level strategic risks associated with long-term organisational objectives and operational controls which address Agency threats or opportunities on a day to day business level
* continuing to refine the Enterprise Risk Management Framework by measuring, monitoring and reporting on key risk indicators
* maintaining a project management system which incorporates the management of project risks
* reviewing and updating the Enterprise Risk Management Framework Guide to ensure ongoing compliance with the Australian Standard for Risk Management (AS/NZS ISO 31000: 2009) and Western Australian Government requirements
* ensuring relevant ongoing management oversight by the Corporate Executive through regular meetings of the Risk Management Review Group
* bi-annual reporting of strategic and significant operational risks to the Agency’s Audit and Risk Management Committee and the Board.

Review of corporate policies and procedures

The following policies were reviewed in 2017/18:

* Information Technology (IT) Policy Manual
* Internal Audit Charter
* Records Management Policy
* Risk Management Policy.

A report on gifts and benefits received was also considered by the Corporate Executive.

Project Management Tool

WorkCover WA has developed a project information capture and reporting solution.

The solution facilitates the collection and maintenance of project management data in order to:

* provide updates on WorkCover WA’s Strategic and Divisional Projects to ensure visibility and oversight
* support Board and Corporate Executive project reporting requirements
* assist with the management of projects
* support the Digital First strategic initiative.

Information Technology initiatives

IT Strategic Plan 2016–2021

The *IT Strategic Plan 2016−2021* was implemented in May 2016. A further review of the IT Plan was undertaken in October 2016 to more closely align the plan to the Agency’s annual planning and budgeting cycle.

The revised *IT Plan 2016−2021* incorporates planning, design and analysis for all IT projects. It also features significant business involvement to ensure innovation and organisational change projects are delivered more effectively and continue to align with the overarching Digital First Program.

The IT Plan is undergoing review concurrently with the Agency’s *Strategic Plan 2018–2021* to ensure continued alignment to business initiatives and whole of government Information and Communication Technology (ICT) strategy. Key features of the IT Plan include:

* division of projects into workloads that maximise use of available internal resources
* planning for the transition to cloud based services
* ongoing technology refresh projects to maintain a contemporary application development environment.

IT projects

Cloud backup

During 2016/17, WorkCover WA undertook a review of current disaster recovery capabilities and recommended that improvements be made. The first phase of these improvements was to implement a cloud-based backup solution intended to replace existing backup to tape.

In 2017/18, a cloud-based backup solution was successfully implemented. In accordance with advice issued by the Office of the Chief Information Officer, the backup is hosted by an approved GovNext service provider.

A follow-on project to scope a disaster recovery solution using the cloud backup is planned for next financial year.

Microsoft Security Audit

Following advice from the Office of the Government Chief Information Officer in June 2017 regarding a global ransomware outbreak, WorkCover WA engaged external experts to conduct a Microsoft Security Audit. The objective of the audit was to identify security risks in our IT environment.

The audit reported that, overall, WorkCover WA’s IT team is working effectively at managing the environment and follows vendor-recommended security best practice. This ensures WorkCover WA’s systems and data are protected against known security threats. The initiative was completed and WorkCover WA addressed the minor audit recommendations.

Phone network upgrade

In 2017/18, WorkCover WA upgraded its phone network to facilitate transition to a cloud-based solution over the next few years. The ongoing program to upgrade to IP handsets is scheduled to be completed by December 2018. The project maximised the current investment in licencing and removed the risks associated with component failure. The solution will ultimately provide a full featured GovNext IP communications platform.

Section 5: Disclosures and legal compliance

Report on funds management

Workers’ Compensation and Injury Management Trust Account

The Workers’ Compensation and Injury Management Trust Account is maintained in accordance with section 110 of the *Workers' Compensation and Injury Management Act 1981* (the Act). WorkCover WA seeks to optimise returns and security of funds invested for the benefit of the dependants of deceased workers.

Section 218 of the Act empowers an Arbitrator to order compensation to be paid in trust to WorkCover WA when it cannot immediately be paid to a person under a legal disability or the dependants of a deceased worker. These funds are invested in accordance with Treasurer’s guidelines.

Investment strategies employed provided an average yield for the 2017/18 year of 2.09 percent for all trust accounts.

Uninsured claims management

WorkCover WA manages specific funds to provide a source of compensation for injured workers of uninsured employers. Funds paid to workers from the General Account are recovered where ever possible from uninsured employers.

Compliance checks establish an employer’s insurance status to ensure monies released from the General Account are in accordance with the provisions of the Act. This year 52 potential claims on the General Account were investigated compared with 35 last year.

There were four new accepted uninsured claims this financial year with payments from the General Account, and 35 continuing claims from previous financial years. The net cost of new claims was $261,174 and ongoing claims net costs amounted to $2,054,356.

At 30 June 2018, the total outstanding debt from uninsured employers was approximately $2,315,531. Recovery action against these employers is ongoing.

Employers’ Indemnity Supplementation Fund

The Employers’ Indemnity Supplementation Fund was established under the provisions of the *Employers’ Indemnity Supplementation Fund Act 1980* and exists to guard against the collapse of an insurer.

The Employers’ Indemnity Supplementation Fund also pays claims under the *Waterfront Workers’ (Compensation for Asbestos Related Disease) Act 1986* and the *Workers’ Compensation and Injury Management (Acts of Terrorism) Act 2001*   
(Acts of Terrorism Act).

Payments for claims under the *Waterfront Workers’ (Compensation for Asbestos Related Disease) Act 1986* for 2017/18 were nil. Since its inception (February 1987), a total of $2,800,507 has been paid.

Payments for claims under the Acts of Terrorism Act for 2017/18 were nil.

| **Table 35: Claim payments and receipts for Supplementation Fund for 2017/18** | | |
| --- | --- | --- |
| **Item** | **HIH Insurance ($)** | **Non-HIH Insurance ($)** |
| Value of outstanding claims in Western Australia | 633,144 | 258,862 |
| Received from liquidators in 2017/18 | Nil | 379 |
| Claim payments for 2017/18 | 427,142 | 267,351 |

Debts and investments

At 30 June 2018, there were 77 outstanding debtors resulting from fines and penalties awarded under the Act, with debts outstanding of $595,522. In 2017/18, the weighted average rate of return on General Account investments was 2.57 percent.

| **Table 36: Actual results vs budget results** | | | |
| --- | --- | --- | --- |
| **Item** | **2017/18 Target  $000** | **2017/18 Actual  $000** | **Variation $000** |
| Total Revenue (sourced from Statement of Comprehensive Income) | 23,332 | 23,225 | 107 |
| Total Expenses (sourced from Statement of Comprehensive Income) | 25,062 | 23,664 | 1,398 |
| Total Equity (sourced from Statement of Financial Position) | 99,481 | 102,196 | (2,715) |
| Net decrease in cash held  (sourced from Statement of Cash Flows) | 529 | 1,540 | 1,011 |
| Approved full-time equivalent (FTE) staff level | 135.64 | 122 | 13.64 |

Other financial disclosures

Employment and industrial relations

Employees at WorkCover WA are employed under the provisions of the *Public Service Award 1992* and the *Public Service and Government Officers General Agreement 2014.*

WorkCover WA’s staffing arrangements at 30 June 2018 compared with previous years is listed in the table below.

| **Table 37: WorkCover WA FTE status** | | | | |
| --- | --- | --- | --- | --- |
| **Employment type** | **2015** | **2016** | **2017** | **2018** |
| Full-time permanent | 112 | 105 | 98 | 95 |
| Full-time contract | 10 | 11 | 15 | 14 |
| Part-time measured on an FTE basis | 11.2 | 16.84 | 17.28 | 12.98 |
| **Total** | **134.2** | **132.84** | **130.28** | **121.98** |
| Staff on secondment | 5 | 2 | 4 | 4 |
| Staff on traineeship | 2 | 1 | 1 | 0 |
| Staff in Graduate Program | 0 | 1 | 2 | 1 |

Internal workers’ compensation claims

There was one workers’ compensation claim made by a WorkCover WA staff member in 2017/18. This claim was for a minor injury and did not result in time off work.

Board remuneration

In accordance with the Act, the Chairman and Board members are paid such fees and allowances as may be fixed by the Minister on the recommendation of the Minister for Public Sector Management. In accordance with government policy, Board members who are public service officers are not entitled to payment.

| **Table 38: WorkCover WA Board remuneration** | | | | |
| --- | --- | --- | --- | --- |
| **Position** | **Name** | **Type of remuneration** | **Period of membership** | **Gross/actual remuneration (including superannuation)** |
| Chairman | Greg Joyce | Board payment | 01/07/17 to 30/06/18 | $34,091 |
| Member | Chris White | N/A – Public Servant | Virtue of Office | Nil |
| Member | David Smith | N/A – Public Servant | Virtue of Office | Nil |
| Member | Steven Burns | Board payment | 01/07/17 to 30/06/18 | $17,821 |
| Member | Warren Edwardes | Board payment | 01/07/17 to 30/06/18 | $17,821 |
| Member | Owen Whittle | Board payment | 01/07/17 to 30/06/18 | $17,821 |
| Member | Victoria Wilmot | Board payment | 01/07/17 to 30/06/18 | $17,821 |
| **Total** | | | | **$105,375** |

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 action is taken against them for a breach of duty. WorkCover WA holds a directors’ and officers’ liability insurance policy covering the members of the former Workers’ Compensation and Rehabilitation Commission and WorkCover WA Board members. The policy is placed through the State Government’s insurer and is renewed annually.

Committee remuneration

Audit and Risk Management Committee

As members of the Audit and Risk Management Committee are either members of the Board or employed in the public sector, no remuneration is paid to members.

Costs Committee

The Costs Committee did not meet in 2017/18.

Medical Committee

The Medical Committee did not meet in 2017/18. The role and functions of the Medical Committee are being reviewed as part of the rewrite of the legislation and as such, the Committee was suspended in August 2017.

Capital works projects

WorkCover WA’s expenditure on capital works for 2017/18 is outlined in the table below.

|  |  |  |
| --- | --- | --- |
| **Table 39: 2017/18 Expenditures** | | |
| **Capital works projects** | **Total spent $000** | **YTD $000** |
| Online Insurer Services Project – Regulatory Services | 592 | 592 |

Advertising

Section 175ZE of the *Electoral Act 1907* requires the publication of the details of certain classes of expenditure in an Agency’s annual report. Expenditure during 2017/18 included advertising for job vacancies, promoting public awareness for *Workers’ Compensation and Injury Management Act* and conducting surveys. Below is a statement of expenditure for the 2017/18 financial year.

| **Table 40: 2017/18 Advertising expenditure** | | |
| --- | --- | --- |
| **Type** | **Organisation** | **2017/18 Expenditure**  **Including GST ($)** |
| Advertising agencies | AdCorp Australia Limited | 6,011 |
| Direct mail organisations | Quickmail  Campaign Monitor | 348  497 |
| Market research organisations | Survey Monkey | 612 |
| Media advertising organisations | Careerhub Pty Ltd  Australia Car Wash Association  Facebook | 180  250  19 |
| Polling organisations | Not applicable | Nil |
| **Total** | | **7,917** |

Annual estimates

In accordance with *Treasurer's Instruction* 953, statutory authorities not operating as divisions of the Consolidated Account are required to include annual estimates for the current financial year in the annual report of the preceding year. The following estimates have been submitted and approved by the Minister for Commerce and Industrial Relations for 2018/19.

|  |  |  |
| --- | --- | --- |
|  | | |
|  | **2018** | **2019** |
|  | **$000** | **$000** |
| **STATEMENT OF COMPREHENSIVE INCOME** |  |  |
|  |  |  |
| **INCOME** |  |  |
| **Revenue** |  |  |
| Insurer contributions | 19,883 | 17,392 |
| Interest revenue | 2,411 | 2,261 |
| Other revenue | 1,038 | 1,966 |
| Employers' Indemnity Supplementation Fund | - | - |
| **Total Revenue** | **23,332** | **21,619** |
|  |  |  |
| **Gains** |  |  |
| Decrease in claims liability | 1,840 | - |
| **Total Gains** | **1,840** | **-** |
|  |  |  |
| **Total Income** | **25,172** | **21,619** |
|  |  |  |
| **EXPENSES** |  |  |
| **Expenses** |  |  |
| Employee benefits expense | 16,691 | 14,479 |
| Supplies and services | 3,200 | 2,864 |
| Depreciation and amortisation expense | 1,042 | 1,139 |
| Accommodation expenses | 557 | 506 |
| Grants and subsidies | 50 | 50 |
| Claims expense | 1,788 | 1,827 |
| Loss on disposal of non-current assets | - | - |
| Other expenses | 1,734 | 1,643 |
| **Total Expenses** | **25,062** | **22,508** |
|  |  |  |
| Profit/(Loss) before grants and subsidies from State Government | 110 | (889) |
| Services received free of charge | 170 | 170 |
|  |  |  |
| **Profit/(Loss) for the period** | **280** | **(719)** |
|  |  |  |
|  | **2018** | **2019** |
|  | **$000** | **$000** |
| **STATEMENT OF FINANCIAL POSITION** |  |  |
|  |  |  |
| **ASSETS** |  |  |
| **Current Assets** |  |  |
| Cash and cash equivalents | 3,185 | 2,920 |
| Restricted cash and cash equivalents | 85,615 | 87,175 |
| Receivables | 1,097 | 1,024 |
| Other financial assets | 18,999 | 20,530 |
| **Total Current Assets** | **108,896** | **111,649** |
|  |  |  |
| **Non-Current Assets** |  |  |
| Property, plant, equipment & vehicles | 19,624 | 17,436 |
| Intangible assets | 2,134 | 2,348 |
|  |  |  |
| **Total Non-Current Assets** | **21,758** | **19,784** |
|  |  |  |
| **Total Assets** | **130,654** | **131,433** |
|  |  |  |
| **LIABILITIES** |  |  |
| **Current Liabilities** |  |  |
| Payables | 2,675 | 1,751 |
| Provisions | 4,533 | 4,458 |
| **Total Current Liabilities** | **7,208** | **6,209** |
|  |  |  |
| **Non-Current Liabilities** |  |  |
| Provisions | 23,965 | 20,601 |
| **Total Non-Current Liabilities** | **23,965** | **20,601** |
|  |  |  |
| **Total Liabilities** | **31,173** | **26,810** |
|  |  |  |
| **NET ASSETS** | **99,481** | **104,623** |
|  |  |  |
| **EQUITY** |  |  |
| Reserves | 16,190 | 14,363 |
| Retained earnings | 83,291 | 90,260 |
| **Total Equity** | **99,481** | **104,623** |
|  |  |  |
|  | **2018** | **2019** |
|  | **$000** | **$000** |
|  |  |  |
| **STATEMENT OF CASH FLOWS** |  |  |
|  |  |  |
| **CASH FLOWS FROM OPERATING ACTIVITIES** |  |  |
| **Receipts** |  |  |
| Supplementation Fund receipts | - | - |
| Insurer contributions | 19,883 | 17,392 |
| Provision of services | 14 | 11 |
| Interest received | 2,411 | 2,261 |
| GST receipts on sales | - | - |
| GST receipts from taxation authority | - | - |
| Other receipts | 1,511 | 1,260 |
|  |  |  |
| **Payments** |  |  |
| Workers' Compensation claim payments | (1,788) | (1,827) |
| Employee benefits | (15,861) | (14,443) |
| Supplies and services | (3,200) | (2,694) |
| Accommodation | (617) | (506) |
| Grants and subsidies | (50) | (50) |
| GST payments on purchases | - | - |
| Other payments | (2,156) | (2,047) |
| **Net cash provided by operating activities** | **147** | **(643)** |
|  |  |  |
| **CASH FLOWS FROM INVESTING ACTIVITIES** |  |  |
| **Receipts** |  |  |
| Proceeds from sale of non-current physical assets | - | - |
|  |  |  |
| **Payments** |  |  |
| Purchase of non-current physical assets | (676) | (778) |
| Purchase of investments | - | - |
| **Net cash used in investing activities** | (676) | (778) |
|  |  |  |
| **Net increase in cash and cash equivalents** | **(529)** | **(1,421)** |
|  |  |  |
| Cash and cash equivalents at the beginning of the period | 91,533 | 91,004 |
| **Cash and cash equivalent at the end of the period** | **91,004** | **89,583** |

Ministerial directives

No Ministerial directives were received during the financial year.

Governance disclosures

Board policies

The Agency has a Board Charter and Evaluation Framework, Code of Conduct, meeting procedures and governance policies to guide the actions of the Board and ensure statutory responsibilities are met.

Board responsibilities

WorkCover WA’s corporate governance arrangements ensure transparency in decision making and operation, as well as accountability to stakeholders, by promoting strong leadership, sound management, and effective planning and review.

WorkCover WA aims to achieve high standards in corporate governance to assure the State Government, stakeholders and the community that it is complying with statutory responsibilities and meeting expectations with due diligence and accountability.

The Board’s governance responsibilities include:

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

Conflicts of interest

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

Unauthorised use of credit cards

Officers of WorkCover WA hold corporate credit cards where their functions warrant usage of this facility. There was no use of credit cards for unauthorised purposes during the financial year 2017/18.

CEO Performance Agreement

The Agency’s performance is monitored by the WorkCover WA Board and the Minister for Commerce and Industrial Relations through deliverables determined in an annual CEO Performance Agreement.

The Performance Agreement is developed each year between the CEO, the Chairman of the Board, the Minister and the Public Sector Commissioner. An evaluation against agreed deliverables is assessed by the Chairman at year end and further endorsed by the Minister and the Commissioner.

Governance Framework

WorkCover WA’s Governance Framework addresses our Strategic Risk of *Board and Agency Governance* and ensures we have the strategies, stakeholder relationships and culture to achieve our objectives and comply with all good governance principles. Our Governance Framework is aligned to the Public Sector Commission’s Good Governance Guide and provides the foundation for all our planning, reporting and governance needs. Ongoing monitoring and review is provided through our:

* risk management and audit processes and programs
* quarterly and annual reporting requirements
* oversight by the agency’s Corporate Executive and the WorkCover WA Board
* annual governance performance review.

