



# Annual Report 2018/19

A workers' compensation and injury management scheme that works for all

*We're working for  
Western Australia.*





### **Acknowledgement of Country**

*WorkCover WA acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.*

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**The Good Governance Guide Checklist is on pages 97-98.**

## Statement of compliance

To the Hon. William (Bill) Johnston MLA, Minister for Mines and Petroleum; Energy; Industrial Relations.

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of WorkCover Western Australia Authority for the reporting period ended 30 June 2019.

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.

The financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.



Greg Joyce  
Chairman  
WorkCover WA

30 August 2019



Chris White  
A/Chief Executive Officer  
WorkCover WA

30 August 2019

*In accordance with the Workers' Compensation and Injury Management Act 1981, the WorkCover Western Australia Authority refers to both the Board and the Agency which are authorised to operate under the full name of WorkCover Western Australia Authority, or the abbreviated name of 'WorkCover WA'. The term 'Authority' is also used to represent both the Board and the Agency.*

*Throughout this report WorkCover WA is also referred to as the Agency.*

# Introduction

## About this report

This report provides a comprehensive overview of our oversight and regulation of Western Australia's workers' compensation and injury management scheme (the WA scheme) over the past year. An introduction to WorkCover WA (the Agency) and our year in review begins on page 4. For detailed information refer to section(s):

1. Agency in focus – page 11
2. Scheme performance – page 37
3. Report on operations – page 43
4. Opportunities and challenges – page 77
5. Disclosures and legal compliance – page 87
6. Key Performance Indicators – page 107
7. Financial statements and notes – page 123

This report is consistent with the Public Sector Commission's Western Australian Public Sector Annual Reporting Guidelines (2018/19) 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.

# About us

## Our profile

WorkCover WA is a statutory authority accountable to the Minister for Industrial Relations and is the government agency responsible for managing the Western Australian workers' compensation and injury management scheme.

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 vision

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

## Our purpose

WorkCover WA's purpose is to lead a contemporary, sustainable 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 was the first operation year of WorkCover WA's *2018-2021 Strategic Plan* (see page 20 for more detail).

The *2018-2021 Strategic Plan* sets out three goals directing WorkCover WA's activities:

### Goal 1: Strategic Scheme Management

We will lead a responsive and sustainable workers' compensation scheme.

### Goal 2: Digital Transformation

We will implement digital services for our stakeholders.

### Goal 3: People, Culture and Systems

We will build on the capability of our people, culture and systems.

## 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 stakeholders

Workers and employers are the primary stakeholders of the workers' compensation scheme.

Many other stakeholders support the effective operation of the scheme by providing services to workers who have a work-related injury or disease and assisting employers to meet their obligations under the Act.

The following stakeholders contribute to the primary scheme objective of returning an injured worker to safe and sustainable work as outlined in Figure 1.

### Key:

- a. Primary stakeholders
- b. Stakeholders who provide services for injury management and return to work
- c. Stakeholders who provide claims assessment, claims management and dispute resolution services
- d. Stakeholders who provide the services listed in both b and c

**Figure 1: WorkCover WA stakeholders**





A/CEO Chris White



Chairman Greg Joyce



# Year in review

## WorkCover WA Chairman and CEO Report

This financial year saw a number of positive outcomes for WorkCover WA and the scheme. All initiatives and activities conducted over the last 12 months continued to contribute to our vision of a workers' compensation and injury management scheme that works for all.

To continue to operate a scheme that is fair, cost effective and accessible, WorkCover WA is working on the development of a new workers' compensation Act. Last year we announced the State Government had approved the drafting of a Bill to modernise workers' compensation legislation in Western Australia (WA). Drafting of the Bill continued this financial year and we look forward to the release of a draft Bill in the future. More information about planned changes to the Act are available in *Section 1: Agency in focus* on page 21.

We are pleased with how the WA scheme is operating and in comparison to other jurisdictions WA has the second lowest standardised average premium rate and third lowest dispute rate in Australia. Around 80 percent of scheme costs are expended on services and payments for claimants which is on par with the national average. From a claims perspective, the number of short duration claims made in WA has continued to fall again this year but the number of long duration claims has increased. Refer to *Section 2: Scheme performance* on page 37 for more data and analysis about statistics and trends across the scheme in 2018/19.

*We have a primary responsibility to serve and support injured workers and employers in WA and ensure service providers are performing their roles effectively. We are pleased we have met these responsibilities and achieved significant positive outcomes across a range of scheme areas this year.*

**Chris White, A/CEO WorkCover WA**

Our Digital First Strategy, which highlights our commitment to digital transformation, took a step forward this year with the development of Conciliation Online, which is scheduled to launch in August 2019. This initiative was undertaken to implement online administrative conciliation services as a new module in the WorkCover WA Online platform and reduce reliance on paper-based processes. Refer to *Section 1: Agency in focus* on page 22 for more detailed information about its progress.

We depend heavily on service providers to perform various roles in the scheme and as a regulatory body are committed to ensuring service providers operate in an ethical and fair manner, particularly in light of recent findings from the Banking Royal Commission. This commitment is highlighted through our development of a new regulatory framework for service providers which has a strong focus on risk-based approaches. Refer to page 53 in *Section 3: Report on operations* for more information about this framework.

We acknowledge the importance of looking ahead to the future to determine emerging issues and trends that can impact the scheme and the Agency. We have commenced work on a project to identify key issues the Agency may face in the future around recruitment, retention, staff training and development as we move to an increasingly digital environment. For a full description of the project and findings, please see *Section 4: Opportunities and challenges* on page 82.

To encourage our scheme participants to embrace change, it was fitting that the theme of our biennial Conference in May 2019 focused on 'Facing forward'. The two day Conference was held at the Pan Pacific Hotel and 436 scheme participants and exhibitors attended. The Conference program reflected the diverse nature of the scheme and included a variety of experienced local and interstate speakers who covered topics in areas including people and change, workers' compensation, mental health, risks and claims management, cultural intelligence and outlooks on health. The event received very positive feedback and a full summary is available in *Section 3: Report on operations* on page 70.

WorkCover WA's continued strong performance could not be achieved without the effective management, oversight and leadership from the WorkCover WA Board (the Board). The Board works to set the Agency's direction and ensure we are transparent, accountable and achieve high standards in corporate governance and we thank the Board for another excellent year. We'd also like to take this opportunity to thank and farewell outgoing Board member Mr Warren Edwardes and welcome new member Ms Peta Libby. For more information about the Board and its members, please see page 16 in *Section 1: Agency in focus*.

Finally, we would like to say thank you to our Agency staff who work tirelessly each year. Their efforts to deliver and maintain excellent standards in accordance with our values of service, excellence, respect, integrity and collaboration are acknowledged and appreciated and we look forward to what we can achieve in 2019/20.





## Year in numbers

**3,264**

**registrations**

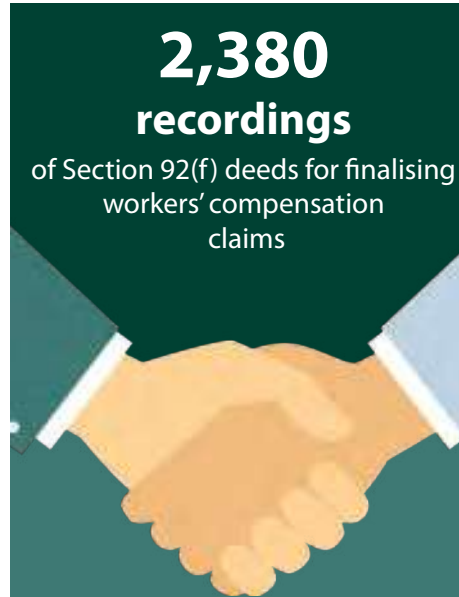
of Memoranda of Agreement for  
finalising workers' compensation  
claims through settlement



**2,380**

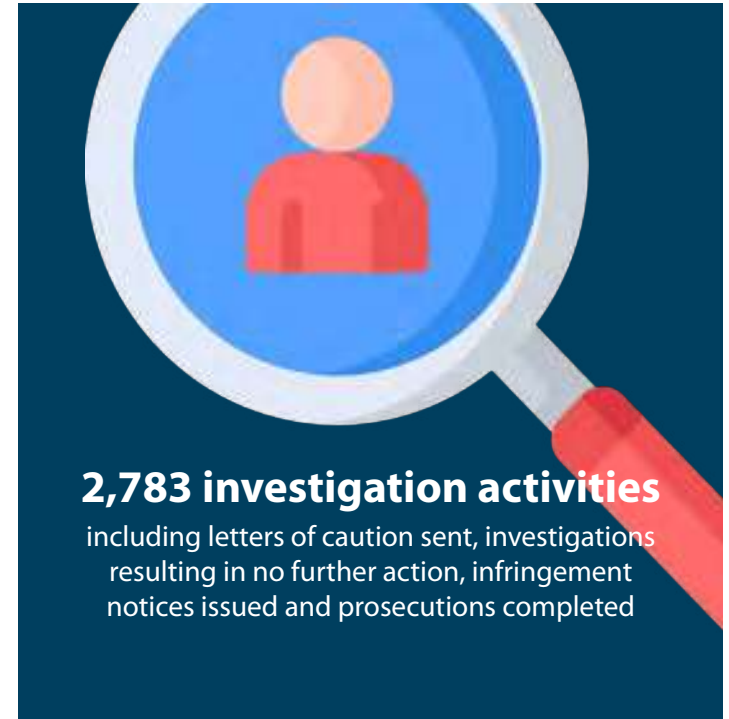
**recordings**

of Section 92(f) deeds for finalising  
workers' compensation  
claims



**2,783 investigation activities**

including letters of caution sent, investigations  
resulting in no further action, infringement  
notices issued and prosecutions completed



**8,837**

**publications**

mailed to workers, employers  
and service providers



**1,035 hours**

of internal and  
external staff training  
completed



**12,116**

**enquiries**

into policy cancellations,  
employers' duty to insure and  
lapsed or expired policies



**277,716**  
**visits**

to the  
WorkCover WA  
website



**20,660**  
**requests**

for advice and assistance  
handled by the Communications  
and Education team



**2,079 conciliations** and  
**601 arbitrations**  
completed





## Year in dollars

The majority of funding (81.27 percent) for WorkCover WA's activities is derived from insurer contributions in the form of an annual levy on workers' compensation premiums paid by employers and a direct levy on employers who are approved by WorkCover WA to self-insure.

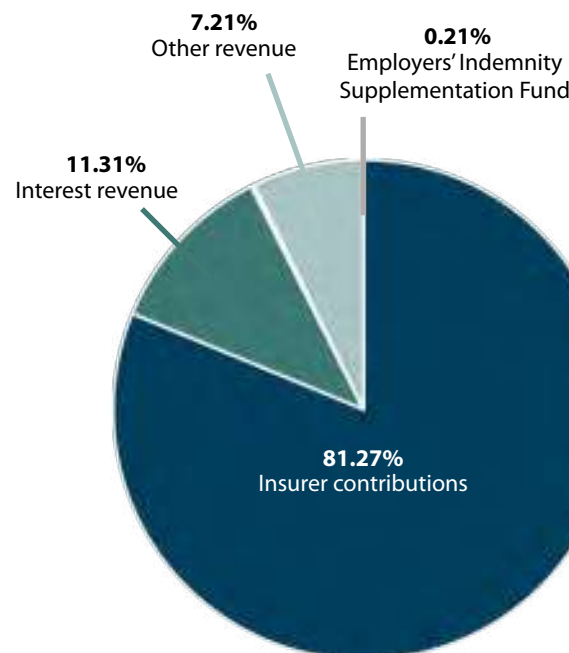
The snapshot in Table 1 represents a consolidation of the General and Supplementation Funds. Please refer to *Section 7: Financial statements and notes* on page 123 for more detailed analysis and disclosure.

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.