The Framework outlines the government legislative obligations behind each process, and explains how WorkCover WA meets these requirements.

To contribute to the effectiveness of the Board and meet specific legislative obligations, an Audit and Risk Management Committee, Costs Committee and Medical Committee are established. These committees provide objective administration and advice on discrete elements of the scheme.

As part of governance arrangements, these committees are supported by:

* documented terms of reference/standing orders
* an appointed Chair who is also a Board member
* committee members with expertise relevant to their respective roles
* mechanisms for regular reporting to the Board
* appropriate administrative resources.

WorkCover WA maintains a Manual of Delegations, Authorisations and Powers with authority limits assigned to various officers under relevant governing legislation. The manual is reviewed annually or as required, and the Board is kept informed of all management strategies and ongoing activities relevant to its delegated powers.

Refer to page 134 under ‘Committees’ in *Section 5: Disclosures and legal compliance* for full disclosure on these Committees.

Review against the PSC Good Governance Guide

To ensure ongoing good governance performance, WorkCover WA conducted an annual review of its performance against the Public Sector Commission’s Good Governance Guide (GGG) for public sector agencies and performance of the WorkCover WA Board in accordance with the PSC Board Essentials – Good Governance Guide for Public Sector Boards and Committees.

The assessment tested the Agency’s performance against the operational elements of the nine principles of the GGG and the seven principles of Board governance. The assessment aimed to identify variances to the required standards and ensure performance is maintained at WorkCover WA’s long established exemplary level.

WorkCover WA received the Public Sector Commission Award for Good Governance at the Institute of Public Administration’s 2017 W.S. Lonnie Awards recognising excellence in annual reporting and in 2018 the Agency was again recognised with a special commendation in regards to this award. The Judges commented the report contained a detailed corporate governance report.

Applying Good Governance

The following table references the sections within this report that highlight how WorkCover WA applies the nine principles of the GGG in practice and complies with relevant requirements.

| **Table 41: Good Governance Guide Checklist** | | |
| --- | --- | --- |
| **Principle** |  | **Reference** |
| 1. Government and public sector relationship | 1.1 | * Enabling legislation (p. 38) * CEO Performance Agreement (p. 130) * Governance (p. 39) |
| 1.2 | * Communications Protocol (p. 46) * Board Governance Policy: Official Communication (p. 47) |
| 1.3 | * Ministerial Correspondence (p. 46) * Joint Consultative Committee (p. 42) * *Section 5: Disclosures and legal compliance* (p. 120) |
| 1. Management and oversight | 2.1 | * Leadership (p. 27) * Governance disclosures (p. 129) |
| 2.2 | * Delegation of authority (p. 39) * Governance disclosures (p. 129) * Committees (p. 134) |
| 2.3 | * Strategic planning (p. 32) |
| 2.4 | * Strategic planning (p. 32) * Outlook for the future (p. 37) |
| 2.5 | * Delegation of authority (p. 39) |
| 2.6 | * Year scorecard (p. 21) * *Section 6: Key Performance Indicators* (p. 144) |
| 1. Organisational structure | 3.1 | * *Section 5: Disclosures and legal compliance* (p. 120) |
| 3.2 | * Structural changes (p. 56) |
| 3.3 | * Year scorecard (p. 21) * *Section 6: Key Performance Indicators* (p. 144) |
| 1. Operations | 4.1 | * Governance (p. 39) |
| 4.2 | * Strategic planning (p. 32) * Performance Management Framework (p. 49) |
| 4.3 | * Recordkeeping plan (p. 139) * Agency challenges (p. 116) |
| 4.4 | * *Section 3: Report on operations* (p. 70) * Electronic Document and Records Management System (p. 116) * Information technology initiatives (p. 118) |
| 4.5 | * *Section 2: Scheme performance* (p. 58) * *Section 6: Key performance indicators* (p. 144) |
| 4.6 | * Audit and Risk Management Committee  (p. 134) * *Section 6: Key Performance Indicators* (p. 144) * Independent audit opinion (p. 147) |
| 1. Ethics and integrity | 5.1 | * Our values (p. 15) * Public Sector standards and ethical codes  (p. 138) |
| 5.2 | * Conflicts of interest (p. 129) * WorkCover WA Code of Conduct (p. 138) |
| 5.3 | * Public Sector standards and ethical codes  (p. 138) * Complaints handling (p. 45) |
| 5.4 | * Public Interest Disclosure (p. 47) |
| 5.5 | * Legal compliance (p. 138) * Review against the PSC Good Governance Guide (p. 131) |
| 1. People | 6.1 | * Workforce development (p. 109) * Equality and inclusion (p. 112) |
| 6.2 | * Equality and inclusion (p. 112) |
| 6.3 | * Equity and Diversity Committee (p. 41) * Equality and inclusion (p. 112) |
| 6.4 | * Safety, health and wellbeing (p. 114) * Public Sector standards and ethical codes  (p. 138) |
| 6.5 | * Workplace consultation (p. 40) * People (p. 54) * Performance Development Agreement process (p. 111) |
| 1. Finance | 7.1 | * Year in dollars (p. 20) * Report on funds management (p. 120) |
| 7.2 | * Audit and Risk Management Committee (p. 134) * Risk Management Review Group (p. 44) * Enterprise Risk Management Framework  (p. 48) |
| 7.3 | * *Section 7: Financial statements and notes*  (p. 165) |
| 7.4 | * *Section 7: Financial statements and notes* (p. 165) |
| 7.5 | * *Section 6: Key Performance Indicators* (p. 144) * *Section 7: Financial statements and notes*  (p. 165) |
| 1. Communication | 8.1 | * Complaints handling (p. 45) * Communications policies (p. 46) |
| 8.2 | * Communications policies (p. 46) |
| 8.3 | * Workplace consultation (p. 40) * Communications policies (p. 46) |
| 8.4 | * Communications policies (p. 46) * Recordkeeping Plan (p. 139) |
| 8.5 | * Complaints handling (p. 45) * Communications policies (p. 46) |
| 1. Risk management | 9.1 | * Risk management policies (p. 48) * Risk Management Review Group (p. 44) |
| 9.2 | * Risk management policies (p. 48) * Review of Risk Management Framework  (p. 117) |
| 9.3 | * Audit and Risk Management Committee  (p. 134) * Risk Management Review Group (p. xx) |
| 9.4 | * Review of Risk Management Framework  (p. 117) * Audit and Risk Management Committee  (p. 134) |

Committees

Audit and Risk Management Committee

The Audit and Risk Management Committee provides independent assurance and assistance to the Board on WorkCover WA’s risk, control and compliance framework and its external accountability responsibilities.

The Committee:

* ensures the Agency has in place an enterprise-wide risk management framework, reviews the risk profile and measures in place to manage significant risks and uncertainties, and advises the Board of significant or emerging risks
* reviews strategic and annual internal audit plans, monitors the progress of audit recommendations, and provides stewardship by promoting discussion with internal and external auditors to ensure effective systems and policies are in place.

In 2017/18, WorkCover WA conducted seven internal audits and two external audits.

The seven internal audits identified one medium and 13 low level findings and 12 performance improvement opportunities. The two external audits identified one minor finding. All findings have been reported to the Audit and Risk Management Committee and action has in most cases either been completed by management or is being progressed within agreed completion timeframes. There were two incidents where the audit finding action was completed marginally outside the agreed timeframe due to internal management approval processes and alignment with meeting schedules.

| **Table 42: Audit and Risk Management Committee attendance** | | |
| --- | --- | --- |
| **Audit and Risk Management Committee Member** | **No. of meetings eligible to attend** | **No. of meetings attended** |
| Victoria Wilmot (Chair) | 4 | 4 |
| Greg Joyce | 4 | 4 |
| Steven Burns | 4 | 4 |
| Bronwyn Rose\* | 2 | 1 |

\**Ms Rose retired from the Committee on 30 January 2018.*

Costs Committee

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 in WorkCover WA’s Conciliation and Arbitration Services.

The Costs Committee amended the Costs Determination with the *Workers’ Compensation (Legal Practitioners and Registered Agents) Costs Determination 2015* which came into effect on 1 July 2015. There was no requirement for the Committee to meet in 2017/18.

Medical Committee

At its August 2017 meeting, the WorkCover WA Board resolved to suspend the operation of the Medical Committee. WorkCover WA has commenced a review of the administrative arrangements that underpin the permanent impairment regime and the Agency will consult with the AMA (WA) and other relevant stakeholders during the review.

Industrial Diseases Medical Panel

Industrial Diseases Medical Panels are convened to determine prescribed questions in relation to asbestos related diseases. Claims for industrial diseases compensation in relation to pneumoconiosis, mesothelioma, lung cancer and diffuse pleural fibrosis are referred to the panels to determine:

* whether the worker is or was suffering from the prescribed disease(s)
* the worker’s degree of permanent whole of person impairment.

The Industrial Diseases Medical Panel is comprised of physicians who specialise in diseases of the chest or occupational diseases. The panel operates independently and WorkCover WA provides administrative support and funding.

During the financial year the panel was convened on 28 occasions and made 50 determinations.

| **Table 43: Industrial Diseases Medical Panel Members** | |
| --- | --- |
| **2017/18 Industrial Diseases Medical Panel Chairman (Rotating)** | **Members** |
| Prof E Gabbay | Dr D Bucens |
| Dr M K Tandon | Dr P Psaila-Savona |
| Dr M Musk | Dr J Wrobel |
| Dr J Sim | Dr M Prichard |
| Dr K C Wan | Prof A W Musk |

| **Table 44: Number of Industrial Diseases Medical Panel applications** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Applications** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| New | 42 | 49 | 35 | 29 | 45 |
| Reviewed | 11 | 10 | 0 | 10 | 4 |
| **Total** | **53** | **47** | **35** | **39** | **49** |

| **Table 45: Number of diseases determinations** | | | | |  |
| --- | --- | --- | --- | --- | --- |
| **Disease** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| Pneumoconiosis | 18 | 28 | 14 | 17 | 37 |
| Pneumoconiosis & Diffuse Pleural Fibrosis | 4 | 4 | 8 | 9 | 1 |
| Pneumoconiosis & Lung Cancer | 0 | 2 | 0 | 0 | 0 |
| Pneumoconiosis, Diffuse Pleural Fibrosis & Lung Cancer | 0 | 0 | 2 | 0 | 0 |
| Diffuse Pleural Fibrosis | 5 | 0 | 7 | 0 | 3 |
| Mesothelioma | 12 | 6 | 3 | 1 | 1 |
| Lung Cancer | 9 | 1 | 2 | 3 | 3 |
| **Sub total** | 48 | 41 | 36 | 30 | 45 |
| **Determinations where disease not present or disease present but a 0% level of impairment** | 5 | 6 | 9 | 4 | 5 |
| **Total** | **53** | **47** | **45** | **34** | **50** |

Legal compliance

Public Sector standards and ethical codes

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

These policies and supporting guidelines are available to all staff via the WorkCover WA intranet and the online training system. In 2017/18 all staff completed refresher training on accountable and ethical decision making in the Western Australian public sector.

Public Sector Code of Ethics

There were no breaches of the Public Sector Code of Ethics identified in 2017/18.

WorkCover WA Code of Conduct

There were no claims lodged in 2017/18 relating to the WorkCover WA Code of Conduct.

Public Sector Commissioner’s Instruction Employment Standard

There were no breaches of standard claims against the Employment Standard in 2017/18.

Grievance Resolution Standard

There were no breaches of standard claims against the Grievance Resolution Standard in 2017/18.

Disability Access and Inclusion Plan

The Agency’s Disability Access and Inclusion Plan is outlined on page 112 under ‘Equality and inclusion’ in *Section 4: Opportunities and challenges.*

Recordkeeping Plan

WorkCover WA is compliant with the *State Records Act 2000* requirement to have a Recordkeeping Plan. The plan provides an accurate reflection of the recordkeeping program within the organisation and must be complied with by the organisation and its officers.

Under Part 3, Division 4 of the *State Records Act 2000*, the organisation must review its Recordkeeping Plan every five years or when there is any significant change to the organisation’s functions. WorkCover WA’s Recordkeeping Plan was reviewed and updated in June 2015 to reflect the Agency’s improved recordkeeping practices resulting from the implementation of an EDRMS. The Recordkeeping Plan was approved by the State Records Commission in August 2015. WorkCover WA has actively used the State Records Commission standards and principles to govern best practice recordkeeping across the Agency. The records management framework provides appropriate service delivery to our customers and stakeholders.

WorkCover WA’s hierarchy of recordkeeping governance instruments is:

1. WorkCover WA – Vision, Goals
2. Governance Framework
3. Recordkeeping Plan
4. Records Management Policy, Freedom of Information Policy, Intellectual Property Policy
5. Records Management Guidelines and Procedures (including awareness, training and induction material).

WorkCover WA’s Records Management Policy was updated in October 2017.

|  |  |  |  |
| --- | --- | --- | --- |
| **Table 46: WorkCover WA Record Figures** | | | |
| **Record Type** | **2015/16** | **2016/17** | **2017/18** |
| **Documents created** | 184,452 | 249,319 | 198,423 |
| **Files created** | 14,048 | 12,861 | 14,653 |
| **Storage boxes created** | 797 | 2,096\* | 989 |

*\*During 2016/17 WorkCover WA located approximately 1,000 previously unrecorded archive boxes from failed insurer HIH and the State Archives. Archiving of dispute case management files was also undertaken and this has increased the amount of boxes created for offsite storage.*

Report against WorkCover WA Recordkeeping Plan

**Evaluation of the efficiency and effectiveness of the organisation’s recordkeeping systems**

WorkCover WA is committed to implementing industry best practice for its recordkeeping and compliance processes and systems. As per Section 19 of the *State Records Act 2000*, WorkCover WA has an approved Recordkeeping Plan that is valid until 2020.

In 2017/18, WorkCover WA undertook an upgrade of its EDRMS system to ensure up to date functionality is available to staff at WorkCover WA. This upgrade has enabled WorkCover WA to be dynamic in its approach to document management including the development and implementation of relevant workflows to provide best practice records management.

Recently WorkCover WA implemented a workflow solution to better manage the retention and disposal of WorkCover WA records. This approach has ensured that WorkCover WA records are continually assessed and disposed of as appropriate and in accordance with relevant disposal authorities.

WorkCover WA is committed to working towards best practice information management inclusive of identifying, evaluating, monitoring and managing strategies to support digital continuity.

**The nature and extent of the recordkeeping training program conducted by or for the organisation**

At WorkCover WA recordkeeping training is conducted through the Records Management training module within the Agency’s online induction program and through a stand-alone records management course.

In addition to this training, experienced and knowledgeable staff are available to provide recordkeeping advice and EDRMS training on a one-on-one, ad hoc or project basis. Recordkeeping policies, procedures and EDRMS tips are also available to staff via the WorkCover WA intranet. **Review of the efficiency and effectiveness of the recordkeeping training program**

In addition to the Records Management training module within the Agency’s online induction program and the stand-alone records management course, the Agency has continued to provide an ongoing education program to assist all staff in gaining greater understanding of specific areas of functionality within the Agency’s EDRMS relevant to their day‑to-day work. This program has enabled the Records Team to provide:

* specific advice to business units on managing functional records
* providing training and support to divisional teams and assisting those teams to review and analyse current business practices and enable them to utilise the tools within the EDRMS
* work with divisional teams to review and identify records within existing network drives with the aim to ensure network drives are defunct and all core business records are saved and maintained in the EDRMS.

Staff participation and feedback in these areas has been positive and well received with many agency staff utilising the EDRMS and its many tools in managing their information.

**Assurance that the organisation’s induction program addresses employee roles and responsibilities in regard to their compliance with the organisation’s Recordkeeping Plan**

The Records Management induction training module and stand-alone records management course address employee roles and responsibilities to ensure compliance with the Recordkeeping Plan and the *State Records Act 2000*. The training module and stand-alone course are regularly reviewed to ensure employees are aware of current compliance requirements as relevant to their roles.

Tailored training is also provided for a divisional area or group. In 2017/18 Records staff delivered targeted training for staff dealing with Ministerial correspondence and compliance staff collecting hard copy evidence.

Government policy requirements

Substantive equality

WorkCover WA’s compliance with Public Sector Standards and Ethical Codes is detailed under ‘Equality and inclusion’ in *Section 4: Opportunities and challenges* from page 112 of this report.

Occupational safety, health and injury management

WorkCover WA’s occupational safety and health (OSH), and injury management policies are detailed under ‘Safety, health and wellbeing’ in *Section 4: Opportunities and challenges* from page 114 of this report.

OSH and injury management performance

WorkCover WA’s OSH and injury management data for this reporting period is disclosed in Table 47. Comparative data has been included where possible.

| **Table 47: 2017/18 OSH performance data** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **OSH indicator** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18 Target** | **2017/18 Actual** |
| Number of fatalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost-time injury/disease incidence rate\* | 0.75% | 0 | 0 | 0 | 0 | 0.74% |
| Lost-time injury/disease severity rate | 0 | 0 | 0 | 0 | 0 | 0 |
| % injured workers returned to work within 13 weeks | 100% | N/A\*\* | N/A\*\* | N/A\*\* | 100% | 100% |
| % injured workers returned to work within 26 weeks | 100% | N/A\*\* | N/A\*\* | N/A\*\* | 100% | 100% |
| % managers trained in OSH and injury management responsibilities | 92% | 99% | 100% | 100% | 100% | 100% |

*\* The lost-time injury/disease incidence rate is the number of lost-time injuries/diseases where one day/shift or more was lost in the financial year per 100 employees.   
  