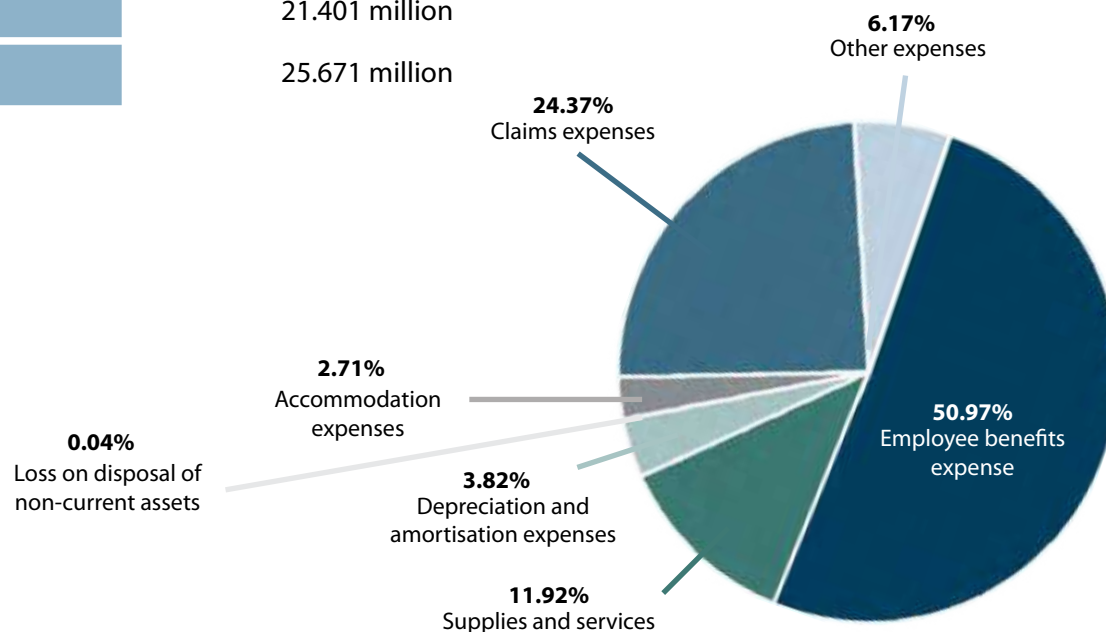
**Table 1: WorkCover WA totals for 2018/19**

Revenue	21.401 million
Expenditure	25.671 million

**Figure 2: WorkCover WA income for 2018/19**



**Figure 3: WorkCover WA expenditure for 2018/19**



## Year scorecard

### 2018/19 performance snapshot

The outcomes of WorkCover WA's activities and services are measured by Key Performance Indicators (KPIs) indicating effectiveness and efficiency. The 2018/19 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 2 and 3.

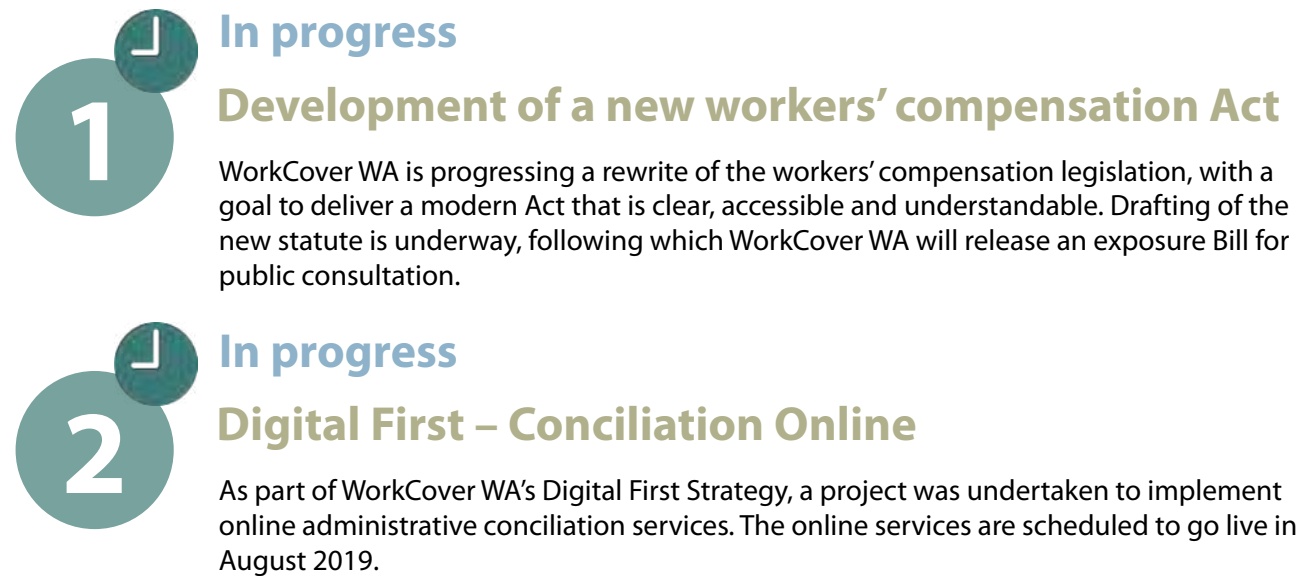
A summary of the delivery of our 2018/19 Strategic Initiatives is located on page 21.

**Table 2: Indicators of effectiveness snapshot**

Description	2018/19 Target (T) and Result (R)
<b>1.1</b> <i>Ref. p. 112</i> Number of non-compliance events identified as a result of a claim on the General Account	T = 6 R = 8
<b>1.2</b> <i>Ref. p. 114</i> Proportion of conciliations completed within eight weeks	T = 97.0% R = 96.9%
<b>1.3</b> <i>Ref. p. 115</i> Proportion of disputes resolved within six months	T = 90.0% R = 84.1%

**Table 3: Indicators of efficiency snapshot**

Description		2018/19 Target (T) and Result (R)
<b>1.1</b> Ref. p. 117	Average cost per employer compliance activity	T = \$262 R = \$277
<b>1.2</b> Ref. p. 118	Average cost per approved and monitored service provider	T = \$3,160 R = \$2,634
<b>1.3</b> Ref. p. 119	Average cost per client contact to provide information and advice	T = \$72 R = \$56
<b>2.1</b> Ref. p. 120	Average cost to complete a conciliation	T = \$2,161 R = \$2,084
<b>2.2</b> Ref. p. 121	Average cost to complete an arbitration	T = \$8,829 R = \$8,319
<b>2.3</b> Ref. p. 122	Average cost to process a Memorandum of Agreement	T = \$380 R = \$424

**Figure 4: Delivery of 2018/19 Strategic Initiatives**



# Section 1

## Agency in focus

12 Agency brief

13 Organisational structure

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20 Strategic planning

23 Enabling legislation

24 Governance

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# 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 WA 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 seven private insurers, 25 self-insurers and the Insurance Commission of Western Australia.

The Act requires employers to maintain current workers' compensation insurance coverage for all workers, including full-time, part-time and casual employees and, in some circumstances, contractors and subcontractors.

The WA scheme also includes entitlements and processes related to dependants of deceased workers, noise induced hearing loss, assessment of permanent impairment and claims finalised through settlement by lump sum payment.

Based in Shenton Park, WorkCover WA's role is focused on leading a contemporary, sustainable and integrated workers' compensation scheme that is fair, accessible and cost effective for all participants. This is achieved through:

- effectively administering the Act
- educating scheme participants
- undertaking compliance activities
- regulating service providers
- resolving workers' compensation disputes
- providing quality policy advice to government
- maintaining excellent stakeholder relationships.

These activities are conducted by three divisions and the Office of the CEO which work collaboratively to achieve the Agency's vision of '*A workers' compensation and injury management scheme that works for all*'. A full breakdown of each division is available on page 14.



# Organisational structure

## Agency overview

### Responsible Minister

The Hon. Bill Johnston MLA, Minister for Mines and Petroleum; Energy; Industrial Relations.

### 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 95.

### 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 the Office of the CEO and three divisions as outlined in the following divisional descriptions and organisational chart.

### Office of the CEO

The Office of the CEO was established this financial year and is comprised of three distinct business areas providing support to the CEO:

- the Executive Support Unit provides secretariat assistance to the CEO, the Board and relevant Board and governance committees
- the Internal Audit Function manages the Agency's internal audit, risk management, governance and performance functions
- the Program Management Office coordinates, resources and manages all strategic initiatives and projects within the Agency.



# Divisions

## Conciliation and Arbitration Services

The Conciliation and Arbitration Services Division is responsible for resolving disputes in the WA scheme. This 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. The Arbitration Service also handles dependency claims.

The division also processes settlements and common law related extensions and elections.

## Scheme and Corporate Services

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 the Government to effectively manage the scheme.

It also provides business services to ensure appropriate human, financial, technological, informational and physical resources are available to support WorkCover WA's operations.

## Regulatory Services

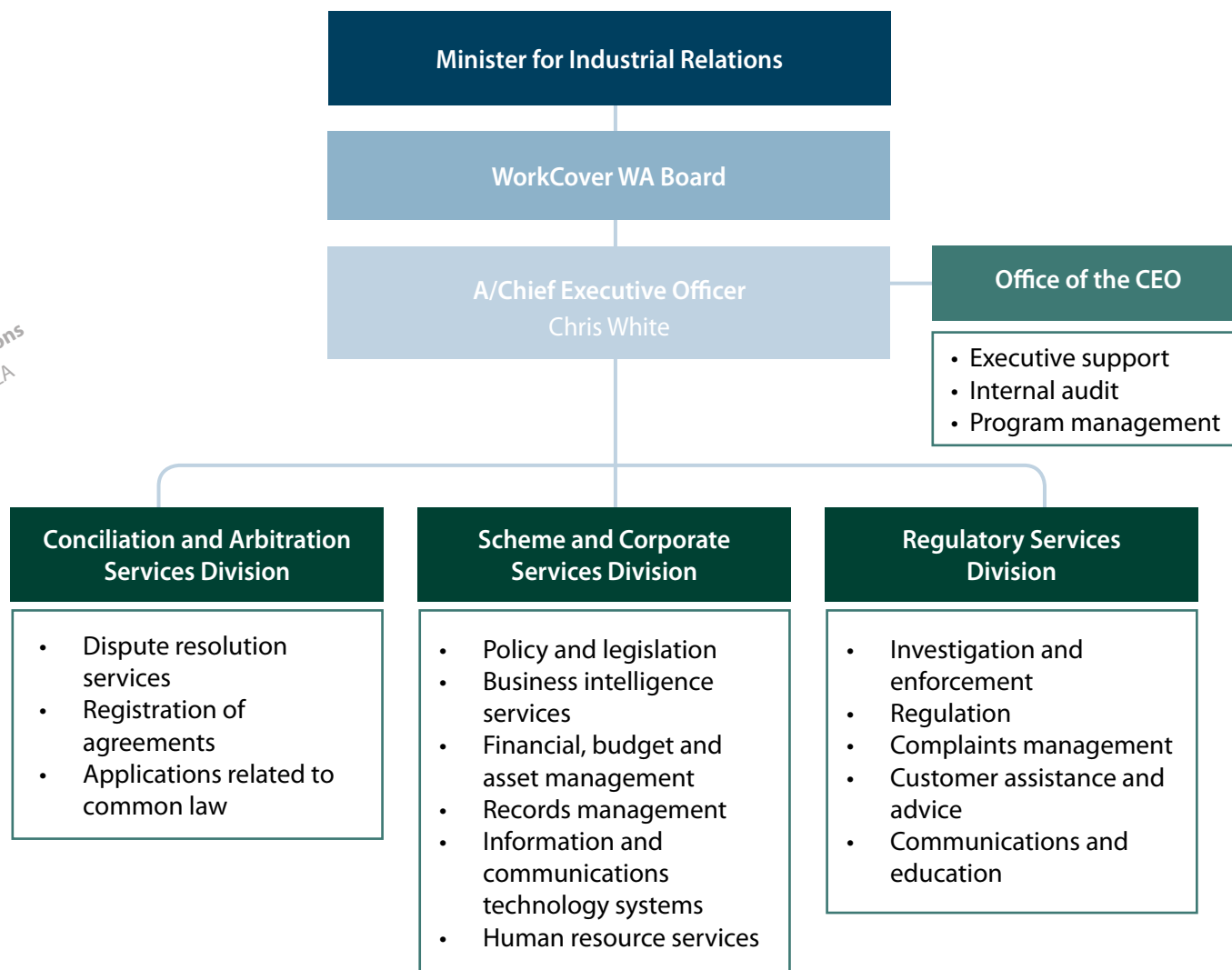
The Regulatory Services Division contributes to the integrity of the WA scheme by:

- educating and assisting stakeholders and service providers
- regulating the activities of approved service providers operating in the scheme
- establishing and monitoring performance standards for approved service providers
- conducting compliance activities for all stakeholders where breaches of statutory obligations are suspected and detected
- managing specific types of claims.