\*\* Not applicable – no lost time injuries were recorded in 2014/15, 2015/16 or 2016/17.* **OSH training for staff**

WorkCover WA staff undertake online OSH training which aims to provide an understanding of OSH responsibilities. The OSH training includes five modules:

* WorkCover WA OSH Management System
* OSH Management and OSH Law
* Hazard Identification and OSH Risk Management
* Managing Hazards in an Office Environment
* OSH Incident and Injury Management.

In 2017/18, all new staff completed the online OSH Training successfully.

Government Building Training Policy

WorkCover WA does not issue contracts within the scope of the Government Building Training Policy.

Section 6: Key Performance Indicators

Key Performance Indicator information

Certification of KPIs

We hereby certify the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess WorkCover WA’s performance, and fairly represent the performance of WorkCover WA for the financial year ended 30 June 2018.



Greg Joyce  
Chairman  
WorkCover Western Australia Authority  
31 August 2018

Chris White signature

Chris White  
A/Chief Executive Officer  
WorkCover Western Australia Authority  
31 August 2018

Detailed information in support of Key Performance Indicators

Government Goals provide the high level basis of the Government’s vision to improve the quality of life for all Western Australians and are supported at departmental level by Agency specific desired outcomes.

Outcomes are defined as the effects, impacts, results on or consequences for the community, environment or target clients of government services and clarify the contributions each agency is expected to make towards achieving these government policies and priorities. Agency Level Desired Outcomes are intended to bring about behavioural change or satisfy a community or client need and must link to the government goals.

Agencies deliver services to achieve these desired outcomes which ultimately contribute to meeting Government goals. This linkage creates a hierarchy in which the purpose of each service provided by an Agency can be traced to a Government goal and is referred to as Outcome Based Management (OBM).

Key Performance Indicators are part of the OBM and provide an overview of the critical or material aspects of outcome achievement (effectiveness indicators) and service delivery (efficiency indicators).

New Government Goals introduced for the 2017/18 reporting year and announced during the 2017/18 Budget process are:

* **Sustainable Finances:** Responsible financial management and better service delivery
* **Future Jobs and Skills:** Grow and diversify the economy, create jobs and support skills development
* **Strong Communities:** Safe communities and supported families
* **Better Places:** A quality environment with liveable and affordable communities and vibrant regions.

WorkCover WA contributes to Government Goal 1, ‘**Sustainable Finances**’ by delivering services aimed at minimising the social and economic impact of   
work-related injury and disease on workers, employers and the Western Australian community.

WorkCover WA’s purpose is to lead a contemporary, healthy and integrated workers’ compensation scheme that is fair, accessible and cost effective for all participants, through:

* providing advice and guidance on workers’ compensation, injury management and return to work practices
* active, responsive and transparent management of the scheme
* focused information, education and compliance activities
* fair and timely dispute resolution
* a strong service focus.

WorkCover WA strives to achieve its outcome through the effective administration of the *Workers’ Compensation and Injury Management Act 1981* (the Act), the provision of quality policy advice to Government, and excellent stakeholder relationships.

Our Agency Level Desired Outcome relates directly to our vision and purpose: *“To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants”.*

The Agency Services provided to ensure WorkCover WA achieves its desired outcome are:

* **Scheme Regulation** -regulation of workers' compensation scheme participants for compliance with legislative requirements
* **Scheme Services** - provision of effective and equitable dispute resolution and other services to scheme participants.

The following table shows the WorkCover WA Outcome Based Management (OBM) Structure.

|  |  |
| --- | --- |
| **Table 48: WorkCover WA’s links to Government Goals through its Agency Desired Outcome, Services and Key Performance Indicators** | |
| **Government Goal** | |
| **Sustainable Finances**  Responsible financial management and better service delivery | |
| **WorkCover WA’s Agency Level Desired Outcome** | |
| To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants. | |
| **Indicators of Outcome Achievement** | |
| Key Effectiveness Performance Indicators | |
| **WorkCover WA’s Agency Services** | |
| **1. Scheme Regulation -** regulation of workers' compensation scheme participants for compliance with legislative requirements | **2. Scheme Services** - provision of effective and equitable dispute resolution and other services to scheme participants |
| **Indicators of Service Delivery** | |
| **Key Efficiency Performance Indicators** | |

Changes to the Outcomes Based Management Structure (OBM)

WorkCover WA undertakes regular reviews of its Outcome Based Management Structure (OBM) and KPI framework to ensure it provides the most suitable measures to indicate the Agency’s performance.

The Agency did not make any changes to its OBM in 2017/18 as the Agency desired Outcomes, Services and KPIs remain relevant and appropriate. The last changes were made in 2014 and included in our 2014/15 Annual Report.

Independent audit opinion

KPIs are audited annually by the Auditor General and results included in the Independent Auditor’s Report published in *Section 7:* *Financial statements and notes.*

Key Performance Indicators

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 2: WorkCover WA’s Key Performance Indicators and their relationship with the Agency’s Outcome Based Management Structure** | | | | | |
| **Agency Level Desired Outcome** | | | | | |
| To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary, and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants. | | | | | |
| **Effectiveness Indicators** | | | | | |
| * 1. The number of non-compliance events identified as a result of a claim on the General Account | | **1.2** The proportion of conciliations completed within 8 weeks | | **1.3** The proportion of disputes resolved within 6 months | |
| **Agency Services** | | | | | |
| 1. **Scheme Regulation** - regulation of workers’ compensation scheme participants for compliance with legislative requirements. | | | 1. **Scheme Services** - provision of effective and equitable dispute resolution and other services to scheme participants. | | |
| **Efficiency Indicators** | | | | | |
| **1.1** Average cost per employer compliance activity | **1.2** Average cost per approved and monitored service provider | **1.3** Average cost per client contact to provide information and advice | **2.1** Average cost to complete a conciliation | **2.2** Average cost to complete an arbitration | **2.3** Average cost to process a Memorandum of Agreement |

Summary of Key Performance Indicators

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 3: Key Performance Indicators of Effectiveness** | | | | | | | |
| # | Indicator | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18 Actual | 2017/18 Target |
| **1.1** | The number of non-compliance events identified as a result of a claim on the General Account | 4 | 3 | 9 | 2 | 4 | 6 |
| **1.2** | The proportion of conciliations completed within 8 weeks | 96.8% | 96.3% | 96.2% | 97.1% | 96.7% | 97.0% |
| **1.3** | The proportion of disputes resolved within 6 months | 89.5% | 88.8% | 86.8% | 87.9% | 84.1% | 90.0% |
| Table 4: Key Performance Indicators of Efficiency[[1]](#footnote-1) | | | | | | | |
| # | Indicators | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18 Actual | 2017/18 Target |
| **1.1** | Average cost per employer compliance activity | $198 | $255 | $281 | $251 | $261 | $290 |
| **1.2** | Average cost per approved and monitored service provider | $3,047 | $3,250 | $3,472 | $3,177 | $3,522 | $3,221 |
| **1.3** | Average cost per client contact to provide information and advice | $120 | $120 | $106 | $110 | $75 | $104 |
| **2.1** | Average cost to complete a conciliation | $2,268 | $1,966 | $2,095 | $2,208 | $2,353 | $2,194 |
| **2.2** | Average cost to complete an arbitration | $11,153 | $10,042 | $10,084 | $9,587 | $8,579 | $10,819 |
| **2.3** | Average cost to process a Memorandum of Agreement | $389 | $342 | $339 | $341 | $348 | $345 |

Key Performance Indicators of Effectiveness

Agency level government desired outcomes should reflect the purpose of the agency. WorkCover WA’s Agency Desired Outcome is: “To ensure a workers’ compensation and injury management scheme that is financially viable, contemporary, and integrated whilst providing services that are fair, accessible, timely and cost effective for all participants.”

WorkCover WA measures its success in achieving its outcome through effectiveness indicators. Effectiveness indicators provide information on the extent to which the Agency desired outcome has been achieved, or contributed to, through the delivery of services.

The effectiveness indicators chosen by WorkCover WA provide information in relation to workers’ compensation compliance activities and timeframes for managing conciliation and arbitration processes.

The indicators relate directly to the two services provided by WorkCover WA: Scheme Regulation and Scheme Services.

The commentary below explains the rationale behind each effectiveness indicator and how it measures success in achieving our outcome.

**Indicator 1.1**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.1 | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17  Actual | 2017/18 Actual | 2017/18 Target |
| The number of non-compliance events identified as a result of a claim on the General Account | 4 | 3 | 9 | 2 | 4 | 6 |

**Description**

WorkCover WA is responsible under the *Workers’ Compensation and Injury Management Act* *1981,* to ensure all employers are insured for workers’ compensation for their full liability.

This indicator indicates the number of new claims with payments made from WorkCover WA’s General Account (as a safety net payment) to workers, due to employers not having the required insurance to cover such payments   
(non-compliance).

A non-compliance event is defined as “*an occupational safety and health incident to a worker or workers of an uninsured employer, which has a financial impact on WorkCover WA’s General Account by way of an uninsured claim payment”.*

Claims involving asbestos and industrial disease are made years after the causal exposure. For example, the four main diseases associated with the inhalation of asbestos fibres (i.e. asbestosis, mesothelioma, asbestos-related lung cancer and diffuse pleural fibrosis) generally take many years, if not decades, to develop after a worker has been exposed to asbestos. Accordingly, these are excluded from the definition of an ‘event’ as they bear no reflection on the current insurance levels of employers.

Common law damages claims paid from the General Account due to insurers declining to indemnify the claim are also excluded. This exclusion is limited to claims where a court finds the insured employer breached its insurance policy by recklessly disregarding the risk to the worker.

To determine the target for this KPI, a benchmark of two uninsured claims per 10,000 claims was established and for many years the overall number of insured claims was consistent in the vicinity of 40,000 per annum, giving a target figure of eight. However, in recent years this figure has continued to decline (33,914 in 2014/15, 32,225 in 2015/16, and 28,161 in 2016/17[[2]](#footnote-2)). Using the same methodology of two uninsured claims per 10,000 claims, the target for 2017/18 was maintained at six.

The information to inform this indicator is derived from two Agency information systems. The total number of claims is reported from the Q2 database which captures details of all claims as reported by approved insurers and self-insurers.

The number of General Account claims is derived from the Agency Financial Management Information System (FMIS) which reports the commencement of any payments to a worker or service provider made from the General Account.

**Analysis**

In 2017/18 there were four non-compliance events resulting in a claim paid from the General Account (see Figure 1). This is two less than the target of six, and two more than 2016/17. The number of uninsured claims against the general account continue to remain low in the context of approximately 30,000 insured claims for the year. The higher than normal figure in 2015/16 included four claims for injuries sustained in prior years and appears to be an anomaly.

The continued low number of claims on the General Account can be partially attributed to WorkCover WA’s compliance activities and information and education to stakeholders.

Total payments for these new claims in 2017/18 is $191,332. The Agency attempts recovery action against all uninsured employers.

**Indicator 1.2**

*The proportion of conciliations completed within 8 weeks*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator 1.2** | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18Actual | 2017/18 Target |
| The proportion of conciliations completed within 8 weeks | 96.8% | 96.3% | 96.2% | 97.1% | 96.7% | 97.0% |

**Description**

The Workers’ Compensation and Injury Management Conciliation Rules 2011 set the time limit for conciliation at 56 days (eight weeks) from the day on which the Director accepts an application, unless an extension is granted by the Director for a period not exceeding a further eight weeks.

This timeframe is reflected in this KPI which reports the percentage of conciliation applications completed within the initial eight weeks.

Time taken to complete an application for conciliation is measured from the date an application for conciliation is accepted to the date a certificate of outcome is issued by the Conciliation Officer.

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

The target for this KPI has been set based on the previous year target and performance.

**Analysis**

In 2017/18 96.7 percent of conciliations were completed within the eight week statutory timeframe (see Figure 2). This is consistent with the target of 97.0 percent and the outcome for 2016/17.

The eight week timeframe for completing a conciliation is a statutory requirement. There are some cases that cannot reasonably be dealt with within the initial eight week period in which case the Director may grant an extension for a further eight week period. In 2017/18 all matters not completed within the initial eight weeks were completed within the extended timeframe.

**Indicator 1.3**

The proportion of disputes resolved within six months

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator 1.3** | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18Actual | 2017/18 Target |
| The proportion of disputes resolved within 6 months | 89.5% | 88.8% | 86.8% | 87.9% | 84.1% | 90.0% |

**Description**

This KPI reports the time taken to resolve a dispute and is consistent with Part XI, Section 177 of the Act, which states:  
  
The main objectives of the conciliation and arbitration functions are to:

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

1. is timely
2. is accessible, approachable and professional
3. minimises costs to parties to disputes
4. in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes
5. in the case of arbitration, enables disputes not resolved by conciliation to be determined according to their substantial merits with as little formality and technicality as practicable.

This KPI measures the proportion of disputes resolved within a six month timeframe from the day an application for conciliation is accepted through to the day it is completed, either via conciliation or arbitration. For those disputes progressing to arbitration the 28 day statutory gap (or portion of) in which an application for arbitration can be made, and the time between lodgement and acceptance of an application, is not included in the timeframe. Acceptance of an application (after lodgement) can be delayed due to the provision of incomplete or inadequate documentation.

Data for this KPI is drawn from the DCMS, and establishes the timeframe by counting disputes from the day a dispute is registered as accepted for conciliation through to the day the dispute is either recorded as completed (for conciliation) or closed and/or final orders issued, where the matter has proceeded to arbitration.

The target for this KPI has been set based on the previous year target and performance.

**Analysis**

In 2017/18 84.1 percent of all disputes were resolved within 6 months (see Figure 3). This is 6.6 percent less than the target of 90.0 percent and a 4.3 percent reduction on the 2016/17 result.

A reduction in the availability of skilled/experienced resources due to unplanned staff absences and an increase in arbitration applications contributed to this outcome.

These results are published in a long standing comparative performance monitoring report produced by Safe Work Australia and shows dispute resolution within the Western Australian workers’ compensation scheme performs well compared with other jurisdictions. The latest available national data shows the 2015/16 national average for disputes resolved within 6 months was 82.6 percent.

Allocation of Agency costs  
  
To ensure accurate allocations of costs to the KPIs across the Agency, a formal Agency cost mapping model is used. The cost allocation model is used to determine overheads and to allocate costs across the Agency’s divisions and six efficiency KPIs, and is reviewed for accuracy every two years. Budget figures used in the costing model are consistent with the Agency’s approved budget.

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

In order to account for all Agency costs, expenditure from cost centres that are not attributed directly to a KPI is allocated across all KPIs on an FTE basis. Calculation methodologies referred to below for both target and actual figures include allocated overheads through the cost mapping model.

Certain expenditure and revenue in relation to the payment and subsequent recovery of workers’ compensation claims are not incorporated into the KPI calculation data. This is due to the nature of these transactions and the fact that WorkCover WA has no control over General Account and Supplementation Fund claims, which if included, would unduly skew key KPI data (for 2017/18 this represents 14 percent of the total expenditure consistent with the representation in 2016/17).

**Service 1: Scheme Regulation - regulation of workers' compensation scheme participants for compliance with legislative requirements**

As part of its responsibilities in administering the Act, WorkCover WA has responsibility to ensure the efficient and effective operation of the workers’ compensation scheme by monitoring compliance of employers, insurers and others participating in or affected by the scheme.

The KPIs listed below measure the costs of providing these activities.

**Indicator 1.1**

*Average* *cost per employer compliance activity*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.1 | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18 Actual | 2017/18 Target |
| Average cost per employer compliance activity | $198 | $255 | $281 | $251 | $261 | $290 |

**Description**

WorkCover WA seeks to ensure every employer maintains a policy of insurance for the full amount of any liability to pay compensation under the Act to any worker employed and complies with other obligations under the Act.

Authorised inspectors conduct investigations and inspections in order to ensure compliance with the Act and to issue cautions or infringement notices or prosecute where non-compliance is identified. Insurers are not able to cancel workers’ compensation insurance policies without the approval of WorkCover WA. This is to ensure employers are not operating a business without insurance.

The Act has 34 penalty provisions relating to employers’ obligations. Following notification of a possible breach, an investigation or prosecution may result.

This indicator reports the average cost per employer compliance activity and is measured by dividing the full costs of the Agency’s Compliance Section for the reference period as determined by the Cost Allocation Model by the total number of employer compliance activities.

Each employer compliance activity is recorded in the Regulatory Services Management System (RSMS) which tracks activity for each case. The total number of employer compliance activities is extracted directly from this system.

The target for this indicator was determined using the full year approved budget figures for the compliance activity divided by the estimated full year total number of compliance activity units.

**Analysis**

In 2017/18 the average cost per employer compliance activity was $261   
(see Figure 4). This is 10 percent less than the target of $290 and four percent more than in 2016/17.

The 2017/18 results are predominantly due to a new investigation model and modified penalty regime. This new model streamlined processes for lower risk matters of employer non-compliance via the early issue of caution or infringement notices improving time efficiencies and leading to an increase in compliance activity. In addition, the impact of the VTSS and a Divisional restructure introduced throughout the year resulted in some positions being unfilled for extended periods.

**Indicator 1.2**

Average cost per approved and monitored service provider

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.2 | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18  Actual | 2017/18 Target |
| Average cost per approved and monitored service provider | $3,047 | $3,250 | $3,472 | $3,177 | $3,522 | $3,221 |

**Description**

WorkCover WA is responsible for approving, monitoring and reviewing the performance of scheme service providers against established standards which can include performance criteria relating to legislative compliance, codes of conduct, codes of practice and guidelines.

Through its standards and review activities, WorkCover WA approves and/or monitors the performance of the following service providers: insurers, self-insurers, workplace rehabilitation providers, Approved Medical Specialists (AMS), audiologists/audiometric officers and registered agents.

This indicator reports the average cost per approved and monitored service provider and is measured by dividing the full costs of the Regulation Branch by the total number of approved and monitored service providers.

All information relevant to these service providers is captured in RSMS as the single data source and the data for this indicator is extracted directly from the system.The total cost of the monitoring services operational activity for the reference period is provided by the Cost Allocation Model.

The target for this indicator was determined by dividing the approved budget for these activities by the estimated total number of approved and monitored service providers. The number of service providers is measured as of 30 June each year.

**Analysis**

In 2017/18 the average cost per approved and monitored service provider was $3,522 (see Figure 5). This is 9.3 percent more than the target of $3,221 and 10.9 percent more than 2016/17.

The number of service providers is 5.6 percent less than the target and 3.6 percent less than 2016/17. This drop in the number of service providers is predominantly due to the reduced number of audiologists and audiometric officers registered at 30 June 2018 compared to 2017. These figures are marginally offset by an increase in Approved Medical Specialists.

With proposed changes to legislation and as the Agency moves more towards digitisation of services, activities to approve and monitor service providers will continue to change. Staff resources in this area will be reviewed and amended accordingly as changes are introduced.

**Indicator 1.3**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 1.3 | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18  Actual | 2017/18 Target |
| Average cost per client contact to provide information and advice | $120 | $120 | $106 | $110 | $75 | $104 |

Average cost per client contact to provide information and advice

**Description**

WorkCover WA has responsibility under the Act to promote awareness and disseminate information about the workers’ compensation scheme.

This indicator reports the average cost of providing information and advice in relation to all aspects of the scheme. It is measured by dividing the full costs of the Advice and Assistance service by the total number of advice and assistance activities (written advice notifications prepared and verbal consultations conducted).

All written advice notifications and verbal consultations including in-person enquiries, appointments, and written enquiries are captured in the RSMS. Inward telephone calls made to the Agency Advisory Line (1300 794 744) are recorded by the Agency’s phone system. Other enquiries such as Ministerial correspondence are recorded in the Ministerial tracking system. The total number of matters conducted is then extracted directly from the respective systems and included in a monthly activity report.

The target for this indicator was determined by dividing the approved budget for this activity by the estimated total number of written advice notifications prepared and verbal consultations conducted for the year. The predicted number of activities was a significant decrease on the previous year based on a continuing downward trend in telephone calls attributed to increased website activity.

**Analysis**

In 2017/18 the average cost per client contact to provide information and advice was $75 (see Figure 6). This is 27.9 percent lower than the target of $104 and 31.8 percent lower than 2016/17.

The significant reduction in the average cost of providing this service is primarily due to a Divisional restructure conducted during the year resulting in reduced direct resources for this activity.

The Advice and Assistance Unit, which is now incorporated into the Communication and Education Branch, responded to 19,939 requests in 2017/18. This is 9.7 percent more than expected and only 2.0 percent less than 2016/17 with reduced resources. The previous downward trend attributed to reduced claim numbers across the scheme and the improved information and search capabilities of the WorkCover WA website appears to be stabilising. In 2017/18 the website attracted approximately 268,000 hits compared to approximately 275,000 in 2016/17.

**Service 2: Scheme Services - provision of effective and equitable dispute resolution and other services to scheme participants**

The Conciliation and Arbitration Services (CAS) provide a fair and cost effective system for the resolution of disputes that is timely, accessible, approachable and professional, and minimises costs to parties to disputes through either conciliation or arbitration.

The Agency is also responsible for recording the finalisation of workers’ compensation claims through the registration of Memoranda of Agreement (MoAs) and the processing of documents submitted in relation to settlement of common law actions initiated in the District Court.

**Indicator 2.1**

Average cost to complete a conciliation

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Indicator 2.1 | 2013/14  Actual | 2014/15  Actual | 2015/16  Actual | 2016/17 Actual | 2017/18 Actual | 2017/18 Target |
| Average cost to complete a conciliation | $2,268 | $1,966 | $2,095 | $2,208 | $2,353 | $2,194 |

**Description**

This KPI measures the average cost to complete a conciliation. It is measured by dividing the full costs of providing the conciliation process by the total number of conciliations completed.

All conciliations are recorded in the DCMS along with completed dates. ‘Completed’ is measured as the date that a conciliation officer records a Certificate of Outcome at the end of a conciliation process. The data for this indicator is extracted directly from DCMS.

The target for this indicator was determined by dividing the approved budget for this activity by the estimated total number of conciliations completed for the year. The estimated number of conciliations for 2017/18 is slightly more than the figure used for 2016/17 based on the stabilising of a previous upward trend.

**Analysis**

In 2017/18 the average cost to complete a conciliation was $2,353 (see Figure 7). This is 7.2 percent higher than the target of $2,194 and 6.6 percent higher than in 2016/17.

The number of conciliations completed for the period is 8.7 percent fewer than expected and 2.6 percent less than 2016/17 indicating the downward trend over the past few years in the number of conciliation applications received is continuing. This downward trend is consistent with the overall number of workers’ compensation claims being received.

The Agency will continue to monitor conciliation application numbers with a view to adjusting resources as required.

**Indicator 2.2**

Average cost to complete an arbitration

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator 2.2** | **2013/14 Actual** | 2014/15  **Actual** | **2015/16**  **Actual** | 2016/17 Actual | 2017/18 Actual | **2017/18**  **Target** |
| Average cost to complete an arbitration | $11,153 | $10,042 | $10,084 | $9,587 | $8,579 | $10,819 |

**Description**

This KPI measures the average cost to complete an arbitration. It is measured by dividing the full costs of providing the arbitration process by the total number of arbitrations completed.

All arbitration applications are recorded in DCMS, including the dates the matters are completed. ‘Completion of an arbitration’ can mean a matter is discontinued or final orders are issued by an Arbitrator.

The target for this indicator is determined by dividing the approved budget for this activity by the estimated total number of arbitrations completed for the year. The estimated number of arbitrations was slightly more than predicted in 2016/17 indicating the stabilising of a previous minor downward trend.

**Analysis**

In 2017/18 the average cost to complete an arbitration was $8,579 (see Figure 8). This is 20.7 percent less than the predicted target of $10,819 and 10.5 percent less than the outcome for 2016/17.

The lower than expected cost for this activity is predominantly due to an increase in arbitration activity, lower than expected utilisation of sessional arbitrators and the efficiencies realised through active case management.

#### Indicator 2.3

Average cost to process a Memorandum of Agreement

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator 2.3** | **2013/14 Actual** | 2014/15  **Actual** | **2015/16 Actual** | 2016/17 Actual | 2017/18 Actual | **2017/18**  **Target** |
| Average cost to process a Memorandum of Agreement | $389 | $342 | $339 | $341 | $348 | $345 |

**Description**

WorkCover WA is responsibleunder the Actfor registering Memorandums of Agreement (MoAs), where parties agree to settle a claim in the workers’ compensation scheme, either through redemption of weekly entitlements and medical expenses, and/or through an assessment of a worker’s permanent impairment.

Registering MoAs involves an assessment of the accuracy of the documentation provided by the parties, as well as compliance with the Act.

This KPI measures the average cost to complete a MoA and is measured by dividing the full costs of providing the MoA process by the total number of MoAs completed.

Each MoA registered is recorded in the MoAs database which forms part of DCMS. The data for this KPI is extracted directly from this system.

The target for this KPI was set based on the trend over the previous four years in the number of MoAs being presented.

**Analysis**

The average cost to process a MoA for 2017/18 was $348 (see Figure 9). This is consistent with the target of $345 and the outcome in 2016/17.

The number of MoAs processed in 2017/18 is 11.9 percent less than the predicted target and 6.2 percent less than the number processed in 2016/17. A previous upward trend of MoAs processed per annum appears to have stabilised and is now reducing.

Section 7: Financial statements and notes

Financial statements

Certification of financial statements

The accompanying financial statements of WorkCover Western Australia Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2018 and the financial position as at 30 June 2018.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Greg Joyce  
Chairman  
WorkCover Western Australia Authority  
31 August 2018

Chris White signature  
Chris White  
A/Chief Executive Officer  
WorkCover Western Australia Authority  
31 August 2018



John Hull  
Chief Finance Officer  
WorkCover Western Australia Authority  
31 August 2018Independent Audit Opinion

**INDEPENDENT AUDITOR’S REPORT**

#### To the Parliament of Western Australia

**WORKCOVER WESTERN AUSTRALIA AUTHORITY**

**Report on the Financial Statements**

***Opinion***

I have audited the financial statements of the WorkCover Western Australia Authority which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the WorkCover Western Australia Authority for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

***Basis for Opinion***

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

***Responsibility of the Authority for the Financial Statements***

The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authority is responsible for assessing the agency's ability to continue as a going concern , disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority .

***Auditor's Responsibility for the Audit of the Financial Statements***

As required by the *Auditor General Act 2006,* my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion . The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authority.
* Conclude on the appropriateness of the Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transact ions and events in a manner that achieves fair presentation.

I communicate with the Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report on Controls**

***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the WorkCover Western Australia Authority. The controls exercised by the Authority are those policies and procedures established by the Authority to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the WorkCover Western Australia Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

***The Authority’s Responsibilities***

The Authority is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006,* the Treasurer's Instructions and other relevant written law.

***Auditor General's Responsibilities***

As required by the *Auditor General Act 2006,* my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives , were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

***Limitations of Controls***

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

**Report on the Key Performance Indicators**

***Opinion***

I have undertaken a reasonable assurance engagement on the key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the WorkCover Western Australia Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2018.

***The Authority's Responsibility for the Key Performance Indicators***

The Authority is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Authority determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Authority is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators.*

***Auditor General's Responsibility***

As required by the *Auditor General Act 2006,* my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements,* the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2018 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

**SANDRA HAGNE  
ACTING DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
31 August 2018**

****Statement of Comprehensive Income****

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| **INCOME Revenue** |  |  |  |
| Insurer contributions | **3.1** | 19,883 | 19,945 |
| Interest revenue | **3.2** | 2,298 | 2,320 |
| Other revenue | **3.3** | 1,044 | 862 |
| Employers' Indemnity Supplementation Fund | **3.4** | - | 120 |
| **Total Revenue** |  | **23,225** | **23,247** |
| **Gains** |  |  |  |
| Decrease in claims liability |  | - | 3,531 |
| **Total Gains** |  | **-** | **3,531** |
| **Total Income** |  | **23,225** | **26,778** |
| **EXPENSES Expenses** |  |  |  |
| Employee benefits expense | **4.1** | 14,853 | 14,494 |
| Supplies and services | **4.5** | 2,729 | 2,722 |
| Depreciation and amortisation expense | **5.1,5.2** | 955 | 971 |
| Accommodation expenses | **4.5** | 686 | 647 |
| Grants and subsidies | **4.2** | 50 | 50 |
| Claims expense | **4.3** | 3,065 | 2,020 |
| Loss on disposal of non-current assets | **4.4** | 3 | 5 |
| Other expenses | **4.5** | 1,323 | 1,382 |
| **Total Expenses** |  | **23,664** | **22,291** |
| Profit/(Loss) before grants and subsidies from State Government |  | (439) | 4,487 |
| Services received free of charge | **3.5** | 84 | 114 |
| **Profit/(Loss) for the period** |  | **(355)** | **4,601** |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |
| **Items not reclassified subsequently to profit or loss** |  |  |  |
| Remeasurements of defined benefit liability | **4.1** | (213) | 749 |
| Changes in asset revaluation surplus | **9.10** | 104 | (1,827) |
| **Total other comprehensive income** |  | **(109)** | **(1,078)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** |  | **(464)** | **3,523** |

See also note 2.2 'Schedule of Income and Expenses by Service'.

Statement of Financial Position

**For the year ended 30 June 2018**

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| **ASSETS Current Assets** |  |  |  |
| Cash and cash equivalents | **7.1** | 8,157 | 10,580 |
| Restricted cash and cash equivalents | **7.1** | 86,625 | 85,742 |
| Receivables | **6.1** | 1,278 | 1,069 |
| Other Assets | **6.2** | 83 | 75 |
| Other financial assets | **7.2** | 18,024 | 14,529 |
| **Total Current Assets** |  | **114,167** | **111,995** |
| **Non-Current Assets** |  |  |  |
| Property, plant, equipment & vehicles | **5.1** | 18,010 | 17,782 |
| Intangible assets | **5.2** | 2,037 | 2,485 |
| **Total Non-Current Assets** |  | **20,047** | **20,267** |
| **Total Assets** |  | **134,214** | **132,262** |
| **LIABILITIES Current Liabilities** |  |  |  |
| Payables | **6.3** | 1,340 | 804 |
| Provisions | **4.1,4.3** | 7,901 | 5,756 |
| **Total Current Liabilities** |  | **9,241** | **6,560** |
| **Non-Current Liabilities** |  |  |  |
| Provisions | **4.1,4.3** | 22,777 | 23,042 |
| **Total Non-Current Liabilities** |  | **22,777** | **23,042** |
| **Total Liabilities** |  | **32,018** | **29,602** |
| **NET ASSETS** |  | **102,196** | **102,660** |
| **EQUITY** |  |  |  |
| Reserves | **9.10** | 14,467 | 14,363 |
| Retained earnings |  | 87,729 | 88,297 |
| Total Equity |  | **102,196** | **102,660** |

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

Statement of Changes in Equity

**For the year ended 30 June 2018**

|  | **Notes** | **Reserves  $000** | **Retained earnings $000** | **Total  equity $000** |
| --- | --- | --- | --- | --- |
| **Balance at 1 July 2016** |  | **16,190** | **82,947** | **99,137** |
| Profit/(Loss) |  | - | 4,601 | 4,601 |
| Other comprehensive income | **9.10** | (1,827) | 749 | (1,078) |
| Total comprehensive income for the period |  | (1,827) | 5,350 | 3,523 |
| **Balance at 30 June 2017** |  | **14,363** | **88,297** | **102,660** |
|  |  |  |  |  |
| **Balance at 1 July 2017** |  | **14,363** | **88,297** | **102,660** |
| Profit/(Loss) |  | - | (355) | (355) |
| Other comprehensive income | **9.10** | 104 | (213) | (109) |
| Total comprehensive income for the period |  | 104 | (568) | (464) |
| Balance at 30 June 2018 |  | **14,467** | **87,729** | **102,196** |
|  |  |  |  |  |

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

Statement of Cash Flows

**For the year ended 30 June 2018**

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| **CASH FLOWS FROM OPERATING ACTIVITIES Receipts** |  |  |  |
| Supplementation Fund receipts |  | 1 | 120 |
| Insurer contributions |  | 19,883 | 19,945 |
| Provision of services |  | 8 | 9 |
| Interest received |  | 2,202 | 2,446 |
| GST receipts on sales |  | 74 | 27 |
| GST receipts from taxation authority |  | 327 | 380 |
| Other receipts |  | 1,003 | 813 |
| **Payments** |  |  |  |
| Workers' Compensation claim payments |  | (1,104) | (1,760) |
| Employee benefits |  | (14,786) | (14,906) |
| Supplies and services |  | (2,875) | (2,865) |
| Accommodation |  | (641) | (661) |
| Grants and subsidies |  | (50) | (50) |
| GST payments on purchases |  | (406) | (404) |
| Other payments |  | (1,081) | (1,045) |
| **Net cash provided by operating activities** | **7.1** | **2,555** | **2,049** |
| **CASH FLOWS FROM INVESTING ACTIVITIES Receipts** |  |  |  |
| Proceeds from sale of non-current physical assets | **4.4** | **-** | **86** |
| **Payments** |  |  |  |
| Purchase of non-current physical assets |  | (600) | (628) |
| Investments in term deposits |  | (3,495) | (6,144) |
| **Net cash used in investing activities** |  | (4,095) | (6,686) |
| **Net (decrease)/increase in cash and cash equivalents** |  | **(1,540)** | **(4,637)** |
| Cash and cash equivalents at the beginning of the period |  | 96,322 | 100,959 |
| **Cash and cash equivalents at the end of the period** | **7.1** | **94,782** | **96,322** |

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

Notes to the Financial Statements

1. Basis of preparation

The Authority is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) as applied by the *Treasurer's Instructions*.

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 9.8 ‘Workers’ Compensation & Injury Management Trust Account’ for transactions relating to the Trust Account.

A description of the nature of its operations and its principal activities have been included in the ‘Overview’ which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Board of WorkCover WA Authority on 31 August 2018.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:  
  
1)     The Financial Management Act 2006 **(FMA)**

2)     The Treasurer’s Instructions **(the Instructions or TI)**

3)     Australian Accounting Standards **(AAS)** including applicable interpretations

4)     Where appropriate, those **AAS** paragraphs applicable for not‑for‑profit entities have been applied.

The *Financial Management Act 2006* and the *Treasurer’s Instructions* (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars ($’000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

1. Authority outputs

How the Authority operates

This section includes information regarding the nature of funding the Authority receives and how this funding is utilised to achieve the Authority’s objectives.

|  | **Notes** |
| --- | --- |
| Authority objectives | 2.1 |
| Schedule of Income and Expenses by Service | 2.2 |

|  |
| --- |
| Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities noted below: |
| - Insurer contributions and supplementation fund levies |
| - Provision of services |
| - Recoveries from uninsured employers. |

* 1. Authority objectives

#### Mission

WorkCover WA Authority is to lead a contemporary, sustainable and integrated workers' compensation scheme that is fair, accessible and cost effective for all stakeholders.

The Authority is the government organisation responsible for managing the workers' compensation and injury management scheme in Western Australia (WA).

#### Services

The Authority provides the following services:

*Service 1: Scheme Regulation*

Regulation of workers’ compensation scheme participants for compliance with legislative requirements.

*Service 2: Scheme Services*

Provision of effective and equitable dispute resolution and other services to scheme participants.