Figure 5: Organisational chart



**Minister for Industrial Relations**  
The Hon. Bill Johnston MLA

# Leadership

## WorkCover WA Board

The Board is responsible for:

- setting the strategic direction
- establishing goals and monitoring achievements to optimise performance
- ensuring compliance with statutory requirements
- making recommendations to the Minister, where appropriate
- giving effect to Ministerial directives
- managing strategic risk.

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 Western Australia (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 36 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.



### 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 22 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 insurance matters**

**Steven Burns** has senior management experience in the resource, aquaculture and food and beverage sectors. Mr Burns was first appointed to the Board in 2007. Mr Burns was reappointed a member of the Board on 1 October 2013 and again on 1 October 2016 for a further three year term. Mr Burns has had a 26 year career in the insurance industry and held general management and product management responsibility nationally with a focus on Tasmania, Northern Territory, South Australia, Western Australia, Australian Capital Territory and New Zealand operations.



**Member**  
**Experienced in workers' interests**

**Owen Whittle** has been a member of the Board since 4 January 2014 and was reappointed on 30 December 2017 for a further 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 Australian Council of Trade Union's Occupational Health and Safety Committee.



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

**Victoria Wilmot** has been a member of the Board since 4 January 2005 and was reappointed on 4 January 2017 for a further 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 (CA ANZ), a Fellow of the Financial Services Institute of Australasia (FINSIA) and a Graduate of the Australian Institute of Company Directors (AICD).



**Member**  
**Experienced in employers' interests\*\***

**Peta Libby** was appointed to the Board on 30 December 2018 for a three year term. Ms Libby is a geologist with over 25 years' experience in mineral exploration and business management and holds a Bachelor of Science (Geology) from the University of Western Australia. Ms Libby is Managing Director and Founder of Digirock and sits on the Australian Prospectors and Miners' Hall of Fame Board. Ms Libby is a member of the Australian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Australian Drilling Industry Association.

**Table 4: Board meeting attendance**

Members	Number of meetings eligible to attend	Number of meetings attended
Greg Joyce	9	9
Chris White	9	9
David Smith	9	7
Steven Burns	9	8
Owen Whittle	9	9
Victoria Wilmot	9	9
Warren Edwardes	5	4
Peta Libby	4	4

*\*Michelle Reynolds was appointed CEO of WorkCover WA on 25 December 2008 and was seconded to the Rottnest Island Authority in January 2017. In February 2019 Ms Reynolds was appointed to the position of Executive Director Rottnest Island Authority.*

*\*\*Warren Edwardes, General Manager Workplace Consulting and Director Business Law WA at the Chamber of Commerce and Industry WA served as the member experienced in employers' interests from 30 December 2015 to 29 December 2018.*



## Senior Officers

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

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

The Corporate Executive met on 11 occasions in 2018/19. Regular meetings were conducted within divisional leadership teams and branch teams to disseminate Corporate Executive decisions.

## Chief Executive Officer\*

**Chris White** was appointed Acting CEO of WorkCover WA in January 2017. Mr White has more than 36 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 and in February 2019 was appointed to the position of Executive Director Rottnest Island Authority.*



## 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 Operations Manager Conciliation and Arbitration Services. Ms Lee has been the Acting General Manager Conciliation and Arbitration Services and the Director, Conciliation since May 2018. 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 WA in policy and consultancy and prior to that in claims management and personal injury litigation. Ms Lee was formerly a member of the WorkCover WA Board and the Commission of Occupational Safety and Health.



## General Manager Scheme and Corporate Services

**Leona Glasby** joined WorkCover WA in July 2006. 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 March 2010. In January 2018, Ms Glasby commenced acting in the role of General Manager Scheme and Corporate Services. Ms Glasby has a Bachelor of Science in Computer Science and Graduate Diplomas in Business and Occupational Safety and Health.



## 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 25 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 the Registrar Arbitration 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 Registrar. Mr Nunn holds a Bachelor of Arts, Master of Arts (Development Studies) and Bachelor of Laws from Murdoch University.



# Strategic planning

Strategic planning is a key element of WorkCover WA's Governance Framework. In the context of our vision of *'a workers' compensation and injury management scheme that works for all'*, the Strategic Plan sets out WorkCover WA's goals and operational themes for a three-year period.

## Strategic Plan 2018-2021

The 2018-2021 Strategic Plan defines key focus areas that underpin our three goals:

- **Goal 1:** Strategic Scheme Management
- **Goal 2:** Digital Transformation
- **Goal 3:** People, Culture and Systems.

These focus areas and strategic goals position us to respond to current and future changes, including:

- developing a new workers' compensation Act
- delivering public sector service priorities focusing on community needs, accountability and leadership
- identifying digital and other disruptive forces impacting on workplaces and scheme stakeholders
- increasing diversity of the workforce, employment arrangements and the environment we work in.

Our commitment to achieving these goals provides opportunities to further strengthen WorkCover WA and make the WA scheme the best in Australia.



View the 2018-2021 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 2018-19 (the Business Plan) outlines the Agency's strategic and operational context and provides information on major projects for the year.

The Business Plan is based on WorkCover WA's Strategic Plan and was developed through an Agency-wide planning process which reviewed:

- opportunities and challenges for the organisation and the scheme
- all strategic and operational risks.

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

The table below outlines the Agency's divisional projects in 2018/19 and references the page on which each project is discussed in this report. Information about the Agency's strategic projects and initiatives is available on page 21.

**Table 5: 2018/19 divisional projects**

Project	Division responsible	Page reference
Service Provider Regulatory Framework	Regulatory Services	p. 53
Guidelines for Labour Hire Arrangements	Scheme and Corporate Services	p. 58
Costs Determination Review	Scheme and Corporate Services	p. 60
WorkCover WA Conference	Regulatory Services	p. 70
Workforce Capability Review – Future of Work	Scheme and Corporate Services	p. 82
Business Process Review	Scheme and Corporate Services	p. 84
Telephone System Upgrade	Scheme and Corporate Services	p. 86
Core Business Systems Technology Refresh	Scheme and Corporate Services	p. 86



## Report against 2018/19 Strategic Initiatives

WorkCover WA commits resources to action initiatives aligned with the Strategic Plan. WorkCover WA's performance against the 2018/19 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 30 of this report.



### Initiative 1:

#### Development of a new workers' compensation Act

WorkCover WA is progressing a rewrite of the workers' compensation legislation based on recommendations from the *Review of the Workers' Compensation and Injury Management Act 1981* published in 2014.

The current Act is complex and fails to provide sufficient clarity on fundamental concepts and processes including coverage of workers, definition of work-related injury, scope of insurance and the claims process. The goal is to deliver a modern Act that is clear, accessible and understandable. Some of the proposed changes include:

- amending the definition of 'worker'
- updating the list of diseases and occupational cancers
- improving insurer liability decision timeframes
- simplifying the method for calculating weekly compensation payments
- clarifying settlement pathways.

The Government's short-term priority was the implementation of legislative amendments to increase entitlements for dependants of workers who die in work-related accidents. This was completed on 1 July 2018 when the *Workers' Compensation and Injury Management Amendment Act 2018* (the Amendment Act) came into effect.

The current long-term priority is focused on progressing the new Act. Drafting of the new statute is underway, following which WorkCover WA will release an exposure Bill for public consultation.

**This initiative is aligned with  
WorkCover WA strategic goal**

1 – Strategic Scheme Management

**This initiative is aligned with Government Goal**

#### Sustainable Finances

*By drafting a new workers' compensation Act that is clear, modern and understandable, WorkCover WA and scheme participants will be able to better interpret and apply the legislation which will allow for better service delivery.*

### In progress



#### Key points:

- WorkCover WA is progressing a rewrite of the workers' compensation legislation
- Drafting of the new statute is underway
- An exposure Bill for public consultation will be released.

## Initiative 2:

### Digital First – Conciliation Online

As part of WorkCover WA's Digital First Strategy, a project was undertaken in 2018/19 to implement online administrative conciliation services as a new module in the WorkCover WA Online platform.

The focus of the project was to develop online registry services to reduce the reliance on paper-based processes and provide more direct accessibility to dispute information for parties involved. Processes transitioned to the online services include:

- application for conciliation lodgement
- document exchange and dissemination
- related activities, such as conference scheduling and other notifications.

More than 30 stakeholder representatives from law firms, insurers and self-insurers were part of a consultation focus group that participated in user testing of the system. Engagement during this process was high and feedback was positive and constructive.

The online conciliation services are scheduled to go live in August 2019.

**This initiative is aligned with  
WorkCover WA strategic goals**

- 1 – Strategic Scheme Management
- 2 – Digital Transformation

**This initiative is aligned with Government Goal**

#### Sustainable Finances

*By implementing online dispute resolution services, WorkCover WA reduces the reliance on paper-based processes and provides more direct accessibility to dispute information for parties involved, resulting in better service delivery.*

#### In progress

##### Key points:

- WorkCover WA is implementing online conciliation services as part of WorkCover WA's Digital First Strategy
- Online processes include lodgement of applications for conciliation, document exchange between parties and the Workers' Compensation Conciliation Service and related activities
- The online services are scheduled to go live in August 2019.

## Outlook for the future

WorkCover WA's Strategic Initiatives for 2019/20 are outlined below:

1

#### Development of a new workers' compensation Act

*New legislation drafting and consultation.*

2

#### Digital First – Arbitration and Settlements Online

*Developing online administrative arbitration and settlement services.*



# Enabling legislation

WorkCover WA 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*
- *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 Profession and Registered Agents) Costs Determination 2018*
- *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 with 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 strategic goals 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.

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

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

- documented terms of reference and 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.

Refer to page 99 under 'Committees' in *Section 5: Disclosures and legal compliance* for full disclosures on these committees.

WorkCover WA maintains a Manual of Delegations, Authorisations and Powers which outlines the scope of authority assigned to various officers under relevant governing legislation and Agency policies. 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. For further information on Agency delegations refer to 'Governance disclosures' on page 95.

## 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 Audit and Risk Management Committee is chaired by a member of the Board and met four times during 2018/19.

## Costs Committee

The Costs Committee is an independent committee established under the Act reporting directly to the Minister for 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 met on two occasions in 2018/19 to consider and produce the 2018 Costs Determination. More information about the 2018 Costs Determination is available on page 60.

## Medical Committee

The Board has currently suspended the operations of the Medical Committee pending outcomes of the legislative review process.



## 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 and with appropriate established standing orders. 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. Committee meeting minutes are also published on WorkCover WA's intranet and can be accessed by all staff.

Staff can also access a Corporate Governance Task List on the intranet, which includes:

- key strategic planning, budgeting, reporting and governance activities to be completed each month of the year
- meeting dates for all internal committees.

Actions of all internal committee meetings 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 seeks to develop and maintain a workplace culture supportive of equal employment opportunity and diversity principles where all people are treated with fairness, dignity and respect.

The Equity and Diversity Committee implements and monitors policies relating to equity and diversity in employment, disability and Aboriginal and Indigenous matters and relevant action plans. This includes developing initiatives to raise staff awareness and understanding about equity and diversity and employment strategies supporting diversity at WorkCover WA.

The Equity and Diversity Committee met four times in 2018/19 and achieved the following outcomes:

- developing and implementing WorkCover WA's Reconciliation Strategy 2018-2021
- continuing the Aboriginal traineeship program
- undertaking an Access and Inclusion Audit on the WorkCover WA premises
- actioning a number of recommendations from the Access and Inclusion Audit
- commencing a project to develop and implement a Disability Access and Inclusion Action Plan
- publishing 10 intranet articles to inform staff about relevant equity and diversity matters.

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 2018/19 to review the Emergency Response Procedure and Guide.

There was an unplanned evacuation of the premises in 2018/19. The evacuation of the building was completed in a timely and efficient manner and in accordance with the Emergency Response Procedure and Guide.





## Joint Consultative Committee

The Joint Consultative Committee ensures consultation occurs between staff and management on major issues affecting the working conditions of staff.

The Joint Consultative Committee consists of the CEO, WorkCover WA's elected union delegates and senior management representatives and meets quarterly or as required.

In 2018/19 the Joint Consultative Committee met three times and was consulted on:

- the 'Christmas/New Year reduced services' period
- WorkCover WA's Harassment Strategy
- generic Level 2 job description form
- Employee Climate Survey
- *Commissioner's Instruction No. 23 – Conversion and appointment of fixed term contract and casual employees to permanency*
- communication protocols.

## 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 about the establishment, maintenance and monitoring of programs, measures and procedures in the workplace to ensure the safety and health of all staff.

The OSH Committee is comprised of a member of the Corporate Executive as Chair, a Human Resources team member, a Business Services team member and four elected staff representatives.

In 2018/19 the OSH Committee met four times and was involved in:

- reviewing and updating policies and processes related to dealing with unreasonable customers in response to issues identified in the Employee Climate Survey (see page 35 for more detail)
- implementing signage about the presence of snakes on the WorkCover WA grounds
- improving the Hazard and Incident Reporting System functionality
- discussing and actioning hazards identified during OSH walkthrough inspections.

OSH remains a standing agenda item at all Corporate Executive meetings and is discussed at divisional and team meetings throughout the year.

## KPI Performance Reporting Committee

The KPI Performance Reporting Committee reviews and manages the Agency's Outcome Based Management structure and ensures the Agency complies with relevant government directives, guidelines and legislation in developing, implementing and monitoring organisational performance outcomes.

The KPI Performance Reporting Committee is chaired by the CEO and consists of the Corporate Executive and senior officers. It meets quarterly or as required and met four times in 2018/19.

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.

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

In March 2019, WorkCover WA received the Silver Award Category 2 at the Institute of Public Administration Australia WA's W.S. Lonnie Awards in recognition of excellence and accountability in annual reporting. The judges commented the report's "attention to operational coverage, including snapshots of governance, risk management and performance reporting made the report impressive. The innovative use of checklists was also positively rated by the judges".

## Risk Management Review Group

The Risk Management Review Group oversees WorkCover WA's risk management processes and maintains the Agency's risk management framework. The Risk Management Review Group is chaired by the CEO and comprises divisional and branch managers and other staff with risk management obligations. They are responsible for:

- identifying, monitoring and reviewing strategic and operational Agency risks
- encouraging and promoting greater awareness and understanding of risk management throughout all levels of the Agency
- providing guidance on risk management to the Agency.

During 2018/19, the Risk Management Review Group continued to facilitate the growth of 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 reporting against Key Risk Indicators linked to the Agency's Risk Strategy and Appetite Statement
- ensuring risk owners monitor and review risks in accordance with set schedules
- reporting regularly to the Corporate Executive, the Audit and Risk Management Committee and the 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/New Zealand Standard Guidelines for Complaint Management in Organisations (AS/NZ 10002:2014) and Public Sector Commissioner's Circular 2009-27: Complaints Management. The system provides customers with an avenue to deliver feedback about the Agency's services, decisions, procedures, policies and facilities.

Customer First processes increase our understanding of customer needs and expectations and identify 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 verbally in person or by telephone, or in writing through a Customer First Feedback form, email, website, letter, fax or Ministerial correspondence which is deemed to require a response. 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 days.

In 2018/19, the Agency received three compliments, five complaints and two suggestions through the Customer First Feedback system. This is a decrease from 2017/18 which saw six compliments, eight complaints and seven suggestions. All feedback was actioned within the agreed deadline of five working days for verbal feedback and 10 working days for written feedback.



**Table 6: 2018/19 Customer First Feedback**

Compliments	3
Complaints	5
Suggestions	2

## Complaints against service providers

As the scheme regulator, WorkCover WA places great importance on investigation of complaints about service providers who participate in the scheme. Management of these complaints during 2018/19 is detailed in *Section 3: Report on operations* under the following headings:

- Complaints against approved insurers and self-insurers – page 55
- Complaints against registered agents – page 55
- Complaints against approved workplace rehabilitation providers – page 56
- Complaints against approved audiometric officers, audiologists and audiometrists – page 56
- Complaints against approved medical specialists – page 56.

## 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 the 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 adhered to in 2018/19.

## Customer Service Charter

The 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 earlier in this section under 'Customer First Feedback policy and procedures' on page 27.

## 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 staff 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 staff.

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 facilitates the disclosure of public interest information and provides protection for those making such disclosures and those who are the subject of disclosures.

The Agency's intranet and external website contains information about:

- what can be considered a matter of public interest for disclosure
- information to be included in the disclosure
- how to make the disclosure
- who to make the disclosure to.

There was one public interest disclosure lodged in 2018/19.

## 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 outlining the Agency's processes for dealing with and responding to freedom of information requests which is accessible on the Agency's external website.

There were 157 freedom of information requests in 2018/19.



## Additional communications policies

WorkCover WA has the following additional policies and procedures:

- the External Data Release Policy which governs the supply of data to government agencies, researchers, stakeholders and the general public
- the Managing Unreasonable or Threatening Client Behavioural Manual 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 by email, social media or letter
- the Disclosure of Personal Information Policy which ensures 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 (the 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 2018/19, the Agency continued to enhance its risk management maturity levels through the ongoing measurement and monitoring of Key Risk Indicators.

In December 2018 an Agency-wide Fraud and Corruption Control Plan (the Plan) was developed. The Plan was endorsed by the Board and incorporated into the Framework. More information about the Plan is available on page 102.

## 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's 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
- information technology (IT) policies incorporating the Information Security Policy, IT Management Policy, IT Disaster Recovery Plan and Acceptable Use of Technology Policy
- the Fraud, Corruption and Misconduct Prevention Policy, Fraud and Corruption Control Plan and Whole of Agency Conflicts of Interest Register.

These policies and process documents are reviewed on an annual or biennial basis.

# Performance Management Framework

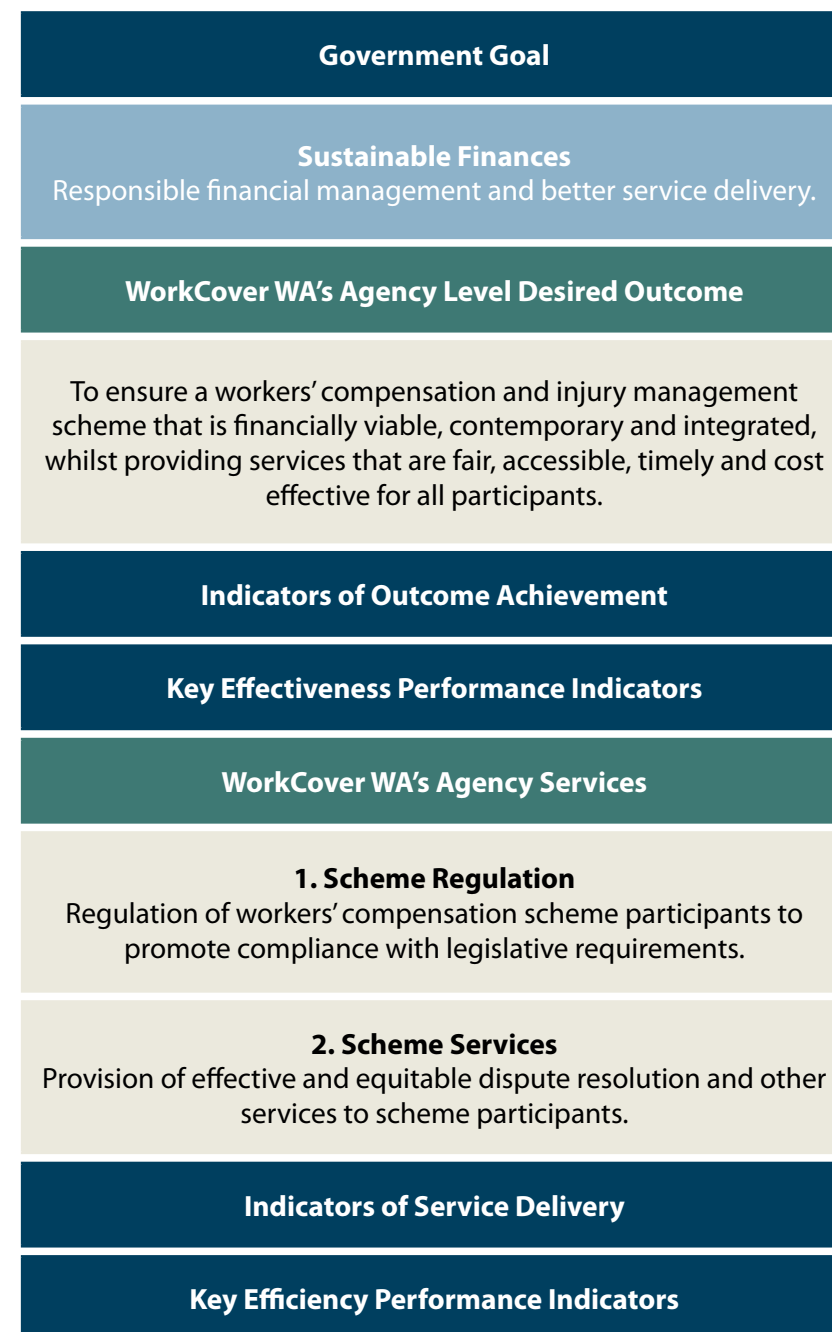
## Outcome Based Management Structure

The WA 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 WA 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 requires *“responsible financial management and better service delivery”*.

Figure 6 outlines the WorkCover WA Outcome Based Management structure, including the Agency Desired Outcome and Agency Services.

**Figure 6: WorkCover WA Outcome Based Management structure**



## Government Goals

WorkCover WA contributes to the following State Government Goals:

### Sustainable Finances – Responsible financial management and better service delivery

- Updating workers' compensation entitlements, recommended premium rates and service cost scales to ensure they are equitable.
- Streamlining, digitising and implementing cost effective business processes such as the Digital First initiative. The services developed as part of Digital First – Conciliation Online will go live in August 2019 and make transactions and interactions with WorkCover WA easier for customers and more cost effective for the Agency.
- Participating in whole of government workforce management initiatives aimed at achieving operational efficiencies.

### Better Places – A quality environment with liveable and affordable communities and vibrant regions

- Conducting regular visits to regional areas to provide education about workers' compensation and injury management. These visits are also conducted to ensure compliance with workers' compensation legislative requirements.
- Monitoring workers' compensation costs and regulating compliance to ensure the business expense of workers' compensation insurance is proportionate to the risk for employers.

## Future Jobs and Skills – Grow and diversify the economy, create jobs and support skills development

- Promoting opportunities for injured workers to develop new skills if they are unable to return to their original work duties.
- Engaging with stakeholders through the biennial WorkCover WA Conference and regular WorkCover WA seminars. This allows for the development of skills in workers' compensation, claims and injury management.
- Providing professional development opportunities for WorkCover WA staff to undertake new tasks, roles and training. This ensures operational efficiencies are realised through optimal workforce skills and experience.

## Strong Communities – Safe communities and supported families

- Supporting workers if they suffer an injury or develop a disease at work and require time off work or medical treatment.
- Enacting and implementing new legislation that significantly increases the level of compensation and support for dependants of workers killed at work. The legislation came into effect on 1 July 2018 and:
  - 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
  - enables de facto partners to access compensation on the same footing as married spouses
  - provides for an expedited claims process.
- Providing advice and assistance to injured workers and their dependants.
- Collaborating and sharing information with WorkSafe WA and other agencies to ensure trends and issues are identified and actioned.





## Shared responsibilities with other agencies

WorkCover WA did not share any responsibilities under the Act with other agencies in 2018/19.