* 1. Schedule of Income and Expenses by Service

|  | **Scheme Regulation** | | **Scheme  Services** | | **Grand Total** | |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2018 $000** | **2017 $000** | **2018 $000** | **2017 $000** | **2018 $000** | **2017 $000** |
| **Income** |  |  |  |  |  |  |
| Insurer contributions | 9,009 | 9,034 | 10,874 | 10,911 | 19,883 | 19,945 |
| Interest revenue | 1,041 | 1,051 | 1,257 | 1,269 | 2,298 | 2,320 |
| Other revenue | 473 | 390 | 571 | 472 | 1,044 | 862 |
| Employers' Indemnity Supplementation Fund | - | 54 | - | 66 | - | 120 |
| Decrease in claims liability | - | 1,599 | - | 1,932 | - | 3,531 |
| **Total Income** | **10,523** | **12,128** | **12,702** | **14,650** | **23,225** | **26,778** |
| **Expenses** |  |  |  |  |  |  |
| Employee benefits expense | 6,730 | 6,565 | 8,123 | 7,929 | 14,853 | 14,494 |
| Supplies and services | 1,237 | 1,233 | 1,492 | 1,489 | 2,729 | 2,722 |
| Depreciation and amortisation expense | 433 | 440 | 522 | 531 | 955 | 971 |
| Accommodation expenses | 311 | 293 | 375 | 354 | 686 | 647 |
| Grants and subsidies | 23 | 23 | 27 | 27 | 50 | 50 |
| Claims expense | 1,389 | 915 | 1,676 | 1,105 | 3,065 | 2,020 |
| Loss on disposal of non current assets | 1 | 2 | 2 | 3 | 3 | 5 |
| Other expenses | 599 | 626 | 724 | 756 | 1,323 | 1,382 |
| **Total Expenses** | **10,723** | **10,097** | **12,941** | **12,194** | **23,664** | **22,291** |
| **Profit/(Loss) before grants and subsidies from State Government** | **(200)** | **2,031** | **(239)** | **2,456** | **(439)** | **4,487** |
| Services received free of charges | 38 | 52 | 46 | 62 | 84 | 114 |
| **Profit/(Loss) for the period** | (162) | 2,083 | (193) | 2,518 | (355) | 4,601 |

1. Our funding sources

How we obtain our funding

This section provides additional information about how the Authority obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Authority and the relevant notes are:

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| Insurer contributions | **3.1** | 19,883 | 19,945 |
| Interest revenue | **3.2** | 2,298 | 2,320 |
| Other revenue | **3.3** | 1,044 | 862 |
| Employers' Indemnity Supplementation Fund | **3.4** | - | 120 |

* 1. Insurer contributions

Revenue is recognised when the amount become due and payable.

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Insurer contributions | 19,883 | 19,945 |

The Authority does not receive an appropriation as a Division of the Consolidated Account Expenditure Estimates as it is funded by a levy on insurers and   
self-insurers. In accordance with Section 107 of the *Workers' Compensation and Injury Management Act 1981* **(the Act)**, the Authority collects levies and contributions from approved insurers and self-insurers to carry out its functions under the Act.

* 1. Interest revenue

Revenue is recognised as the interest accrues.

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| General Account | 598 | 624 |
| Employers' Indemnity Supplementation Fund (see note 4.3(b)(i)) | 1,700 | 1,696 |
|  | **2,298** | **2,320** |

* 1. Other revenue

Recoveries from uninsured employers is recognised as revenue on receipt of the recovered monies.

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| General Account |  |  |
| Recoveries from uninsured employers | 12 | 40 |
| Other(a) | 1,032 | 822 |
|  | **1,044** | **862** |

(a) Other is mainly comprised of fines and avoided premiums (recognised when due or payable) as well as infringements and contributions from the Executive Vehicle Scheme (recognised on receipt).

* 1. Employers’ Indemnity Supplementation Fund

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Recovery (i) | - | 120 |
|  | **-** | **120** |

(i) Dividends received from the liquidation of HIH, CIC and FAI Insurance.

* 1. Services received free of charge

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Services received free of charge from the State Solicitor’s Office | 84 | 114 |
|  | **84** | **114** |

1. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Authority’s funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Authority in achieving its objectives and the relevant notes are:

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| **Expenses** |  |  |  |
| Employee benefits expenses | **4.1(a)** | 14,853 | 14,494 |
| Grants and subsidies | **4.2** | 50 | 50 |
| Claims expense | **4.3** | 3,065 | 2,020 |
| Other expenses | **4.5** | 1,323 | 1,382 |
| **Provisions** |  |  |  |
| Employee benefits provisions | **4.1(b)** | 8,855 | 9,002 |
| Claim provisions | **4.3(b)** | 21,823 | 19,796 |

4.1(a) Employee benefits expense

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Wages and salaries | 11,893 | 12,902 |
| Termination benefits | 1,571 | 111 |
| Superannuation - defined contribution plans (i) | 1,251 | 1,355 |
| Superannuation - defined benefit plans (ii) | 138 | 126 |
| **Total employee benefits expenses** | **14,853** | **14,494** |

(i) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees, Superannuation Board Schemes (GESBs) and other eligible funds.

(ii) The amount represents the net interest cost for defined benefit plans.

#### Wages and salaries

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover WA premiums.

#### Termination benefits

Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Authority is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### Superannuation

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS 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). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund provider. The Authority makes contributions to GESB or other funds providers on behalf of employees in compliance with the Commonwealth Government’s Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Authority’s liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

For defined benefit plans (the Pension Scheme and the pre-transfer component of the GSS), changes in the defined benefit obligation are recognised in the Statement of Comprehensive Income either in profit or loss, or, other comprehensive income as follows:

·         Profit or loss:

-  current service cost

- past service cost

- interest cost.

·         other comprehensive income:

- actuarial gains and losses

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

4.1(b) Employee benefits provisions

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Current |  |  |
| Annual leave(a) | 425 | 394 |
| Long service leave(b) | 2,219 | 2,415 |
| Superannuation(d) | 750 | 562 |
|  | 3,394 | 3,371 |
| *Other provisions* |  |  |
| Employment on-costs(c) | 153 | 167 |
|  | 153 | 167 |
| **Total current provisions** | **3,547** | **3,538** |
| Non-current |  |  |
| Long service leave(b) | 538 | 547 |
| Superannuation(d) | 4,738 | 4,884 |
|  | 5,276 | 5,431 |
| *Other provisions* |  |  |
| Employment on-costs(c) | 32 | 33 |
|  | 32 | 33 |
| **Total non-current provisions** | **5,308** | **5,464** |

1. Annual leave liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Within 12 months of the end of the reporting period | 366 | 370 |
| More than 12 months after the end of the reporting period | 59 | 24 |
|  | **425** | **394** |

1. Long service leave liabilities

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 end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Within 12 months of the end of the reporting period | 813 | 975 |
| More than 12 months after the end of the reporting period | 1,944 | 1,987 |
|  | **2,757** | **2,962** |

The components of the long service leave liabilities are calculated at present value as the Authority does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

1. Employment on-costs

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers’ compensation insurance and payroll tax. The provision is the present value of expected future payments.

Employment on-costs, including workers’ compensation insurance, 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 included as part of ‘Other expenses, Note 4.5 (apart from the unwinding of the discount (finance cost))’ and are not included as part of the Authority’s ‘employee benefits expense’. The related liability is included in ‘Employment on-costs provision’.

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| **Employment on-costs provision** |  |  |
| Carrying amount at start of period | 200 | 200 |
| Additional/(reversal of) provisions recognised | 88 | 88 |
| Payments/other sacrifices of economic benefits | (107) | (91) |
| Unwinding of the discount | 4 | 3 |
| Carrying amount at end of period | **185** | **200** |

#### Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Authority’s long service leave provision. These include:

·         Expected future salary rates

·         Discount rates

·         Employee retention rates

·         Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

1. Defined benefit superannuation plans

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for Authority purposes because the concurrent contributions (defined contributions) made by the Authority to GESB extinguishes the Authority’s obligations to the related superannuation liability.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided at the end of the reporting period. The liabilities under these schemes have been calculated separately for each scheme annually by PricewaterhouseCoopers Actuaries using the projected unit credit method.

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

Movements in the present value of the defined benefit obligation in the reporting period were as follows:

|  | **Pension Scheme** | | | **Pre-transfer benefit – Gold State Superannuation Scheme** | |
| --- | --- | --- | --- | --- | --- |
|  | **2018** $000 | | **2017** $000 | **2018** $000 | **2017** $000 |
| Liability at start of period | **4,967** | | **6,004** | **479** | **519** |
| **Included in profit or loss:** |  | |  |  |  |
| Current service cost | - | | - | - | - |
| Past service cost | - | | - | - | - |
| Interest cost | 125 | | 117 | 12 | 9 |
|  | **125** | | **117** | **12** | **9** |
| **Included in Other Comprehensive Income:**  Remeasurements loss (gain) recognised: | |  |  |  |  |
| - Actuarial losses/(gains) arising from: |  | |  |  |  |
| demographic assumptions | 211 | | (322) | - | 1 |
| financial assumptions | - | | (424) | 4 | (21) |
| experience adjustments | 1 | | (78) | (3) | 95 |
|  | **212** | | **(824)** | **1** | **75** |
| Contributions: |  | |  |  |  |
| Benefits Paid | (308) | | (330) | - | (124) |
|  | (308) | | (330) | - | (124) |
| **Liability at end of period** | **4,996** | | **4,967** | **492** | **479** |

The Authority holds no plan assets, therefore the present value of the defined benefit obligation equals the net defined benefit liability. Employer contributions, to the Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS, equal the benefits paid.

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

|  | **Pension Scheme** | | **Pre-transfer benefit – Gold State Superannuation Scheme** | |
| --- | --- | --- | --- | --- |
|  | **2018** | **2017** | **2018** | **2017** |
| Discount rate | 2.60% | 2.60% | 2.60% | 2.60% |
| Pension increases | 2.50% | 2.50% |  |  |
|  | 1.5% for the first year and 4.2% thereafter | 2.0% for the first year, 1.5% for the next 3 years and 4.2% thereafter | 1.5% for the first year and 4.2% thereafter | 2.0% for the first year, 1.5% for the next 3 years and 4.2% thereafter |
| Future salary increases  Average longevity at retirement age (65) for current pensioners (years) |  |  |  |  |
| Male | 23.70 | 23.60 | N/A | N/A |
| Female | 25.60 | 25.50 | N/A | N/A |
| Average longevity at retirement age (65) for current employees (years) |  |  |  |  |
| Male | 23.70 | 23.60 | N/A | N/A |
| Female | 25.60 | 25.50 | N/A | N/A |

At 30 June 2018, the weighted-average duration of the defined benefit obligation was 12 years for Pension Scheme (2017:12 years) and 4 years for Gold State Superannuation Scheme (2017: 4 years).

The Pension Scheme and the pre-transfer benefit for the GSS expose the Authority to actuarial risks, such as salary risk, longevity risk and interest rate risk. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, holding all other assumptions constant.

|  | **Defined Benefit Obligation** | |  | |
| --- | --- | --- | --- | --- |
|  | **Pension Scheme** | | **Pre-transfer benefit – Gold State Superannuation Scheme** | |
|  | **2018** | **2017** | **2018** | **2017** |
|  | Increase $000 | Increase $000 | Increase $000 | Increase $000 |
| Discount rate (1% movement) | (533) | (532) | (18) | (19) |
| Future salary growth (1% movement) | N/A | N/A | 16 | 19 |
| Pension increases (1% movement) | 639 | 639 | N/A | N/A |
| Future longevity (1 year movement) | 240 | 245 | N/A | N/A |

Employer funding arrangements for the defined benefit plans

The Pension Scheme and the pre-transfer benefit for the GSS in respect of individual plan participants are settled by the Authority on their retirement. Funding requirements are based on invoices provided to the Authority by GESB that represent the cost of benefits paid to members during the reporting period.

Employer contributions of $408K (2017: $428K) are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of $256K (2017: $297K) are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

4.2 Grants and subsidies

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Recurrent  Monash University – GP clinical tools project | 50 | 50 |
|  | **50** | **50** |

Transactions in which the Authority provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as ‘Grant expenses’. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

4.3(a) Claims expense

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Workers' compensation claims - Employers' Indemnity Supplementation Fund | 625 | 1,297 |
| Uninsured claims - General Account | 413 | 723 |
| Net increase in claims liability | 2,027 | - |
|  | **3,065** | **2,020** |

4.3(b) Claims provisions

| Current |  |  |
| --- | --- | --- |
|  | **2018 $000** | **2017 $000** |
| Employers' Indemnity Supplementation Fund (i) |  |  |
| Liability for estimated future claim payments | 1,544 | 1,090 |
| General Account (ii) |  |  |
| Uninsured workers | 2,810 | 1,128 |
| **Total current provisions** | **4,354** | **2,218** |
| Non-current |  |  |
| Employers' Indemnity Supplementation Fund (i) |  |  |
| Liability for estimated future claim payments | 11,105 | 12,324 |
| General Account (ii) |  |  |
| Uninsured workers | 6,364 | 5,254 |
| **Total non-current provisions** | **17,469** | **17,578** |

4.3(b)(i) Employers’ Indemnity Supplementation Fund (EISF)

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

- in the event an approved insurer collapses

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

The last insurer collapse was HIH Insurance, which was officially placed into provisional liquidation on 15 March 2001.

All claims up to and including that date are required to be paid from the EISF.

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

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be directly associated with individual claims such as legal and other professional fees, and costs that can only be indirectly associated with individual claims such as claims administration costs.

#### EISF Act Liabilities

The outstanding liabilities for claims in run-off (including clients of the HIH Insurance Group) are assessed by an independent actuary using models applicable to the nature of the incident by which the liability under the fund has been incurred. Claims under the EISF Act are assessed under the categories of Asbestos-Related Claims (which includes incidents of mesothelioma, lung cancer and other diseases of the respiratory system) and Non Asbestos-Related Claims.

#### Workers’ Compensation – Asbestos-Related Claims

Asbestos-Related Claims are assessed using actuarial models based on those developed by Professor Geoffrey Berry utilising ICGF data.

The models predict the total number of claims likely to emerge over time and also determine likely average cost per claim(1).

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

#### Workers’ Compensation – Non Asbestos-Related Claims

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

**Actuarial Assumptions**

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

| **EISF Act: Asbestos-Related Claims** | **2018** | | **2017** | |
| --- | --- | --- | --- | --- |
| **Inflation Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.75%  2.75%  3.00%  3.25%  3.12%  3.00%  2.87%  2.75%  2.62%  2.50%  2.37%  2.25%  2.12%  1.99%  1.87%  1.74% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 2.00%  2.75%  3.25%  3.20%  3.14%  3.09%  3.03%  2.98%  2.92%  2.87%  2.82%  2.76%  2.71%  2.65%  2.60%  2.54% |
| **Discount Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.89%  2.09%  2.37%  2.61%  2.79%  2.92%  2.99%  3.02%  3.04%  3.09%  3.18%  3.27%  3.34%  3.41%  3.47%  3.49% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 1.57%  1.92%  2.29%  2.59%  2.84%  3.02%  3.13%  3.18%  3.21%  3.27%  3.37%  3.51%  3.69%  3.91%  4.17%  4.29% |
| **Claims Managements Expenses** | 10.5% for claim payments except for HIH Insurance which is 0% | | 10.5% for claim payments except for HIH Insurance which is 0% | |
| **Superimposed Inflation** | 1.50% | | 1.50% | |
| **Risk Margin** | 20.4% risk margin at the 75% sufficiency level | | 20.4% risk margin at the 75% sufficiency level | |

The following increases in the average claim size for the removal of age limits as detailed:

- 0.5% increase for claimants aged under 65 years old

- 2.7% increase for claimants aged over 65.

This has decreased from 0.6% for claimants under 65 and 3.2% for claimants over 65 as it has been adjusted for the portion of the claims experience that is after the 2011 Amendment Act was implemented so already implicitly allows for the Act change.

| **EISF Act: Non Asbestos-Related Claims** | **2018** | | **2017** | |
| --- | --- | --- | --- | --- |
| **Inflation Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.75%  2.75%  3.00%  3.25%  3.12%  3.00%  2.87%  2.75%  2.62%  2.50%  2.37%  2.25%  2.12%  1.99%  1.87%  1.74% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 2.00%  2.75%  3.25%  3.20%  3.14%  3.09%  3.03%  2.98%  2.92%  2.87%  2.82%  2.76%  2.71%  2.65%  2.60%  2.54% |
| **Discount Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.89%  2.09%  2.37%  2.61%  2.79%  2.92%  2.99%  3.02%  3.04%  3.09%  3.18%  3.27%  3.34%  3.41%  3.47%  3.49% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 1.57%  1.92%  2.29%  2.59%  2.84%  3.02%  3.13%  3.18%  3.21%  3.27%  3.37%  3.51%  3.69%  3.91%  4.17%  4.29% |
| **Claims Managements Expenses** | 10.5% for claim payments except for HIH Insurance which is 0% | | 10.5% for claim payments except for HIH Insurance which is 0% | |
| **Superimposed Inflation** | 0.00% | | 0.00% | |
| **Risk Margin** | 16.76% risk margin at the 75% sufficiency level | | 16.76% risk margin at the 75% sufficiency level | |

The EISF non-ARD valuation no longer includes an explicit allowance for the 2011 Amendment Act. This is because the average claim size uses an average of 2013 to 2017 lodgement years. The removal of age limits is assumed to be fully incorporated into the experience therefore no explicit allowance is required. This is the same as last year.

The actuarial estimates from June 2001 are as follows:

| **Year** | **$’000** |
| --- | --- |
| 2001 | 122,312 |
| 2002 | 49,923 |
| 2003 | 31,717 |
| 2004 | 24,090 |
| 2005 | 23,421 |
| 2006 | 17,239 |
| 2007 | 15,883 |
| 2008 | 16,647 |
| 2009 | 29,419 |
| 2010 | 23,866 |
| 2011 | 20,871 |
| 2012 | 18,526 |
| 2013 | 16,724 |
| 2014 | 21,274 |
| 2015 | 18,002 |
| 2016 | 16,945 |
| 2017 | 13,414 |
| 2018 | 12,649 |

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. Prior to 2007 the estimates did not include provision for Non-HIH liabilities.