## How we measure our performance

In order to evaluate its contribution to the State Government Goal: Sustainable Finances, as per the Outcome Based Management Structure, WorkCover WA measures its performance in the delivery of two services:

- **Service 1: Scheme Regulation**

Regulation of workers' compensation scheme participants to promote compliance with legislative requirements.

- **Service 2: Scheme Services**

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

## Key performance indicators

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

WorkCover WA did not make any changes to its Outcome Based Management Structure or KPIs in 2018/19 as the Agency Desired Outcomes, Services and KPIs remain relevant and appropriate.

Refer to *Section 6: Key Performance Indicators* on page 107 for full KPI information.



**Figure 7: 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

# Public sector reform

WorkCover WA also contributes to the following government priorities provided by the Department of the Premier and Cabinet.

## A strong economy

WorkCover WA implements cost effective business processes and ensures workers' compensation entitlements, recommended premium rates and service cost scales are updated for equitability. Recommended premium rates remain low in the WA scheme, enabling opportunities for businesses to expand and thrive.

## A bright future

Opportunities are provided to injured workers to develop new skills if they are unable to return to their original work duties. WorkCover WA also engages with stakeholders and assists with the development of their knowledge of workers' compensation, claims and injury management through regular WorkCover WA seminars and the biennial WorkCover WA Conference.

## A safer community

Workers in WA are supported with compensation for lost wages, medical expenses and other related expenses to assist in their recovery and return to work.

The Amendment Act also provides support and compensation for dependants of WA workers killed at work.

In 2018/19 WorkCover WA further refined its compliance approach to ensure employers hold workers' compensation insurance and provide appropriate safeguards for injured workers.

A new regulatory approach for service providers was also developed to ensure an appropriate level of service is provided to injured workers.

## A liveable environment

WorkCover WA conducts regular visits to regional areas in WA to provide education about workers' compensation and injury management and ensure employers hold workers' compensation insurance for all workers. Regional workers and employers can also participate in dispute resolution at WorkCover WA using video conferencing and telephone link facilities without having to travel to Perth.

## Aboriginal wellbeing

WorkCover WA has a Reconciliation Strategy to raise awareness about the culture and values of Aboriginal and Torres Strait Islander Australians. Initiatives in this strategy include focusing on the recruitment of Aboriginal and Torres Strait Islander Australians under the age of 25 for WorkCover WA's traineeship program and increasing engagement with Aboriginal and Torres Strait Islander businesses on the procurement of goods and services.

## Regional prosperity

The regional visits conducted by WorkCover WA provide employers with information about their obligations and reinforce the importance of having workers' compensation insurance. This ensures employers in the regions can continue to operate and grow their businesses without being financially impacted by a workers' compensation claim.

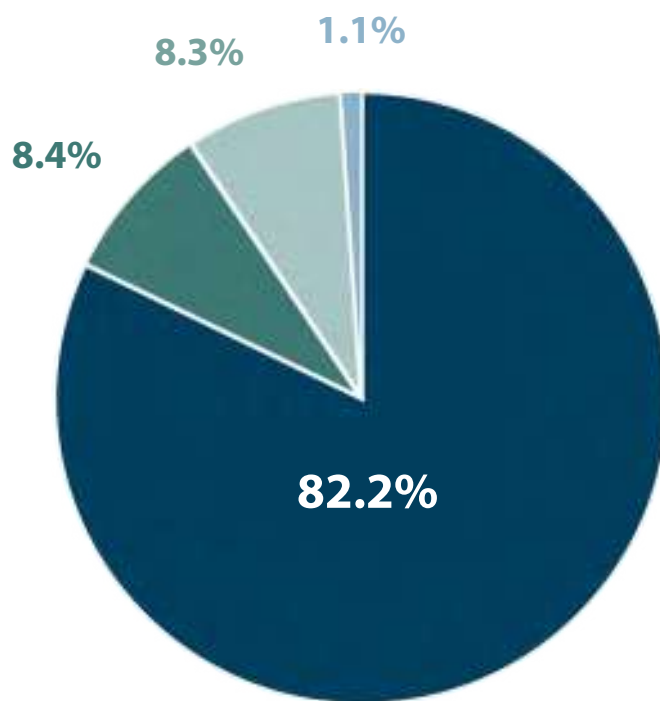


# People

## Workforce profile

Figure 8 outlines WorkCover WA's full-time equivalent usage for 2018/19. The Agency's staffing arrangements as at 30 June 2019 compared with previous years is provided on page 90 under 'Employment and industrial relations' in *Section 5: Disclosures and legal compliance*.

**Figure 8: Full-time equivalent usage 2018/19**



### Key:

- Full-time permanent
- Part-time permanent
- Full-time fixed term contract
- Part-time fixed term contract

## 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*.

## Reporting of Minimum Obligatory Information Requirements data

The Minimum Obligatory Information Requirements (MOIR) process requires government agencies to provide information for use in the strategic management of the WA public sector.

The reporting of MOIR data to the Public Sector Commission occurs on a quarterly basis and in 2018/19 WorkCover WA completed this reporting within the designated timeframes.

## Strategic Workforce and Diversity Plan 2018-2022

The Strategic Workforce and Diversity Plan 2018-2022 (the Plan) was implemented in 2018/19 and endorsed by the Public Sector Commission in November 2018. It is closely aligned with sector wide priorities established by the Public Sector Commission.

Strategies outlined in the Plan include:

- continuing to support and enhance employment opportunities for diverse groups
- collecting and reviewing workforce analytics to guide the development of retention, engagement and renewal strategies
- providing flexible opportunities for women to access senior roles within WorkCover WA
- identifying ways to facilitate cultural change and skills acquisition to support current and future digital environments
- establishing a methodology and rationale for engagement with relevant public sector agencies enabling knowledge sharing and development of best practice human resources services.





## Staff engagement

In 2018/19, WorkCover WA staff completed an Employee Climate Survey. Overall, the results were positive and findings confirmed significant improvements made in the past have been consolidated. Specifically, the substantial improvements made in previous years concerning overall satisfaction, morale and perception of a positive work climate were found to have been sustained over the past seven years.

However, some staff felt somewhat harassed or bullied at work and some in frontline roles indicated they had been intimidated, harassed or bullied by external clients at some stage over the last two years.

In response to these results, staff were encouraged to report any ongoing unacceptable behaviour, a new Harassment Policy was implemented and a mandatory bullying and harassment online training module was completed by all staff.

An Agency-wide initiative was also conducted to:

- better understand the most concerning interactions with external clients
- seek details of previous difficult client interactions and find out how they were handled and how staff felt the Agency's response could be improved
- identify opportunities for improving policies, procedures, support and training for staff.

These activities were undertaken in the form of a follow-up survey open to all staff and performed in consultation with the OSH Committee and Human Resources team.

There were 49 responses to the survey. Findings indicated:

- there were not many instances where clients behaved unreasonably and caused staff members to feel intimidated, harassed or bullied
- when these situations did arise, staff felt well supported and able to handle the situation
- additional training would be welcome, especially for staff who didn't regularly interact with clients or have customer service experience.

As a result of this initiative, policies and procedures relating to dealing with external clients were updated and consolidated to reflect the recommendations of staff and guidance from the Ombudsman WA. Staff were also made more aware about dealing with unreasonable client behaviour and were able to access more specific training in:

- supporting staff dealing with unpleasant situations
- personal resilience
- dealing with unreasonable client behaviour
- reporting instances of unreasonable behaviour by external clients.



**Figure 9: Response to Employee Climate survey**

Response to Employee Climate survey	
October 2018	Employee Climate Survey results released. Issue of unreasonable behaviour from external clients identified.
November 2018	Cross-divisional meeting held to discuss how the issue impacted each area and determine course of action.  OSH Committee and Corporate Executive also discussed issue and agreed on a course of action.
December 2018	Issue and proposed response reported to the Board.
January 2019	Consultation undertaken in the form of a follow-up survey. Frontline staff and OSH representatives identified potential improvement activities.
February 2019	Preliminary follow-up survey results and recommended improvement activities noted by the Corporate Executive.
March 2019	Recommendations to update and consolidate policies and procedures and provide additional training approved by the Corporate Executive.  Outcome of consultation and improvement activities noted by the Board.
April 2019	Updated policies and procedures approved by the Corporate Executive.
May 2019	Updated policies and procedures noted by the OSH Committee.
June 2019	New material uploaded onto the intranet with an explanatory intranet article.

Figure 9 provides a monthly breakdown of actions undertaken by WorkCover WA to promptly respond to and manage the external client issues identified in the Employee Climate Survey.





## Section 2

### Scheme performance

38 Open and transparent reporting

38 Comparative overview

39 Scheme performance report



# Open and transparent reporting

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



## Comparative overview

The WA scheme continues to perform well. According to Safe Work Australia's *Comparative Performance Monitoring Report, Twentieth Edition*, analysis of the most recent comparative statistics shows WorkCover WA leads a scheme with:

- the second lowest standardised average premium rate of the Australian jurisdictions
- around 80 percent of scheme costs expended on services and payments for claimants, on par with the national average
- approximately 88 percent of claim disputes resolved within six months, above the national average of 82 percent
- a disputation rate of 4.1 percent, the third lowest of the Australian jurisdictions and below the Australian average of 5.1 percent.

### During 2018/19, the Agency published the following reports:

- Claims Experience Status Report
- Conciliation and Arbitration Services Status Report
- Industry Benchmark Report
- Industry-Specific Statistical Reports (Construction, Health care and social assistance, Manufacturing and Mining)
- Insurer Claims Status Report
- Long Duration Claims in the WA Workers' Compensation Scheme
- Musculoskeletal Statistical Note
- Scheme Exits Report
- Scheme Status Report
- Service Status Report (Medical, Allied Health and Workplace Rehabilitation)
- Workers' Compensation Annual Statistical Report
- Workers' Compensation Scheme Trends.

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

# Scheme performance report

**Important:** Due to the nature of the processes involved in the capture, verification and analysis of claims data, information relating to lost-time as a result of a workers' compensation claim is only available one year retrospectively. As a result, some information from 2018/19 was unavailable at the time of publishing this report and we have therefore, in line with established practice, reported on information for 2017/18.

## Claim numbers

In 2017/18, 26,867 claims were lodged. Of these, 43 percent had no lost time and 57 percent involved at least one day or shift off work (lost-time claims). Of all lost-time claims lodged in 2017/18, 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](http://workcover.wa.gov.au) under 'Resources – Reports and statistics'.

**Figure 10: Claim numbers - 2017/18**

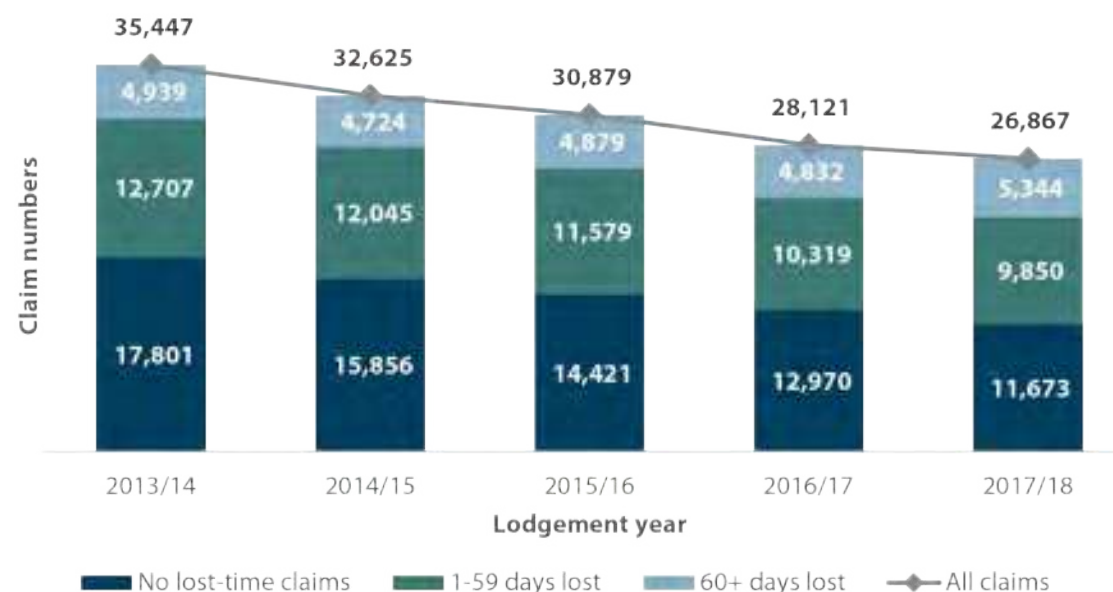


## Claim trends

From 2013/14 to 2017/18, the annual number of claims lodged in the WA scheme decreased by 24.2 percent from 35,447 to 26,867.

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.

**Figure 11: Claim trends**

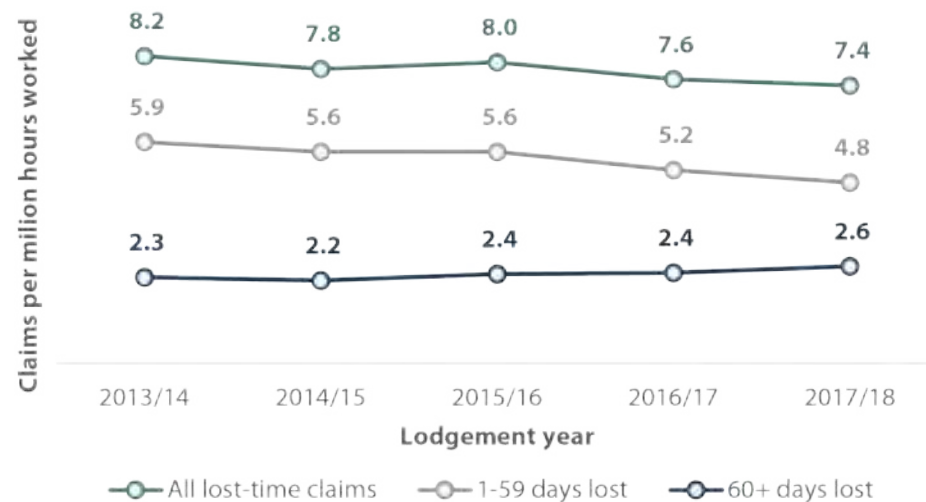




## Frequency rates

The frequency rate, which is the number of lost-time claims per million hours worked, decreased by 9.6 percent between 2013/14 and 2017/18.

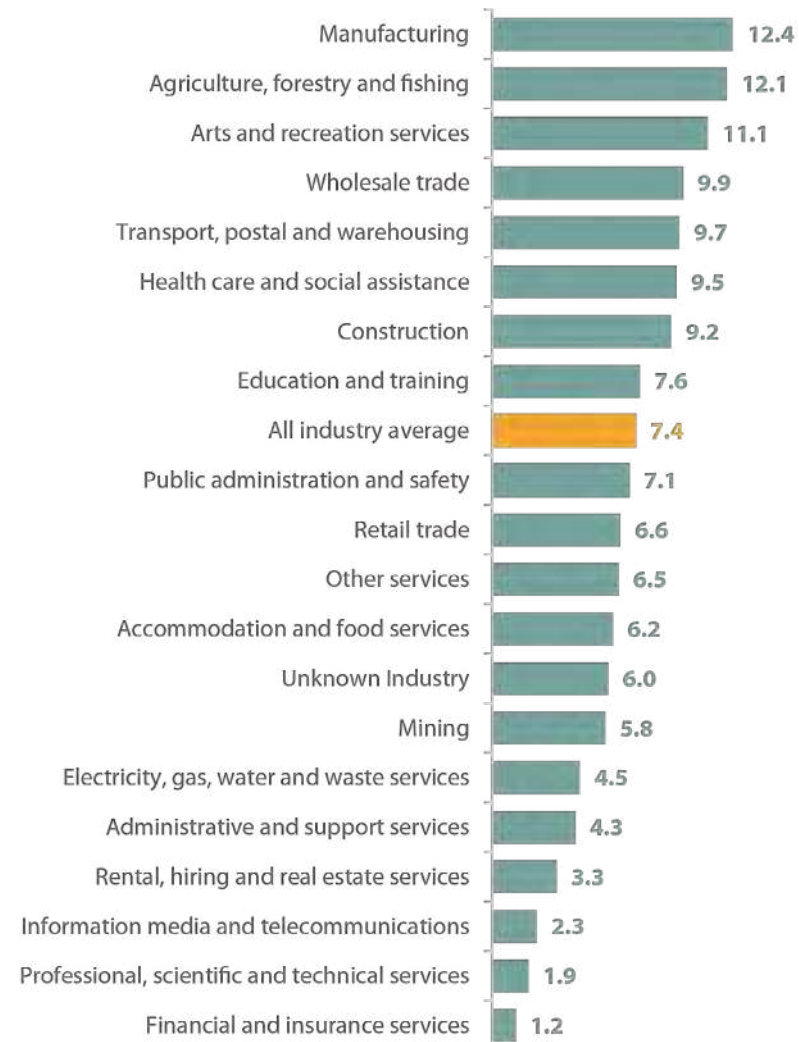
**Figure 12: Frequency rates**



## Frequency of lost-time claims by industry

In 2017/18, the industries with the highest lost-time claim frequencies were Manufacturing, Agriculture, forestry and fishing, Arts and recreation services, Wholesale trade, Transport, postal and warehousing and Health care and social assistance.

**Figure 13: Frequency of lost-time claims by industry 2017/18**

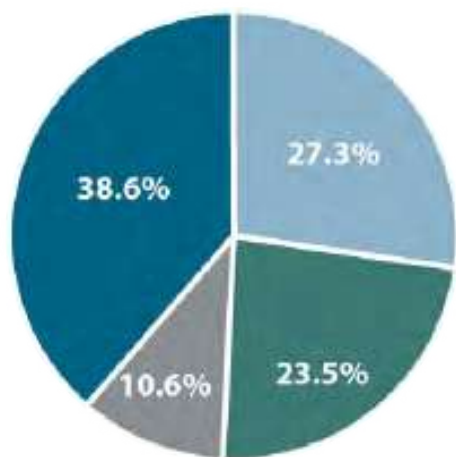




## Scheme payments 2018/19

During 2018/19, 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 23.5 percent of payments were made for treatment services, such as medical, allied health and workplace rehabilitation services. The remaining 10.6 percent were related to legal and other services.

**Figure 14: Scheme payments 2018/19**



**Key:**

<span style="color: #005580;">■</span>	<b>Income payments</b> \$347.5 million
<span style="color: #8099b3;">■</span>	<b>Common law and lump sum payments</b> \$246.2 million
<span style="color: #2e7d72;">■</span>	<b>Treatment service payments</b> \$211.8 million
<span style="color: #808080;">■</span>	<b>Legal and other service payments</b> \$95.5 million

## Average recommended premium rates

WorkCover WA publishes annual recommended premium rates for workers' compensation insurance for each industry. The average recommended premium rate for 2019/20 represents an increase of 3.7 percent on the previous rate, from 1.585 percent to 1.645 percent of total wages.

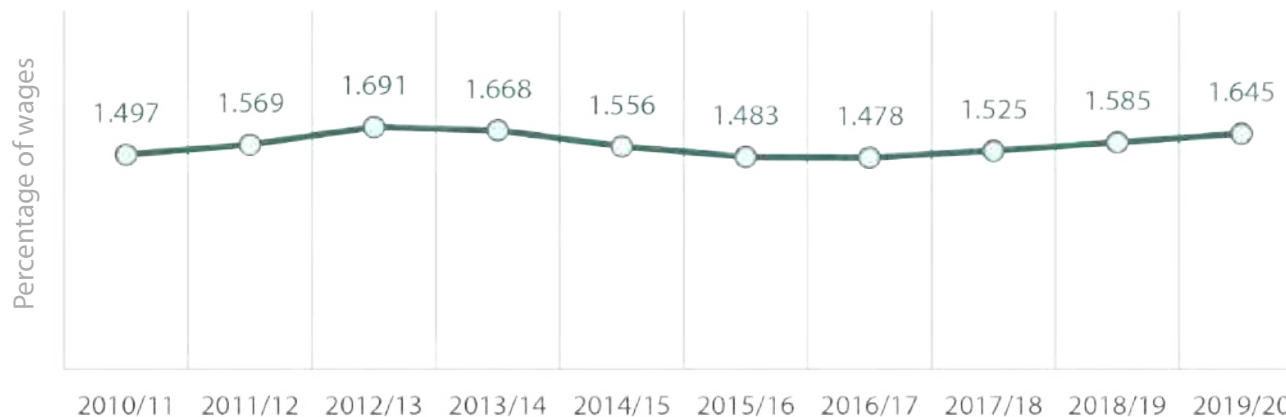
Recommended premium rates are developed with the assistance of the scheme actuary. In 2018/19 the scheme actuary was PricewaterhouseCoopers Consulting.

The increase in 2019/20 premium rates is the result of a number of factors, including a reduction in wages and an increase in expenses.

Average recommended premium rates vary from year-to-year to ensure the scheme is fully funded. The Western Australian (WA) average recommended premium rates are low by national standards.



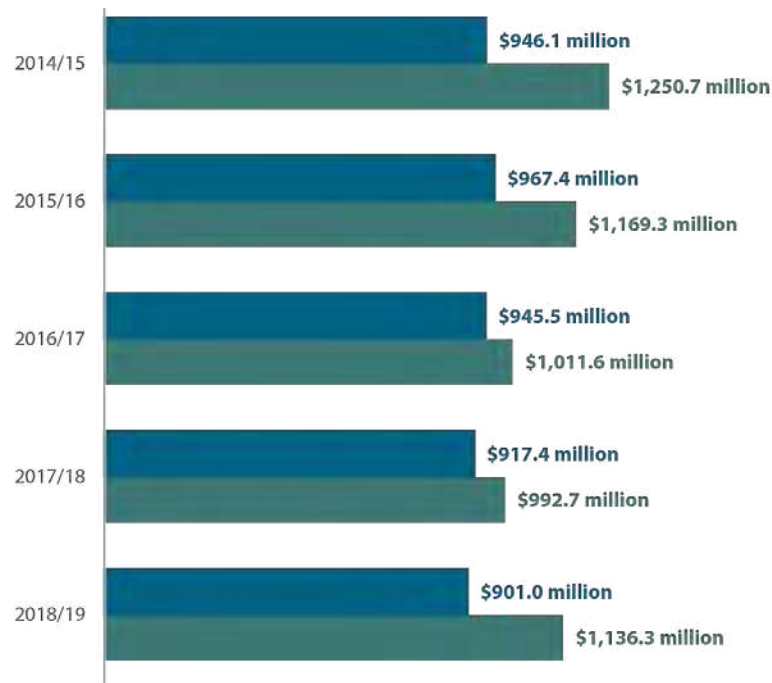
**Figure 15: WA average recommended premium rates**



## Scheme payments and premium income

This figure 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.

**Figure 16: Scheme payments and premium income**



**Key:**

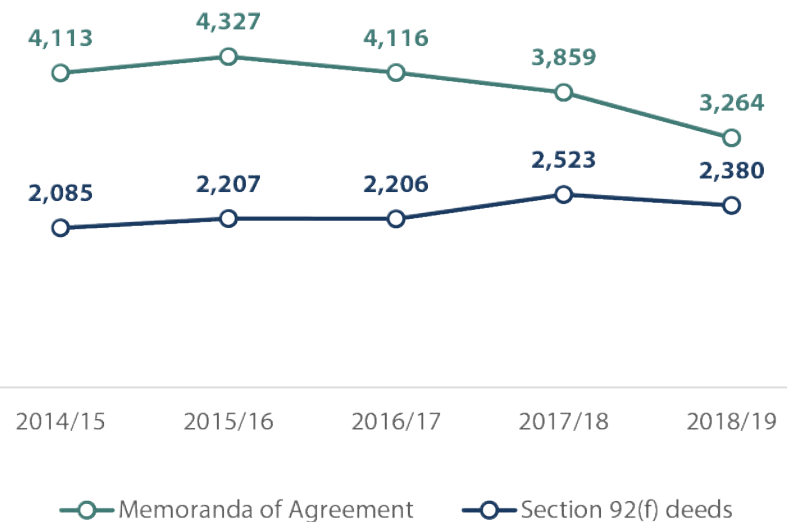
- Scheme payments (premium payers and self-insurers)
- Premium income (premium payers only)

## Settlements

Settlement of workers' compensation claims may occur in a number of ways in the WA scheme. Memoranda 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 section 92(f) deed settlements increased between 2014/15 and 2018/19. However, the number of Memoranda of Agreement decreased during this time.