In accordance with Accounting Standard *AASB 1023 General Insurance Contracts* the outstanding claims liability at 30 June 2018 was assessed at $12.649 million and a provision for this amount has been included in the financial statements.

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

For the purpose of addressing the outstanding claims liability, a surcharge was imposed on employers' insurance policies on previous years.

From the 25 June 2008 the surcharge was discontinued. The revenue collected previously from the surcharge will be used to pay this liability.

#### Movement in provisions

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Employers’ Indemnity Supplementation Funds |  |  |
| Liability for estimated future claim payments |  |  |
| Carrying amount at start of period | 13,414 | 16,945 |
| Additional increase/(decrease) in provisions recognised | (346) | (2,504) |
| Unwinding of the discount | 206 | 266 |
| Payments/other sacrifices of economic benefits | (625) | (1,293) |
| Carrying amount at end of period | **12,649** | **13,414** |

4.3(b)(ii) General Account

Uninsured workers

Provision is made to meet payments required under Section 174 of the *Workers’ Compensation and Injury Management Act 1981* where Conciliation and Arbitration Services has made an order and the worker has not received the compensation due from the General Account at the end of the reporting period.

Part of the General Account's obligations are for the provision of workers' compensation benefits to injured employees whose current or former employer has failed to maintain compulsory workers' compensation insurance or if the former employer no longer exists and cannot be found and therefore the insurer is unknown.

The actuarial assessed valuation includes both asbestos related diseases (ARD) and non-asbestos related diseases (non-ARD). The approach adopted is to analyse the claim and financial data for the General Account and make projections of future claim payments based on actuarial assumptions, knowledge and experience of similar portfolios.

***(ARD) Actuarial methods and assumptions***

As most of the asbestos-related disease liability is for future lodgement of latent claims, projected future claim notifications are combined with average claim sizes and the assumed payment patterns 'to produce':

(a) total projected cost of claims for each future year

(b) claim payments

(c) gross and net provisions.

The future lodgement patterns are calibrated to closely follow recent claim experience and the future patterns use the research of Professor Berry (University of Sydney) combined with actuarial's research and examination of the reports of the Institute of Actuaries of Australia Asbestos Taskforce and the independent advice to the James Hardie Special Commission of Inquiry.

*Average weighted term to settlement*

The average term to settlement is calculated separately by class of business based on historic payment patterns.

*Future claim lodgements*

Future claim lodgements are calculated from the recent lodgement experience and calibrated according to the relevant research studies on latency claims.

*Average claim size*

Average claim size is based on current actuarial research taking the WA mining experience into account.

*Assumptions*

| **Uninsured Workers: Asbestos-Related Claims (ARD)** | **2018** | | **2017** | |
| --- | --- | --- | --- | --- |
| **Inflation Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.75%  2.75%  3.00%  3.25%  3.12%  3.00%  2.87%  2.75%  2.62%  2.50%  2.37%  2.25%  2.12%  1.99%  1.87%  1.74% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 2.00%  2.75%  3.25%  3.20%  3.14%  3.09%  3.03%  2.98%  2.92%  2.87%  2.82%  2.76%  2.71%  2.65%  2.60%  2.54% |
| **Discount Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.89%  2.09%  2.37%  2.61%  2.79%  2.92%  2.99%  3.02%  3.04%  3.09%  3.18%  3.27%  3.34%  3.41%  3.47%  3.49% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 1.57%  1.92%  2.29%  2.59%  2.84%  3.02%  3.13%  3.18%  3.21%  3.27%  3.37%  3.51%  3.69%  3.91%  4.17%  4.29% |
| **Claims Managements Expenses** | 10.5% for claim payments | | 10.5% for claim payments | |
| **Superimposed Inflation** | 1.5% | | 1.5% | |
| **Risk Margin** | 20.4% risk margin at the 75% sufficiency level | | 20.4% risk margin at the 75% sufficiency level | |

*Expense rate*

Claims handling expenses are based on the current arrangements in place with ICWA for claims management of the General Account.

*Discount rates*

Discount rates are derived as the one-year forward rates implied by the Commonwealth Government yield curve as at the balance date.

*Inflation rates*

Economic inflation assumptions have been set by reference to current economic indicators.

*Superimposed inflation*

Superimposed inflation being the real increase after adjusting for normal inflation, usually due to non-economic effects e.g. changes in legislation, court settlement precedents. The superimposed inflation rates assumed considered both the portfolio's own real cost increases and industry superimposed inflation trends.

In addition to the above assumptions the following allowances have been made for the Act changes promulgated on 1 October 2011.

The following allowances were made due to the legislative changes:

* 0.5% increase in average claim size for claimants aged under 65 years old
* 2.7% increase in average claim size for claimants aged over 65. This has decreased from 0.6% for claimants under 65 and 3.2% for claimants over 65. It has been adjusted for the portion of the claims experience after the 2011 Amendment Act was implemented which already implicitly allows for the Act change.
* 30% of ARD claims will be lodged as common law claims, with an average claim size 406% greater than the statutory average claim size. This has decreased from 70% of ARD claims based on experience to date.
* 0.2% increase in the ARD average claim size to allow for common law claims made by employed contractors. This has reduced from 0.9% last year as the average includes a proportion of experience after the 2011 Amendment   
  Act
* 0.8% increase in the number of mesothelioma and non-mesothelioma claims due to behavioural change and the availability of common law access for the General Account. This has reduced from 6% last year for mesothelioma claims but increased from 0% for non-mesothelioma as the average includes a proportion of experience after the 2011 Amendment Act.

*(Non-ARD) Actuarial methods and assumptions*

Claims estimates for the workers' compensation business are derived from an analysis of several different actuarial models. Ultimate number of claims incurred are projected based on past reporting patterns. Payments experience is analysed based on average paid per claim incurred, average paid per claim finalised, projected case estimates and Bornheutter Ferguson. Historic case estimates development is also used to form a model of future payments. The resulting projected payments from these models are analysed along with benchmarks for average claim size and ratio to case estimates and other statistics, in order to determine the final estimate of outstanding claims.

Claims inflation is built into the resulting projected payments, to allow for both general economic inflation and superimposed inflation detected in the modelling of payment experience. Superimposed inflation arises from non-economic factors such as developments of legal precedent and changes in claimant behaviour.

Projected payments are discounted to allow for the time value of money.

*Average weighted term to settlement*

The average term to settlement is calculated separately by class of business based on historic payment patterns.

*Future claim reports (IBNR)*

Future claim reports are analysed using the ratio of late reported claims to reported claims over future development periods.

*Average claim size*

Average claim size is a benchmark being the outcome of the accident year blend of actuarial methods described above.

*Assumptions*

| **Uninsured Workers: Non Asbestos-Related Claims (ARD)** | **2018** | | **2017** | |
| --- | --- | --- | --- | --- |
| **Inflation Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.75%  2.75%  3.00%  3.25%  3.12%  3.00%  2.87%  2.75%  2.62%  2.50%  2.37%  2.25%  2.12%  1.99%  1.87%  1.74% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 2.00%  2.75%  3.25%  3.20%  3.14%  3.09%  3.03%  2.98%  2.92%  2.87%  2.82%  2.76%  2.71%  2.65%  2.60%  2.54% |
| **Discount Rate** | 2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034 Onwards | 1.89%  2.09%  2.37%  2.61%  2.79%  2.92%  2.99%  3.02%  3.04%  3.09%  3.18%  3.27%  3.34%  3.41%  3.47%  3.49% | 2018  2019  2020  2021  2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033 Onwards | 1.57%  1.92%  2.29%  2.59%  2.84%  3.02%  3.13%  3.18%  3.21%  3.27%  3.37%  3.51%  3.69%  3.91%  4.17%  4.29% |
| **Claims Managements Expenses** | 10.5% for claim payments | | 10.5% for claim payments | |
| **Superimposed Inflation** | 2.5% for Payment Per Claim Incurred (PPCI) and Payment Per Claim Finalised (PPCF) methods | | 2.5% for Payment Per Claim Incurred (PPCI) and Payment Per Claim Finalised (PPCF) methods | |
| **Risk Margin** | 16.76% risk margin at the 75% sufficiency level | | 16.76% risk margin at the 75% sufficiency level | |

*Expense rate*

Claims handling expenses were calculated by analysis of General Account actual expenses from the Statement of Comprehensive Income over the last 12 months.

*Discount rates*

Discount rates are derived as the one-year forward rates implied by the Commonwealth Government yield curve as at the balance date.

*Superimposed inflation*

Superimposed inflation being the real increase after adjusting for normal inflation, usually due to non-economic effects e.g. changes in legislation, court settlement precedents. The superimposed inflation rates assumed considered both the portfolio's own real cost increases and industry superimposed inflation trends.

*Sufficiency Margin*

The inherent uncertainty in the estimated claim liability means that there is a range of possible outcomes. An analysis of the variation of the expected results lead to adoption of a 30% co-efficient of variation and the lognormal distribution. This distribution is then used to calculate the risk margin required to increase the level of sufficiency of the central estimate from 50% to 75%.

In addition to the above assumptions we have included the following prospective allowances for claims incurred from 1 October 2011 due to the 2011 Amendment Act:

* 0% increase in the non-ARD average claim size for the removal of age limits, as per last year.
* 3.9% of non-ARD claims will be lodged as common law claims, with an average claim size $0.6 million in 30 June 2018 values. The 3.9% is only applied to claims lodged in the past year or future claims reported. A claimant has to elect to pursue common law damages or apply for an extension within 12 months of a claim being lodged. Therefore no claims lodged prior to 30 June 2017 are eligible to pursue common law damages anymore. This is the same method as last year. The average claim size from the December 2011 report is indexed by six year’s superimposed inflation (2.5% per year) and wage inflation (2018: 2.0%, 2017: 1.3%, 2016: 2.5%; 2015: 2.8%, 2014: 0.6%; 2013: 6.8%). The percentage of non-ARD claims that will be lodged as common law claims has increased from 1.3% due to experience.
* 0% allowance for common law claims made by employed contractors as it is assumed to be fully allowed for in the experience, as per last year.

Movement in provisions

|  | 2018 $000 | 2017 $000 |
| --- | --- | --- |
| Uninsured claims |  |  |
| Carrying amount at start of period | 6,382 | 6,100 |
| Additional increase in provisions recognised | 3,201 | 714 |
| Unwinding of the discount | 97 | 95 |
| Payments/other sacrifices of economic benefits | (506) | (527) |
| Carrying amount at end of period | **9,174** | **6,382** |

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

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Proceeds from Disposal of Non-Current Assets | - | 86 |
| Vehicles | - | 86 |
| Costs of Disposal of Non-Current Assets |  |  |
| Equipment | (3) | - |
| IT hardware | - | - |
| Vehicles | - | (91) |
|  |  |  |
|  | **(3)** | **(91)** |
| Net loss | **(3)** | **(5)** |

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any profit or loss relating to that asset is recognised in the Statement of Comprehensive Income, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

4.5 Other expenditures

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| **Supplies and services** |  |  |
| Communications | 136 | 153 |
| Consultants and contractors | 1,497 | 1,532 |
| Consumables | 762 | 765 |
| Insurance | 116 | 72 |
| Training | 108 | 113 |
| Travel | 37 | 37 |
| Other | 73 | 50 |
| **Total supplies and services expenses** | **2,729** | **2,722** |
| **Accommodation expenses** |  |  |
| Outgoings | 292 | 279 |
| Repairs and maintenance | 235 | 214 |
| Other | 159 | 154 |
| **Total accommodation expenses** | **686** | **647** |
| |  | | --- | | **Other expenses** | | General Account | |  |  |
| Employment on-costs | 811 | 828 |
| Seminars | 19 | 28 |
| Doubtful debts expense | 38 | 63 |
| Sitting fees | 96 | 97 |
| Staff wellness programs | 41 | 36 |
| Audit Fees | 189 | 204 |
| Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims | 54 | 53 |
| Other | 54 | 59 |
| Employers' Indemnity Supplementation Fund (see note 4.3) |  |  |
| Administration fee paid to Insurance Commission of WA | 21 | 14 |
| **Total other expenditures** | **1,323** | **1,382** |
| **Total other expenses** | **4,738** | **4,751** |

#### Supplies and services/Accommodation/other

Supplies and services/Accommodation/other operating costs are recognised as expenses in the reporting period in which they are incurred.

**Building maintenance and equipment repairs and maintenance**

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

**Doubtful debt expense**

Doubtful debt expense is recognised as the movement in the provision for doubtful debt. Please refer to note 6.1.1 Movement of the allowance for impairment of receivables.

**Employee on-cost**

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 liabilities is included at Note 4.1(b) Employee benefit provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

1. Key assets

#### Assets the Authority utilises for economic benefit or service potential

This section includes information regarding the key assets the Authority utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| Property, plant and equipment | 5.1 | 18,010 | 17,782 |
| Intangibles | 5.2 | 2,037 | 2,485 |
| **Total key assets** |  | **20,047** | **20,267** |

* 1. Property, plant and equipment

| **Year ended 30 June 2017** | **Land $000** | **Buildings $000** | **Work in Progress $000** | **Plant, equipment and vehicles $000** | **Total $000** |
| --- | --- | --- | --- | --- | --- |
| **1 July 2016** |  |  |  |  |  |
| Gross carrying amount | 15,000 | 2,500 | - | 3,349 | 20,849 |
| Accumulated depreciation | - | - | - | (756) | (756) |
| **Carrying amount at start of period** | **15,000** | **2,500** | **-** | **2,593** | **20,093** |
| Additions | - | - | - | 173 | 173 |
| Transfers |  |  | - | - | - |
| Disposals | - | - | - | (91) | (91) |
| Revaluation increments/(decrements) | (1,200) | (627) | - | - | (1,827) |
| Depreciation | - | (173) | - | (393) | (566) |
| **Carrying amount at 30 June 2017** | **13,800** | **1,700** | **-** | **2,282** | **17,782** |

| **Year ended 30 June 2018** | **Land $000** | **Buildings $000** | **Work in Progress $000** | **Plant, equipment and vehicles $000** | **Total $000** |
| --- | --- | --- | --- | --- | --- |
| **1 July 2017** |  |  |  |  |  |
| Gross carrying amount | 13,800 | 1,700 | - | 3,353 | 18,853 |
| Accumulated depreciation | - | - | - | (1,071) | (1,071) |
| Accumulated impairment loss | - | - | - | - | - |
| **Carrying amount at start of period** | **13,800** | **1,700** | **-** | **2,282** | **17,782** |
| Additions | - | 23 | 592 | 19 | 634 |
| Transfers |  |  |  |  |  |
| Disposals | - | - | - | (3) | (3) |
| Revaluation increments/(decrements) | 200 | (96) | - | - | 104 |
| Depreciation | - | (127) | - | (380) | (507) |
| **Carrying amount at end of period** | **14,000** | **1,500** | **592** | **1,918** | **18,010** |
| Gross Carrying amount | 14,000 | 1,500 | 592 | 3,160 | 19,252 |
| Accumulated depreciation | - | - |  | (1,242) | (1,242) |

**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 immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

**Initial recognition and measurement**

Property, plant and equipment and vehicles are initially recognised at cost.

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

**Subsequent measurement**

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land, and

- buildings

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

**Land and buildings** are independently valued annually by Landgate (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset’s fair value at the end of the reporting period.

Land and buildings were revalued as at 14 June 2018 by Landgate (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2018 and recognised at 30 June 2018. In undertaking the revaluation, fair value was determined by reference to market values for land: $14,000,000 (2017: $13,800,000) and buildings: $1,500,000 (2017: $1,700,000).

**Revaluation model:**

Fair Value where market-based evidence is available:

The fair value of land and buildings is determined on the basis of current market 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.

**Significant assumptions and judgements:**

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic 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.

**Asset revaluation surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

#### 5.1.1 Depreciation and impairment

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Depreciation |  |  |
| Plant, equipment and vehicles | 380 | 393 |
| Buildings | 127 | 173 |
| **Total depreciation for the period** | **507** | **566** |

As at 30 June 2018 there were no indications of impairment to property, plant and equipment or infrastructure.

Please refer to note 5.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

**Finite useful lives**

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset’s value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

| Buildings | 25 years |
| --- | --- |
| Plant and equipment | 5 to 15 years |
| Information technology – Hardware | 3 to 5 years |
| Information technology – Software(a) | 3 to 10 years |
| Motor vehicles | 6 to 7 years |

(a) Software that is integral to the operation of related hardware.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

**Impairment**

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Authority is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset’s carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 the asset’s future economic benefits and to evaluate any impairment risk from declining 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 the end of each reporting period.

* 1. Intangible assets

**Year ended 30 June 2017**

|  | **Computer Software $000** | **Licences $000** | **Website $000** | **Total $000** |
| --- | --- | --- | --- | --- |
| **1 July 2016** |  |  |  |  |
| **Gross carrying amount** | 3,828 | 170 | 27 | 4,025 |
| Accumulated amortisation | (1,546) | (85) | (27) | (1,658) |
| **Carrying amount at start of period** | **2,282** | **85** | **-** | **2,367** |
| Additions | 523 | - | - | 523 |
| Transfer | (19) | - | 19 | - |
| Impairment losses | - | - | - | - |
| Amortisation expense | (369) | (21) | (15) | (405) |
| **Carrying amount at 30 June 2017** | **2,417** | **64** | **4** | **2,485** |
| **Year ended 30 June 2018** | | | | |
|  | **Computer Software $000** | **Licences $000** | **Website $000** | **Total $000** |
| **1 July 2017** |  |  |  |  |
| **Gross carrying amount** | 4,332 | 170 | 46 | 4,548 |
| Accumulated amortisation | (1,915) | (106) | (42) | (2,063) |
| **Carrying amount at start of period** | **2,417** | **64** | **4** | **2,485** |
| Additions | - | - | - | - |
| Transfer | - | - | - | - |
| Impairment losses reversed | - | - | - | - |
| Amortisation expense | (423) | (21) | (4) | (448) |
| **Carrying amount at 30 June 2018** | **1,994** | **43** | **(0)** | **2,037** |

**Initial recognition**

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

(a)   The technical feasibility of completing the intangible asset so that it will be available for use or sale

(b)   An intention to complete the intangible asset and use or sell it

(c)   The ability to use or sell the intangible asset

(d)   The intangible asset will generate probable future economic benefit

(e)   The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

(f)    The ability to measure reliably the expenditure attributable to the intangible asset during its development

Costs incurred in the research phase of a project are immediately expensed.