**Figure 17: Number of settlements**





## Section 3

### Report on operations

44 Service 1: Scheme Regulation

61 Service 2: Scheme Services



# Service 1: Scheme Regulation

*Regulation of workers' compensation scheme participants to promote compliance with legislative requirements.*

## Workers' Compensation Regulatory Framework

A Workers' Compensation Regulatory Framework (the Framework) approved by the WorkCover WA Board (the Board) is enforced within Regulatory Services as part of a focus on continuous improvement. The Framework includes all regulatory tools for internal and external stakeholders and service providers.

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

## Regulating employers

**This scheme service is aligned with WorkCover WA strategic goal**

1 – Strategic Scheme Management

**This scheme service is aligned with Government Goals**

**Sustainable Finances, Strong Communities, Better Places**

*Under the Workers' Compensation and Injury Management Act 1981, WorkCover WA is required to monitor employers and regulate the performance of service providers. This ensures employers are meeting their obligations and service providers deliver an appropriate standard of service to employers and injured workers. Projects and initiatives in this section reflect efforts to maintain a high level of service delivery to ensure all Western Australian employers have adequate workers' compensation insurance and all Western Australian workers are supported in their recovery to return to work.*

During 2018/19, 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 or irregular weekly payments to injured workers
  - fraud
- proactive campaigns to educate employers and identify non-compliance in particular industries and suburbs (refer to page 48 for further information)
- regional compliance visits (refer to page 46 for further information).



**Figure 18: 2018/19 compliance outcomes**

Compliance activities	
Enquiries into policy cancellations	4,744
Initial enquiries into employers' duty to insure	2,545
Enquiries into lapsed or expired policies	4,827
<b>Total compliance activities</b>	<b>12,116</b>
Investigation activities	
Letters of caution sent	57
Investigations resulting in no further action	2,291
Infringement notices issued	365
Prosecutions completed	70
<b>Total investigation activities</b>	<b>2,783</b>

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

**Figure 19: 2018/19 KPI effectiveness indicator related to employer compliance**

Description		2018/19 Target (T) and Result (R)
<b>1.1</b>	Number of non-compliance events identified as a result of a claim on the General Account	T = 6
<i>Ref. p.112</i>		R = 8

## WorkCover WA investigation model

WorkCover WA's investigation model was updated and simplified last financial year to reflect a less rigid approach to investigation. The model continues to work well, with the number of investigations conducted increasing to 2,783 in 2018/19 compared with 2,512 in 2017/18.

## Regional plan

**This activity is aligned with WorkCover WA strategic goal**

1 – Strategic Scheme Management

**This activity is aligned with Government Goals**

### Better Places, Strong Communities

*WorkCover WA's Regional Plan sets out visits to regions in Western Australia to ensure workers, employers and service providers are aware of their rights and obligations under the Workers' Compensation and Injury Management Act 1981. This ensures injured workers are supported in their injury management and return to work and employers in the regions aren't unduly impacted by a workers' compensation claim.*

As the regulator of the Western Australian workers' compensation and injury management scheme (the WA scheme), WorkCover WA aims to ensure all employers, irrespective of where they operate within Western Australia (WA), comply with their obligations in relation to workers' compensation and injury management under the *Workers' Compensation and Injury Management Act 1981* (the Act).

To maintain a presence in the regional areas of WA, a Regional Plan is developed and implemented each year.

Detailed information about each visit is available in Case study 1: Regional activity.

## Case study 1: Regional activity

This case study highlights WorkCover WA's efforts to:

- reinforce key messages and awareness about workers' compensation, employer obligations and injury management throughout regional WA
- connect with regional employers and residents to humanise and 'put a face' to the Agency
- encourage stakeholders to use WorkCover WA's resources.

In 2018/19 seven regional visits were conducted which were well received by employers, insurers, insurance brokers and medical service providers. Attending officers undertook workplace compliance inspections, educational seminars and meetings with stakeholders.

Significant planning was involved in each regional visit to ensure they provided opportunities to conduct meaningful and effective compliance and educational activities. Contact was made with relevant stakeholders in regional areas ahead of time to:

- notify them WorkCover WA officers would be visiting the region to undertake compliance inspections and education
- remind them of their obligations under the Act and inform them of penalties for non-compliance
- enable employers to check their Certificate of Currency was up to date and ready to present to an officer if required
- arrange meetings or presentations and allow stakeholders to ask questions or raise concerns.



Additionally, information from the Australian Taxation Office (ATO) was utilised to target potential non-compliant employers in the region being visited.

WorkCover WA's Facebook page was a significant contributor in notifying stakeholders that visits were being undertaken and Facebook advertising enabled the Agency to reach specific regions, industry groups and local government agencies to advise relevant employers and medical service providers. Up to 2,000 people viewed advertisements over a seven-day period leading up to each visit. Refer to page 68 to find out more about how Facebook was used for regional visits.



## Kimberley

In July 2018, officers visited Broome and conducted 153 inspections. As a result of the inspections, three infringement notices were issued and three prosecutions commenced. Meetings were held with practice managers at two medical centres and officers also attended a question and answer session facilitated by an insurance broker and a local industry representative group. The session was attended by small business owners and officers were able to provide information about the role of WorkCover WA and answer questions about workers' compensation and injury management.

## South West

In August 2018, officers carried out 192 inspections in Busselton, Margaret River and Dunsborough which resulted in two prosecutions. Six more employers are currently being prosecuted from this visit. The officers visited 19 stakeholders including medical centres, allied health providers and insurance brokers to reinforce respective roles within the scheme and provide an opportunity for issues to be raised. Discussions with stakeholders focused around the importance of general practitioners (GPs) thoroughly completing Certificates of Capacity and insurance brokers providing insurer-issued Certificates of Currency to clients.

## Goldfields

In September 2018, officers visited Kalgoorlie and Coolgardie where they conducted 68 inspections and compliance checks. Four uninsured employers were identified which resulted in three infringement notices and one prosecution. Officers also met with the City of Kalgoorlie, medical centres and a pharmacy, where they discussed the role of the GP, the claims process and the resources WorkCover WA provides. Information packs were also delivered to industry representatives and an insurance broker.

## Wheatbelt

In October 2018, officers carried out 162 inspections in Wagin, Brookton, Cuballing, Popanyinning, Beverley and York which resulted in one employer being prosecuted for failing to have a workers' compensation insurance policy. Officers attended a meeting with a Brookton farming group to discuss contracting arrangements regarding shearing contractors and the definition of 'worker' in the Act. They also visited local hospitals and medical centres where they provided information packs and contact information for WorkCover WA's Advice and Assistance line.

## Indian Ocean Territories

WorkCover WA has a Service Delivery Agreement with the Commonwealth Government. The current Service Delivery Agreement runs until 30 June 2021 and aims to ensure compliance obligations are being met in the Indian Ocean Territories and education and advice is available to local employers and injured workers.

In November 2018, an investigator visited Cocos Island and conducted 22 inspections of local employers. The investigator also provided claim forms and information about return to work to staff at the Cocos Island Hospital located on Home Island.

## Great Southern

In February 2019, officers visited Albany, Denmark and Mt Barker where they conducted 53 inspections which resulted in four infringement notices being issued. Officers also held meetings with the Shire of Denmark, medical centres and a pharmacy. Issues discussed with stakeholders at the meetings included payment of medical treatment before a workers' compensation claim is accepted, the uninsured claims process and the resources WorkCover WA provides.

Information packs and contact information for WorkCover WA's Advice and Assistance line were also left with stakeholders.

## Midwest

In March 2019, officers conducted 178 inspections in Geraldton and Dongara which resulted in one infringement notice being issued. Three more employers are currently under further investigation. Officers met with staff at two medical centres, an insurance broker and staff from a dental clinic. They discussed completing Certificates of Capacity, assisting patients when their claim is declined, the workers' compensation scheme and the role of the GP.

## Case study takeaways:

- *WorkCover WA visited seven regional areas in 2018/19 to provide education and conduct compliance inspections*
- *828 inspections were conducted, resulting in 11 infringement notices and seven prosecutions. Six more employers are currently being prosecuted and three more are under investigation*
- *There is a high level of compliance by employers in regional areas*
- *The visits helped stakeholders become more aware of WorkCover WA, workers' compensation and the resources available to them.*

## Targeted regulatory education

WorkCover WA's Education Plan aims to raise awareness of the 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.

## Industry campaigns

**This activity is aligned with WorkCover WA strategic goal**

1 – Strategic Scheme Management

**This scheme service is aligned with Government Goal**

### Strong Communities

*Industry campaigns provide WorkCover WA with an opportunity to approach industries deemed to be at risk of non-compliance and make efforts to educate employers in these industries about their obligations. Ensuring employers in these high-risk industries are aware of their obligations increases compliance levels and has a flow-on effect with a smoother claims process and a quick and sustainable recovery and return to work if an injury were to occur.*

Industry-focused campaigns are conducted as part of WorkCover WA's Education Plan to educate employers about workers' compensation obligations and the consequences of non-compliance.

For each campaign, industries are identified using claims and premium data and the best ways to approach employers, their insurance advisors and industry representatives are determined. The risk of non-compliance in an industry could be elevated because it is new or emerging, in a high-risk location, has a pattern of non-compliance or undertakes high-risk work.

In 2018/19, three campaigns were undertaken. Each campaign identified and targeted an emerging industry or a high-risk industry.



## Campaign 1

This campaign was run from July to September 2018. The solar panel industry was identified as an emerging industry and the meat, fish and poultry industry was identified as high-risk.

Investigators from the Employer Compliance team conducted inspections of both industries and the Communications and Education team undertook educational activities within the solar panel industry.

Inspections were conducted on 90 solar panel employers, resulting in one prosecution and one infringement notice being issued. Inspections conducted of 116 meat, fish and poultry employers resulted in one infringement notice and one letter of caution being issued.

An article was published in the 2018 spring edition of *Solar and Storage* magazine, which has a readership of 5,000 solar, storage and energy management specialists. The article focused on reminding employers about the importance of having a workers' compensation insurance policy and explained the consequences of non-compliance, including the potential costs of an uninsured claim. Facebook and Twitter posts were also published to remind employers in the industry about their obligations and emails were sent to solar panel industry associations, insurers and insurance brokers.

## Campaign 2

The supermarket and grocery industry was identified as the high-risk industry for the second campaign which ran from October to December 2018. The Employer Compliance team conducted inspections of employers and the Communications and Education team undertook educational activities within the supermarket and grocery industry.

Inspections were conducted on 427 supermarket and grocery employers. The supermarket and grocery employers were all compliant, not employing or had ceased trading.

An article targeting supermarket and grocery employers was published in the Master Grocers Association newsletter which is distributed to 2,000 people nationwide. The Master Grocers Association is an employer organisation representing independent businesses, including grocery stores, in Australia.

Another article was published in the WA Chinese Chamber of Commerce's newsletter which is distributed to 1,800 subscribers. The WA Chinese Chamber of Commerce is the voice of the Chinese business community and was selected to reach independent Chinese grocery stores and supermarkets in WA.

A post was also published and advertised on WorkCover WA's Facebook page which reached 898 people.

## Campaign 3

The third campaign targeted the automotive and auto electrical industry through educational activities and compliance inspections and was run from January to March 2019. The automotive and auto electrical industry was identified as the high-risk industry for this campaign.

Inspections were conducted on 93 employers which resulted in three infringement notices being issued.

Tailored content was created and distributed to external newsletters and industry magazines, WorkCover WA publications were mailed out and information was posted on Facebook and Twitter.