**Subsequent measurement**

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

#### 5.2.1 Amortisation and impairment

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| **Charge for the period** |  |  |
| Computer software | 423 | 369 |
| Licences | 21 | 21 |
| Website | 4 | 15 |
| **Total amortisation for the period** | **448** | **405** |

As at 30 June 2018 there were no indications of impairment to intangible assets.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset’s value over its estimated useful life. All intangible assets controlled by the Authority have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

| Computer Software (a) | 3 to 10 years |
| --- | --- |
| Licences | up to 10 years |
| Website costs | 3 to 5 years |

(a) Software that is not integral to the operation of any related hardware.  
  
**Impairment of intangible assets**

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 5.1.1.

**Licences**

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

**Website Costs**

Website costs are expensed when incurred unless they directly relate to the acquisition or development of an intangible asset. In this instance they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

**Development Costs**

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can be reasonably regarded as assured and the total project costs are likely to exceed $50,000. Other development costs are expensed as incurred.

**Computer Software**

Software that is an integral part of the related hardware is recognised as part of the plant, equipment and vehicles. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

1. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Authority’s controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

|  | **Notes** | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| Receivables | 6.1 | 1,278 | 1,069 |
| Other assets | 6.2 | 83 | 75 |
| Payables | 6.3 | (1,340) | (804) |

* 1. Receivables

Current

General Account

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Receivables | 286 | 158 |
| Fines and penalties | 596 | 570 |
| Allowance for impairment of receivables | (349) | (311) |
| Accrued interest | 218 | 156 |
| GST receivable | 2 | 12 |
|  | 753 | 585 |
| Employers' Indemnity Supplementation Fund (see note 4.3) |  |  |
| Accrued interest | 459 | 424 |
| GST receivable | 66 | 60 |
|  | 525 | 484 |
| **Total current** | **1,278** | **1,069** |
| Non-current |  |  |
| General Account |  |  |
| Receivables | 418 | 418 |
| Allowance for impairment of receivables | (418) | (418) |
| **Total non-current** | **-** | **-** |
| **Total receivables** | **1,278** | **1,069** |

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

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

6.1.1 Movement of the allowance for impairment of receivables

#### Reconciliation of changes in allowance for impairment of receivables

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Balance at start of period | 311 | 274 |
| Doubtful debts expense | 38 | 63 |
| Amounts written off during the period | - | (26) |
| **Balance at end of period** | **349** | **311** |

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts.

* 1. Other assets

Current

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Prepayments | 83 | 75 |
| **Balance at end of period** | **83** | **75** |

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

* 1. Payables

Current

General Account

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Trade payables | 83 | 177 |
| Accrued expenses | 425 | 354 |
| Accrued salaries | 692 | 143 |
| Other payables | 113 | 26 |
| Employers' Indemnity Supplementation Fund (see note 4.3b) | | |
| Claim payments | 27 | 104 |
|  | **1,340** | **804** |

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

1. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Authority.

|  | Notes |
| --- | --- |
| Cash and cash equivalents | 7.1 |
| Reconciliation of cash | 7.1.1 |
| Reconciliation of operating activities | 7.1.2 |
| Other financial assets | 7.2 |
| Commitments | 7.3 |

7.1 Cash and cash equivalents

#### Reconciliation of cash

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

|  |  | **2018 $000** | **2017 $000** |
| --- | --- | --- | --- |
| Cash and cash equivalents | (a) | 8,157 | 10,580 |
| Restricted cash and cash equivalents | (b) | 86,625 | 85,742 |
| **Balance at end of period** |  | **94,782** | **96,322** |

For the purpose of the statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### 7.1.1(a) Cash and cash equivalents

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Bank accounts | 3,201 | 2,428 |
| Cash on hand | 1 | 1 |
| Term deposits (i) | 4,955 | 8,151 |
|  | **8,157** | **10,580** |

(i) 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.

#### 7.1.1(b) Restricted cash and cash equivalents

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Current |  |  |
| Employers’ Indemnity Supplementation Fund (See note 4.3(b)(i)) |  |  |
| Cash balance at Treasury | 86,623 | 85,736 |

Commonwealth Funding - Indian Ocean Territories (Christmas & Cocos-Keeling Islands)

The Commonwealth Government provides funding in accordance with the Service Delivery Arrangement.

Under the arrangement, the Authority provides a range of workers' compensation related services.

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Unspent funds for Indian Ocean Territories | 1 | 5 |
| Commonwealth Funding – Paid Parental Leave Scheme | | |
| Cash held | 1 | 1 |
|  | **86,625** | **85,742** |

#### 7.1.2 Reconciliation of profit/(loss) to net cash flows provided by/(used in) operating activities

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Profit/(Loss) after income tax equivalents | (355) | 4,601 |
| Non-cash items: |  |  |
| Depreciation and amortisation expense | 955 | 971 |
| Net (gain)/loss on sale of property, plant and equipment | 3 | 5 |
| Remeasurements of defined benefit liability | (213) | 749 |
| Decrease/(increase) in assets: |  |  |
| Current receivables | (213) | 22 |
| Other Assets | (8) | (75) |
| Increase/(decrease) in liabilities: |  |  |
| Current payables(a) | 502 | 101 |
| Current provisions | 2,145 | (987) |
| Non-current provisions | (265) | (3,344) |
| Net GST receipts/(payments)(b) | (5) | 3 |
| Change in GST receivables/(payables)(c) | 9 | 3 |
| Net cash provided by operating activities | **2,555** | **2,049** | |
|  |  |  |

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

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

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

7.2 Other financial assets

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Current |  |  |
| At Cost: |  |  |
| Term deposits(a) | 18,024 | 14,529 |
|  | **18,024** | **14,529** |

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

Other financial assets represent the cash investments by the Authority.

The Authority maintains cash balances to meet general operational costs throughout the year, the future settlement of existing liabilities and asset replacements. The cash balances are invested into term deposits that range from 90 days to 365 days.

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

* 1. Commitments

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Other expenditure commitments |  |  |
| Other expenditure commitments including consultants and contracts for service at the end of the reporting period but not recognised as liabilities, are payable as follows: | | |
| Within 1 year | 184 | 398 |
|  | **184** | **398** |

The totals presented for other expenditure commitments are GST inclusive.

1. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Authority.

|  | **Notes** |
| --- | --- |
| Financial risk management | 8.1 |
| Contingent assets | 8.2.1 |
| Contingent liabilities | 8.2.2 |
| Fair value measurements | 8.3 |

8.1 Financial risk management

Financial instruments held by the Authority are cash and cash equivalents, restricted cash and cash equivalents, receivables, held-to-maturity investments and payables, the Authority has limited exposure to financial risks. The Authority’s overall risk management program focuses on managing the risks identified below.

1. **Summary of risks and risk management**

*Credit risk*

Credit risk arises when there is the possibility of the Authority’s receivables defaulting on their contractual obligations resulting in financial loss to the Authority.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 8.1(c) ‘Financial instruments disclosures’ and Note 6.1 ‘Receivables’.

The Authority has policies in place to ensure that services are provided to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority’s exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

*Liquidity risk*

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business.

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

*Market risk*

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority’s income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at note 8.1(e), the Authority is not exposed to any further interest rate risk. The Authority's exposure to market risk for changes in interest rates relates primarily to the cash at bank and term deposit holdings.

1. **Categories of financial instruments**

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Financial assets |  |  |
| Cash and cash equivalents | 8,157 | 10,580 |
| Restricted cash and cash equivalents | 86,625 | 85,742 |
| Receivables(a) | 1,210 | 997 |
| Other financial assets (Held-to-maturity investments) | 18,024 | 14,529 |
| **Total financial assets** | 114,016 | 111,848 |
| Financial liabilities |  |  |
| Payables | 1,340 | 804 |
| **Total financial liability** | 1,340 | 804 |

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

#### Aged analysis of financial assets

|  |  |  | Past Due But Not Impaired | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying Amount  $000 | Not past due and not impaired $000 | Up to 1 Month  $000 | 1 to 3 Months  $000 | 3 to 6 Months  $000 | 6 to12 Months  $000 | More than 1 Year  $000 | Impaired Financial Assets $000 |
| **2018** |  |  |  |  |  |  |  |  |
| **Financial Assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 8,157 | 8,157 | - | - | - | - | - | - |
| Restricted Cash | 86,625 | 86,625 | - | - | - | - | - | - |
| Receivables(a) | 1,210 | 963 | - | 39 | 6 | 23 | 179 | - |
| Other financial assets | 18,024 | 18,024 | - | - | - | - | - | - |
|  |  |  |  |  |  |  |  |  |
|  | **114,016** | **113,769** | **-** | **39** | **6** | **23** | **179** | **-** |
| **2017** |  |  |  |  |  |  |  |  |
| **Financial Assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 10,580 | 10,580 | - | - | - | - | - | - |
| Restricted Cash | 85,742 | 85,742 | - | - | - | - | - | - |
| Receivables(a) | 997 | 775 | - | 12 | 39 | 14 | 157 | - |
| Other financial assets | 14,529 | 14,529 | - | - | - | - | - | - |
|  | **111,848** | **111,626** | **-** | **12** | **39** | **14** | **157** | **-** |

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

1. **Liquidity Risk and interest rate exposure**

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

**Interest rate exposure and maturity analysis for financial assets and financial liabilities**

Interest Rate Exposure Maturity Dates

|  | Weighted Average Effective Interest Rate | Carrying Amount | Variable Interest Rate | Fixed Interest Rate | Non Interest Bearing | Nominal Amount | Up To 1 Month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | More than 1 Year |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2018** | % | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| **Financial Assets** |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 2.09 | 8,157 | 3,044 | 5,112 | 1 | 8,157 | 6,227 | 1,930 | - | - | - |
| Restricted Cash | 1.97 | 86,625 | 86,623 | 2 | - | 86,625 | 86,625 | - | - | - | - |
| Receivables (a) | - | 1,210 | - | - | 1,210 | 1,210 | 1,210 | - | - |  | - |
| Other financial assets | 2.60 | 18,024 | - | 18,024 | - | 18,024 | - | - | 7,119 | 10,905 | - |
|  |  | **114,016** | **89,667** | **23,138** | **1,211** | 114,016 | **94,062** | **1,930** | **7,119** | **10,905** | **-** |
| **Financial Liabilities** |  |  |  |  |  |  |  |  |  |  |  |
| Payables | - | 1,340 | - | - | 1,340 | 1,340 | 1,340 | - | - | - | - |
|  |  | **1,340** | **-** | **-** | **1,340** | 1,340 | **1,340** | **-** | **-** | **-** | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **2017** | % | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| **Financial Assets** |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 2.34 | 10,580 | 2,387 | 8,192 | 1 | 10,580 | 5,842 | 4,738 | - | - | - |
| Restricted Cash | 1.98 | 85,742 | 85,736 | 6 | - | 85,742 | 85,742 | - | - | - | - |
| Receivables (a) | - | 997 | - | - | 997 | 997 | 997 | - | - |  | - |
| Other financial assets | 2.60 | 14,529 | - | 14,529 | - | 14,529 | - | - | 10,964 | 3,565 | - |
|  |  | **111,848** | **88,123** | **22,727** | **998** | **111,848** | **92,581** | **4,738** | **10,964** | **3,565** | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Financial Liabilities** |  |  |  |  |  |  |  |  |  |  |  |
| Payables | - | 804 | - | - | 804 | 804 | 804 | - | - | - | - |
|  |  | **804** | **-** | **-** | **804** | **804** | **804** | **-** | **-** | **-** | **-** |

1. The amount of Receivables excludes GST recoverable from the ATO (statutory receivable).
2. **Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of the Authority’s financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

Carrying amount -100 base points +100 base points

|  | $000 | Surplus | Equity | Surplus | Equity |
| --- | --- | --- | --- | --- | --- |
| **2018** |  | $000 | $000 | $000 | $000 |
| Financial Assets |  |  |  |  |  |
| Cash and cash equivalents | 3,044 | (30) | (30) | 30 | 30 |
| Restricted cash and cash equivalents | 86,623 | (866) | (866) | 866 | 866 |
| **Total increase/(Decrease)** |  | **(896)** | **(896)** | **896** | **896** |
|  |  |  |  |  |  |
|  | Carrying amount | -100 base points | | +100 base points | |
|  | $000 | Surplus | Equity | Surplus | Equity |
| **2017** |  | $000 | $000 | $000 | $000 |
| Financial Assets |  |  |  |  |  |
| Cash and cash equivalents | 2,387 | (23) | (23) | 23 | 23 |
| Restricted cash and cash equivalents | 85,736 | (857) | (857) | 857 | 857 |
| **Total Increase/(Decrease)** |  | **(880)** | **(880)** | **880** | **880** |

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### 8.2.1 Contingent assets

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| There were no contingent assets in existence at  30 June 2018 and up to the date of this report. | - | - |
|  | - | - |

#### 8.2.2 Contingent liabilities

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| There were no contingent liabilities in existence at  30 June 2018 and up to the date of this report. | - | - |
|  | - | - |

8.3 Fair value measurements

| Assets measured at fair value: | **Level 1  $000** | **Level 2  $000** | **Level 3  $000** | **Fair value at end of period $000** |
| --- | --- | --- | --- | --- |
| **2018** |  |  |  |  |
| Land (note 5.1) |  | 14,000 |  | 14,000 |
| Buildings (note 5.1) |  | 1,500 |  | 1,500 |
|  | - | **15,500** | - | **15,500** |
| **2017** |  |  |  |  |
| Land (note 5.1) |  | 13,800 |  | 13,800 |
| Buildings (note 5.1) |  | 1,700 |  | 1,700 |
|  | - | **15,500** | - | **15,500** |
|  |  |  |  |  |

There were no transfers between Levels 1, 2 or 3 during the current and the previous periods.

**Valuation techniques to derive Level 2 fair values**

Level 2 fair values of Land and Buildings (office accommodation) are derived using the market approach. Market evidence of sales prices/commercial rents of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

**Valuation Processes**

There were no changes in valuation techniques during the period.

1. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

|  | **Notes** |
| --- | --- |
| Events occurring after the end of the reporting period | 9.1 |
| Future impact of Australians standards issued not yet operative | 9.2 |
| Key management personnel | 9.3 |
| Related parties | 9.4 |
| Related bodies | 9.5 |
| Affiliated bodies | 9.6 |
| Indian Ocean Territories | 9.7 |
| Workers' Compensation & Injury Management Trust Account | 9.8 |
| Remuneration of auditors | 9.9 |
| Equity | 9.10 |
| Supplementary financial information | 9.11 |
| Explanatory statement | 9.12 |

* 1. Events occurring after the end of the reporting period

There were no known events occurring after the end of the reporting period and up to the date of this report.

* 1. Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date.

|  |  | **Operative for reporting periods beginning on/after** |
| --- | --- | --- |
| AASB 9 | *Financial Instruments*  This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.  The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards.  The Authority has assessed that recognition of expected credit losses will increase the amount of impairment losses recognised as Other expenses in the Statement of Comprehensive Income by $38k, and have no material impact on the Authority’s Surplus/(Deficit) for the period. | 1 Jan 2018 |
| AASB 15 | *Revenue from Contracts with Customers*  This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016‑7.  There is no financial impact. | 1 Jan 2019 |
| AASB 16 | *Income of Not-for-Profit Entities*  This Standard clarifies and simplifies the income recognition requirements that apply to not‑for‑profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. [The Authority anticipates that the application will not materially impact appropriation or untied grant revenues.] | 1 Jan 2019 |
| AASB 1059 | *Service Concession Arrangements: Grantors*  This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor’s perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. *[The Authority has not identified any public private partnerships within scope of the Standard.]* | 1 Jan 2019 |
| AASB 2010-7 | *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]*  This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.  The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. [Other than the exposures to AASB 9 noted above, the Authority is only insignificantly impacted by the application of the Standard.] | 1 Jan 2018 |
| AASB 2014-1 | *Amendments to Australian Accounting Standards*  Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. [These changes have no impact as Appendix E has been superseded and the Authority was not permitted to early adopt AASB 9]. | 1 Jan 2018 |
| AASB 2014-15 | *Amendments to Australian Accounting Standards arising from AASB 15*  This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015‑8 to 1 January 2018. [The Authority has not yet determined the application or the potential impact of the Standard.] | 1 Jan 2018 |
| AASB 2014-7 | *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*  This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). [The Authority has not yet determined the application or the potential impact of the Standard.] | 1 Jan 2018 |
| AASB 2015-8 | *Amendments to Australian Accounting Standards – Effective Date of AASB 15*  This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard. | 1 Jan 2018 |
| AASB 2016-3 | *Amendments to Australian Accounting Standards – Clarifications to AASB 15*  This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. *[The Authority has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019].* | 1 Jan 2018 |
| AASB 2016-7 | *Amendments to Australian Accounting Standards – Deferral of AASB 15 for  Not-for-Profit Entities*  This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard. | 1 Jan 2018 |
| AASB 2016-8 | *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not‑for‑Profit Entities*  This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact. | 1 Jan 2019 |

* 1. Key management personnel

The Authority has determined that key management personnel include board members, senior officers of the Authority and the Cabinet Ministers. The Authority does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Authority for the reporting period are presented within the following bands:

**Compensation of members of the Accountable Authority**

**Compensation Band ($)**

|  | **2018** | **2017** |
| --- | --- | --- |
| $ |  |  |
| 0 - 10,000 | 1 | 1 |
| 10,001 - 20,000 | 4 | 4 |
| 30,001 - 40,000 | 1 | 1 |
|  |  |  |
|  | **$000** | **$000** |
| Short-term employee benefits | 96 | 96 |
| Post-employment benefits | 9 | 9 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| **Total compensation of members of the Accountable Authority** | **105** | **105** |
|  |  |  |
| **Compensation of senior officers other than the Accountable Authority**  **Compensation Band ($)** |  |  |
|  | **2018** | **2017** |
| $ |  |  |
| 90,001 – 100,000 | 1 | - |
| 100,001 - 110,000 (a) | 1 | - |
| 130,001 - 140,000 | 1 | - |
| 160,001 - 170,000 | 1 | - |
| 170,001 - 180,000 | 1 | 1 |
| 190,001 - 200,000 | - | 1 |
| 210,001 - 220,000 | - | 3 |
| 220,001 - 230,000 | 1 | - |
| 230,001 - 240,000 | - | 1 |
| 240,000 - 250,000 | 1 | - |
| 260,001 - 270,000 | - | 1 |
|  |  |  |
|  | **$000** | **$000** |
| Short-term employee benefits | 922 | 1,209 |
| Post-employment benefits | 118 | 157 |
| Other long-term benefits | 116 | 144 |
| Termination benefits | - | - |
| **Total compensation of senior officers** | **1,156** | **1,510** |

1. Three senior officers resided in these remuneration bands due to part-year occupancy and total remuneration being below $140,000.
   1. Related parties

The Authority is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Authority is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

**Related parties of the Authority include:**

* all Cabinet Ministers and their close family members, and their controlled or jointly controlled entities
* all senior officers and their close family members, and their controlled or jointly controlled entities
* other departments and statutory authorities, including related bodies that are included in the whole of government consolidated
* financial statements (i.e. wholly-owned public sector entities)
* associates and joint ventures of wholly-owned public sector entities
* the Government Employees Superannuation Board (GESB).

**Significant transactions with Government-related entities**

In conducting its activities, the Authority is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

* Insurance contributions from Insurance Commission of WA $2.865 million (Note 3.1)
* Interest from Department of Treasury $1.7 million (Note 3.2)
* Insurance $0.144 million (Note 4.5) and claim payments $1.1 million   
  (Note 4.3) to Insurance Commission of WA
* District Court cost to Department of Treasury $0.145 million (Note 4.5)
* Payroll tax to Department of Finance $0.766 million (Note 4.5)
* Services received free of charge from the State Solicitor's Office $84K (Note 3.5)
* Remuneration for services provided by the Auditor General $87K (Note 9.9).

**Significant transactions with other related entities**

Material transactions include:

* Superannuation payments to GESB $1.289 million (Note 4.1)

**Material transactions with related parties**

Outside of normal citizen type transactions with the Authority, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

* 1. Related bodies

The Authority does not have related bodies.

* 1. Affiliated bodies

The Authority does not have affiliated bodies.

* 1. Indian Ocean Territories

The Commonwealth Government has a Service Delivery Arrangement with the Authority for the provision of services to Indian Ocean Territories (Christmas Island and Cocos-Keeling Island).

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Opening balance | 5 | 28 |
| Funding received from the Commonwealth | 15 | 16 |
| Revenue received from insurers | 11 | 18 |
|  | **31** | **62** |
| Payment to the Commonwealth | - | 28 |
| Payments by Program Area |  |  |
| Regulatory Services | 15 | 12 |
| Conciliation and Arbitration Services | 10 | 12 |
| Legislation and Scheme Information | 5 | 5 |
| Total Payments | **30** | **57** |
| Balance carried forward | 1 | 5 |

* 1. Workers’ Compensation and Injury Management Trust Account

The purpose of the Trust Fund is to hold funds paid into the custody of the Authority pursuant to Section 110 of the *Workers' Compensation and Injury Management Act 1981*. These funds are not consolidated as they are funds that are administered on behalf of dependants of deceased workers.

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Income |  |  |
| Amounts paid to the custody of the Authority | 232 | 274 |
| Interest on investments | 18 | 21 |
|  | **250** | **295** |
| Expenditure |  |  |
| Payments by the Authority | 349 | 367 |
| Administration fee | 8 | 10 |
|  | **357** | **377** |
| Surplus/(Deficit) | (107) | (82) |
| Balance July 1 | 1,051 | 1,133 |
| Balance June 30 | **944** | **1,051** |
| Balance of funds held represents: |  |  |
| Cash and cash equivalents | 944 | 1,051 |
|  | **944** | **1,051** |

* 1. Remuneration of auditor

Remuneration payable to the Auditor General for the reporting period is as follows:

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Auditing the accounts, controls, financial statements and key performance indicators | 87 | 86 |
|  | **87** | **86** |

* 1. Equity

The Western Australian Government holds the equity interest in the Authority on behalf of the community.

Equity represents the residual interest in the net assets of the Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

|  | **2018 $000** | **2017 $000** |  |
| --- | --- | --- | --- |
| **Reserves** |  |  |  |
| Asset revaluation surplus |  |  |  |
| Balance at start of period | 14,363 | 16,190 |  |
| Net revaluation increments/(decrements): |  |  |  |
| Land | 200 | (1,200) |  |
| Buildings | (96) | (627) |  |
| **Balance at end of period** | 14,467 | 14,363 | **104** |
| **Retained earnings** | 88,297 | 82,947 |  |
| Balance at start of period | (568) | 5,350 |  |
| Result for the period | 87,729 | 88,297 |  |
| **Balance at end of period** | 88,297 | 82,947 |  |
| **Total equity at end of period** | **102,196** | **102,660** |  |

* 1. 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 Statement of Comprehensive Income.

The General Account Uninsured debt write-offs outlined below are net of recoveries received from employers.

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

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Write-Offs |  |  |
| General account uninsured claims | - | 235 |
| Fines and penalties | - | 20 |
| Salaries | - | 6 |
|  | **-** | **261** |
|  | **2018** | **2017** |
| Number of Individual Recovery Write-offs with Values Between: |  |  |
| $ 0 – 100,000 | - | 6 |
| $ 101,001 – 200,000 | - | 1 |

1. **Losses Through Theft, Defaults And Other Causes**

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Losses of public money and public and other property through theft, default and other causes | - | - |
| Amount recovered | - | - |
|  | - | - |

1. **Gifts of public property**

|  | **2018 $000** | **2017 $000** |
| --- | --- | --- |
| Gifts of public property provided by the agency | - | - |
|  | - | - |
|  | - | - |

* 1. Explanatory statement

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than:

* 5% and $0.45 million for the Statements of Comprehensive Income and Cash Flows
* 5% and $2.6 million for the Statement of Financial Position.

**STATEMENT OF COMPREHENSIVE INCOME**

|  | **Variance Note** | **Estimate 2018** | **Actual 2018** | **Actual  2017** | **Variance between Estimate and Actual** | **Variance between Actual result for 2018 and 2017** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **$000** | **$000** | **$000** | **$000** |
| **INCOME** |  |  |  |  |  |  |
| **Revenue** |  |  |  |  |  |  |
| Insurer contributions |  | 19,883 | 19,883 | 19,945 | - | (62) |
| Interest revenue |  | 2,411 | 2,298 | 2,320 | 113 | (22) |
| Other revenue |  | 1,038 | 1,044 | 862 | (6) | 182 |
| Employers' Indemnity Supplementation Fund |  | - | - | 120 | - | (120) |
| **Total Revenue** |  | **23,332** | **23,225** | **23,247** | **107** | **(22)** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Gains** |  |  |  |  |  |  |
| Decrease in claims liability | **1, A** | 1,840 | - | 3,531 | 1,840 | (3,531) |
| **Total Gains** |  | **1,840** | **-** | **3,531** | **1,840** | **(3,531)** |
| **Total Income** |  | **25,172** | **23,225** | **26,778** | **1,947** | **(3,553)** |
| **EXPENSES** |  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |  |
| Employee benefits expense | **2** | 16,691 | 14,853 | 14,494 | 1,838 | 359 |
| Supplies and services | **3** | 3,200 | 2,729 | 2,722 | 471 | 7 |
| Depreciation and amortisation expense |  | 1,042 | 955 | 971 | 87 | (16) |
| Accommodation expenses |  | 557 | 686 | 647 | (129) | 39 |
| Grants and subsidies |  | 50 | 50 | 50 | - | - |
| Claims expense | **1, A** | 1,788 | 3,065 | 2,020 | (1,277) | 1,045 |
| Loss on disposal of non-current assets |  | - | 3 | 5 | (3) | (2) |
| Other expenses |  | 1,734 | 1,323 | 1,382 | 411 | (59) |
| **Total Expenses** |  | **25,062** | **23,664** | **22,291** | **1,398** | **1,373** |
| Profit/(Loss) before grants and subsidies from State Government |  | 110 | (439) | 4,487 | 549 | (4,926) |
| Services received free of charge |  | 170 | 84 | 114 | 86 | (30) |
| **Profit/(Loss) for the period** |  | **280** | **(355)** | **4,601** | **635** | **(4,956)** |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |  |
| **Items not reclassified subsequently to profit or loss** |  |  |  |  |  |  |
| Remeasurements of defined benefit liability | **B** | - | (213) | 749 | 213 | (962) |
| Changes in asset revaluation surplus |  | - | 104 | (1,827) | (104) | 1,931 |
| Total other comprehensive income |  | - | (109) | (1,078) | 109 | 969 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** |  | **280** | **(464)** | **3,523** | **744** | **(3,987)** |

**Major Estimate and Actual (2018) Variance Narratives**

1) The claims liability variance is due to an unexpected increase in actuarially assessed uninsured claim liabilities for the General Account as a result of 5 new potential common law claims identified in the past 12 months. This is reflected in the corresponding increase in claims expense.

2) Employee benefits expense is $1.838 million (11.0%) under budget expectations due to a number of vacancies arising throughout the year.

3) Supplies and services is $471K (14.7%) under budget expectations due to lower than estimated professional service fees such as Sessional Arbitrators, Actuarial services, State Solicitor costs and Other Professional services.

**Major Actual (2018) and Comparative (2017) Variance Narratives**

A) The claims liability variance against prior year is due to an increase in actuarially assessed uninsured claim liabilities for the General Account as a result of 5 new potential common law claims identified in the past 12 months. This is reflected in the corresponding increase in claims expense.

B) The remeasurement of the defined benefit liability variance of $962K (128.4%) against the prior year, is mainly due to a correction in the mortality rates assumed in the actuarial assessment.  
  
**STATEMENT OF FINANCIAL POSITION**

|  | **Variance Note** | **Estimate 2018** | **Actual 2018** | **Actual  2017** | **Variance between Estimate and Actual** | **Variance between Actual result for 2018 and 2017** |
| --- | --- | --- | --- | --- | --- | --- |
| **ASSETS** |  |  | **$000** | **$000** | **$000** | **$000** |
| **Current assets** |  |  |  |  |  |  |
| Cash and cash equivalents |  | 3,185 | 8,157 | 10,580 | (4,972) | (2,423) |
| Restricted cash and cash equivalents |  | 85,615 | 86,625 | 85,742 | (1,010) | 883 |
| Receivables |  | 1,097 | 1,278 | 1,069 | (181) | 209 |
| Other Assets |  | - | 83 | 75 | (83) | 8 |
| Other financial assets | **C** | 18,999 | 18,024 | 14,529 | 975 | 3,495 |
| **Total Current Assets** |  | **108,896** | **114,167** | **111,995** | **(5,271)** | **2,172** |
|  |  |  |  |  |  |  |
| **Non-Current Assets** |  |  |  |  |  |  |
| Property, plant, equipment & vehicles |  | 19,624 | 18,010 | 17,782 | 1,614 | 228 |
| Intangible assets |  | 2,134 | 2,037 | 2,485 | 97 | (448) |
| **Total Non-Current Assets** |  | **21,758** | **20,047** | **20,267** | **1,711** | **(220)** |
| **Total Assets** |  | **130,654** | **134,214** | **132,262** | **(3,560)** | **1,952** |
| **LIABILITIES** |  |  |  |  |  |  |
| **Current liabilities** |  |  |  |  |  |  |
| Payables |  | 2,675 | 1,340 | 804 | 1,335 | 536 |
| Provisions |  | 4,533 | 7,901 | 5,756 | (3,368) | 2,145 |
| **Total Current Liabilities** |  | **7,208** | **9,241** | **6,560** | **(2,033)** | **2,681** |
| **Non-Current Liabilities** |  |  |  |  |  |  |
| Provisions |  | 23,965 | 22,777 | 23,042 | 1,188 | (265) |
| **Total Non-Current Liabilities** |  | **23,965** | **22,777** | **23,042** | **1,188** | **(265)** |
| **Total Liabilities** |  | **31,173** | **32,018** | **29,602** | **(845)** | **2,416** |
| **NET ASSETS** |  | **99,481** | **102,196** | **102,660** | **(2,715)** | **(464)** |
| **EQUITY** |  |  |  |  |  |  |
| Reserves |  | 16,190 | 14,467 | 14,363 | 1,723 | 104 |
| Retained earnings |  | 83,291 | 87,729 | 88,297 | (4,438) | (568) |
| **Total Equity** |  | **99,481** | **102,196** | **102,660** | **(2,715)** | **(464)** |

**Major Estimate and Actual (2018) Variance Narratives**

4) Provisions are $3.368 million (74.3%) over budget estimates due to an increase in claims liability as a result of 5 new potential common law claims identified in the past 12 months.

**Major Actual (2018) and Comparative (2017) Variance Narratives**

C) Other financial assets increase of $3.495 million (24.1%) is due to an increase in deposits with a maturity date greater than 3 months at 30 June 2018.

**STATEMENT OF CASH FLOWS**

|  | **Variance Note** | **Estimate 2018** | **Actual 2018** | **Actual  2017** | **Variance between Estimate and Actual** | **Variance between Actual result for 2018 and 2017** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **$000** | **$000** | **$000** | **$000** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** |  |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |  |
| Supplementation Fund receipts |  | - | 1 | 120 | (1) | (119) |
| Insurer contributions |  | 19,883 | 19,883 | 19,945 | - | (62) |
| Provision of services |  | 14 | 8 | 9 | 6 | (1) |
| Interest received |  | 2,411 | 2,202 | 2,446 | 209 | (244) |
| GST receipts on sales |  | - | 74 | 27 | (74) | 47 |
| GST receipts from taxation authority |  | - | 327 | 380 | (327) | (53) |
| Other receipts | **5** | 1,511 | 1,003 | 813 | 508 | 190 |
| **Payments** |  |  |  |  |  |  |
| Workers' Compensation claim payments | **6,D** | (1,788) | (1,104) | (1,760) | (684) | 656 |
| Employee benefits | **7** | (15,861) | (14,786) | (14,906) | (1,075) | 120 |
| Supplies and services |  | (3,200) | (2,875) | (2,865) | (325) | (10) |
| Accommodation |  | (617) | (641) | (661) | 24 | 20 |
| Grants and subsidies |  | (50) | (50) | (50) | - | - |
| GST payments on purchases |  | - | (406) | (404) | 406 | (2) |
| Other payments | **8** | (2,156) | (1,081) | (1,045) | (1,075) | (36) |
| **Net cash provided by operating activities** |  | **147** | **2,555** | **2,049** | **(2,408)** | **506** |
| **CASH FLOW FROM INVESTING ACTIVITIES** |  |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |  |
| Proceeds from sale of non-current physical assets |  | - | - | 86 | - | (86) |
| **Payments** |  |  |  |  |  |  |
| Purchase of non-current physical assets |  | (676) | (600) | (628) | (76) | 28 |
| Investments in term deposits | **9,E** | - | (3,495) | (6,144) | 3,495 | 2,649 |
| **Net cash used in investing activities** |  | **(676)** | **(4,095)** | **(6,686)** | **3,419** | **2,591** |
| **Net increase/(decrease) in cash and cash equivalents** |  | **(529)** | **(1,540)** | **(4,637)** | **1,011** | **3,097** |
| Cash and cash equivalents at the beginning of the period |  | 91,533 | 96,322 | 100,959 | (4,789) | (4,637) |
|  |  |  |  |  |  |  |
| **Cash and cash equivalent at the end of the period** |  | **91,004** | **94,782** | **96,322** | **(3,778)** | **(1,540)** |
|  |  |  |  |  |  |  |

**Major Estimate and Actual (2018) Variance Narratives**

5) Other receipts are $508K (33.6%) under budget estimates due to lower than expected uninsured recoveries received.

6) Workers' Compensation claim payments are $684K (38.3%) under budget estimates due to lower than expected workers compensation claims received for the Supplementation Fund.

7) Employee benefits are $1.075 million (6.8%) under budget estimates due to a number of senior vacancies across the agency.

8) Other payments are $1.075 million (49.9%) under budget estimates due to lower than expected workers compensation claim payments for uninsured workers.

9) Investments in term deposits of $3.495 million (100%) are not included in the budget.

**Major Actual (2018) and Comparative (2017) Variance Narratives**

D) Workers' Compensation claim payments have decreased by $656K (37.3%) due to lower than expected workers compensation claims received for the Supplementation Fund.

E) Investment in term deposits have decreased by $2.649 million (100%) due to timing differences in term deposits investment strategy.



1. Efficiency indicators have not been adjusted for inflation. [↑](#footnote-ref-1)
2. The figures quoted are those available at the time of setting the target in April 2017. The number of insured claims per year is based on the insurer received date and excludes asbestos and industrial disease, journey and invalid claims. The number of claims may vary from those previously published for some years due to delays in claim reports to WorkCover WA from insurers. [↑](#footnote-ref-2)