As a result of these activities the following communication results were achieved:

- the Motor Trade Association WA included information about workers' compensation and employer obligations in their weekly electronic direct mail to subscribers
- *Australian Auto E-News (AAEN magazine)* published an article which was sent to 11,000 readers and 2,625 website subscribers
- *AAEN magazine* also published two more articles in their subsidiary publications the *Workshop Manager* and *Tyre Business Australia* to reinforce key messages around workers' compensation and employer obligations to more niche branches of the industry
- Facebook advertisement reached 1,750 people.





## General practitioner engagement

This activity is aligned with  
WorkCover WA strategic goal

1 – Strategic Scheme Management

This activity is aligned with  
Government Goal

### Strong Communities

*General practitioners who are educated and aware of their responsibilities in relation to injury management for work-related injuries are better able to assist injured workers with their initial assessment and provision of the First Certificate of Capacity. General practitioners play an integral part in supporting workers during their recovery and directing injury management activities. This is essential in commencing and informing a quick and sustainable return to work.*

## Review of engagement with general practitioners

A review of engagement with GPs was conducted in 2018. The review examined WorkCover WA's current engagement with GPs and provided suggestions for future engagement.

The effectiveness of current engagement strategies was analysed through examination of website statistics from the *gpsupport* website and feedback obtained from officers who communicated with GPs on regional visits or through the Advice and Assistance line. The analysis indicated:

- more than half of *gpsupport* website users accessed the page from other websites, indicating the current location of the link on the WorkCover WA website was not sufficiently prominent

- GPs in medical centres and clinics were appreciative of WorkCover WA's efforts to engage and happy to discuss questions or issues they had about workers' compensation
- there is often poor communication between GPs in hospitals and injured workers after initial treatment.

As a result of the review, the link to the *gpsupport* website was moved to the top ribbon of the WorkCover WA website homepage. It is anticipated by making the website link more prominent, usage will increase as it will provide easier access to the website. A link to the *gpsupport* website will also be added to the footer of medical fee publications for GPs in 2019/20.

Officers attending regional visits also continued to ensure visits to medical centres were included in their schedule and practices were contacted ahead of time to arrange meetings and presentations.



## General practitioner campaign

As an extension of the GP campaign conducted in 2017/18, advertisements were published in 2018/19 to remind GPs about their roles and obligations in the workers' compensation scheme. Advertisements were published in the September 2018 edition of *Medicus*, which is the journal of the Australian Medical Association WA, and the August 2018 edition of the *Medical Forum* magazine. *Medicus* has a readership of 4,000 people and the *Medical Forum* magazine has a readership of 5,800.

## 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 indemnity policies.

In response to these findings, WorkCover WA ran a targeted education campaign which involved submitting informative e-news articles to relevant associations and providers of these insurance packages.

While positive responses to the campaign were received, some employers still continue to believe workers' compensation insurance is included in business insurance packages. As 12 months has elapsed since the campaign, further education options will be considered in 2019/20.



## Noise induced hearing loss

In 2018/19 WorkCover WA continued to offer advice and guidance to workers and employers across WA about noise induced hearing loss related tests and claims.

**Figure 20: Involvement in noise induced hearing loss in 2018/19**

1,004

Workers identified with potential noise induced hearing loss claims

199

Full audiological assessments arranged

115

Otorhinolaryngology (ear, nose and throat) assessments of occupational hearing loss arranged

105

Successful claims for work-related gradual onset noise induced hearing loss

99

First election claims (10 percent permanent hearing loss)

6

Subsequent election claims (additional five percent permanent hearing loss)

# Regulating service providers

This scheme service is aligned with WorkCover WA strategic goal

1 – Strategic Scheme Management

This scheme service is aligned with Government Goals

## Sustainable Finances, Strong Communities

*As the regulator of the Western Australian workers' compensation and injury management scheme, WorkCover WA conducts regulatory activity each year to ensure service providers are delivering an appropriate standard of service and complying with their obligations under the Workers' Compensation and Injury Management Act 1981. This ensures injured workers and employers are provided with the best support and service throughout a claim. It also promotes best practice which leads to the achievement of medical recovery and successful return to work.*



WorkCover WA approves and monitors service providers to ensure compliance with the Act and an appropriate level 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 2018/19 included:

- annual review of the performance of approved insurers and self-insurers to measure compliance and identify areas for service improvement
- audits of 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 7: Approved and monitored service providers**

Type of service provider	Number of service providers regulated by WorkCover WA as at 30/6/2019
Insurers	8 (includes ICWA)
Self-insurers	25
Registered agents	237
Workplace rehabilitation providers	50
Audiometric officers, audiologists and audiometrists	511
Approved medical specialists	271
<b>Total</b>	<b>1,102</b>

**Table 8: Complaints against service providers**

Type of service provider	2015/16	2016/17	2017/18	2018/19
Insurers	7	4	5	13
Self-insurers	2	0	1	0
Registered agents	2	2	2	0
Workplace rehabilitation providers	7	0	0	0
Audiometric officers, audiologists and audiometrists	0	0	0	0
Approved medical specialists	0	2	0	0
<b>Total</b>	<b>18</b>	<b>8</b>	<b>8</b>	<b>13</b>

## Service Provider Regulatory Framework

WorkCover WA's Regulatory Services Division developed a framework to effectively regulate service providers in a manner that:

- is proportional to scheme risk
- articulates performance standards
- incorporates contemporary monitoring approaches
- aligns existing policies and processes
- proposes a range of regulatory and compliance responses
- promotes continuous improvement
- ensures organisational consistency.

The foundation of a new risk-based approach includes risk assessment, regulatory activities for each service provider based on risk, a regulatory response model and resourcing requirements.

The Regulatory Services Division will undergo structural changes in 2019/20 to effectively implement this framework. Follow-on projects to review service provider performance standards and establish enforcement criteria and compliance responses will also commence next financial year.



## Insurers and self-insurers

WorkCover WA monitors approved insurers and self-insurers to ensure compliance with performance indicators and statutory requirements.

### WorkCover WA approved insurers

- AAI Limited (GIO Insurance)
- Allianz Australia Insurance
- Catholic Church Insurances
- Guild Insurance
- Insurance Australia (CGU Workers' Compensation and WFI Insurance)
- QBE Insurance
- Zurich Australian Insurance
- Insurance Commission of WA\*.

*\*insurance covering WA State Government workers*

### WorkCover WA approved self-insurers

- Alcoa World Alumina
- ANZ Bank
- BHP
- Bluescope Steel
- BP Australia
- Brambles
- Bristle
- Cockburn Cement
- Coles Group (approved 4 December 2018)
- Competitive Foods Australia
- CSR
- Healius (previously Primary Health Care)
- Holcim (Australia) Holdings
- Inghams Enterprises
- ISS Facilities Services Australia
- Metcash
- Myer
- Onesteel
- 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 2017/18 was considered by the Board in November 2018. It provided an assessment of approved insurer performance under the following categories:

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

WorkCover WA met with all insurers following the 2017/18 review and discussed the findings and WorkCover WA's expectations.



## Self-Insurer Claim Management Performance Report

The Self-Insurer Claim Management Performance Report (the Report) was first distributed to all self-insurers in October 2018. The Report provided statistics for the 2017/18 financial year about each self-insurer's performance in the following areas:

- timeliness of decision making
- disputation rates
- settlement rates
- claims duration
- lost-time claim incidence rates.

The Report outlined each individual self-insurer's performance (by number only for confidentiality purposes) and was designed to encourage self-regulation.

A follow-up report based on quarter one and quarter two self-insurer cumulative claim data for 2018/19 was distributed in June 2019 with the comparative claim data for 2017/18.

## Complaint investigations against approved service providers

WorkCover WA manages complaints about approved service providers in accordance with the *Complaints Against Service Providers Policy*. Information about how to make a complaint is available on the WorkCover WA website and can also be initiated by contact with the Advice and Assistance line.

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 and claims and injury management services to employers and injured workers.

### Complaint investigations against approved insurers and self-insurers

In 2018/19, WorkCover WA investigated 13 complaints against approved insurers, compared with five the previous year. Five of these complaints were substantiated.

No complaints were investigated against self-insurers in 2018/19, compared to one unsubstantiated complaint in 2017/18.

## Registered agents

WorkCover WA registers agents who may represent parties in proceedings in the Workers' Compensation Conciliation Service (the Conciliation Service) and Workers' Compensation Arbitration Service (the Arbitration Service).

Registered agents are approved and regulated by WorkCover WA and 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 2018/19, there were 191 registered agent approvals, of which three were independent registered agents.

### Complaint investigations against approved registered agents

There were no complaints against registered agents for investigation in 2018/19.



## 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 2018/19, WorkCover WA approved five new workplace rehabilitation providers. As at 30 June 2019, there were 50 workplace rehabilitation providers operating in the scheme.

### Complaint investigations against workplace rehabilitation providers

There were no complaints against workplace rehabilitation providers for investigation in 2018/19.

## 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 2018/19, there were 511 approved audiometric officers, audiologists and audiometrists operating in the scheme.

### Complaint investigations against approved audiometric officers, audiologists and audiometrists

There were no complaints against approved audiometric officers, audiologists and audiometrists for investigation in 2018/19.

## 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 2018/19, WorkCover WA designated nine new approved medical specialists and, as at 30 June 2019, there were 271 operating in the scheme.

### Complaint investigations against approved medical specialists

There were no complaints against approved medical specialists for investigation in 2018/19.



# Improving scheme performance

This scheme service is aligned with WorkCover WA strategic goal

1 – Strategic Scheme Management

This scheme service is aligned with Government Goals

## Sustainable Finances, Strong Communities

*Efforts by WorkCover WA to improve scheme performance help to improve the understanding and management of issues impacting the Western Australian workers' compensation and injury management scheme and its participants. Projects, initiatives and activities are then undertaken to positively impact the quality of service delivery by service providers and the experience of injured workers who rely on the Western Australian workers' compensation and injury management scheme.*

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

During 2018/19, WorkCover WA made adjustments, in line with statutory requirements, 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 WA scheme.

## Clinical Guideline for Diagnosis and Management of Work-Related Mental Health Conditions

The Department of General Practice at Monash University undertook a three-year project to deliver and implement the *Clinical Guideline for Diagnosis and Management of Work-Related Mental Health Conditions* (the Guideline).

The Guideline was developed to provide Australian GPs with the best available evidence to guide their diagnosis and management of patients with mental health compensation claims and provides information about:

- diagnosing and assessing severity of condition
- potential for a secondary condition
- work-relatedness
- what a GP should consider when providing diagnosis
- management and return to work
- GP workplace communication
- strategies for managing comorbid conditions
- strategies where mental health is not improving, or not improving as expected.

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

The Guideline's recommendations were approved by the National Health and Medical Research Council in December 2018.

The Guideline was endorsed by WorkCover WA and published in March 2019. It can be found at: <https://www.monash.edu/medicine/spahc/general-practice/work-related-mental-health-guideline>.



## Updated premium rate classifications

In 2017/18, following a review of the premium rating methodology, the Board approved transition to new industry premium rate classifications. 2018/19 was the second year WorkCover WA published recommended premium rates based on the new classifications. WorkCover WA assisted insurers and insurance brokers to apply the new classifications and the transition was achieved with minimal impact on policy holders.

## 75% Loading Policy

When issuing a new or renewed workers' compensation insurance policy, an insurer may decide to surcharge the recommended premium rate set by WorkCover WA, which generally occurs when an employer's claim frequency or costs are deemed excessive. An insurer requires approval from the Board if they wish to charge a loading of more than 75% and the employer is entitled to appeal this loading.

In 2018/19, the Regulatory Services Division produced the *Assessment of Premium Rates and Industry Classifications: Loading and Appeal Policy* (the Policy) to:

- inform and guide insurers, employers and employer representatives about relevant policies and processes
- establish a set of expectations for stakeholders participating in the loading and appeal process.

The Policy was published on the WorkCover WA website in June 2019 and accompanied by a supporting information sheet that outlines the 75% loading and appeal process.



## Guidelines for Labour Hire Arrangements

The number of labour hire businesses has increased in recent years as part of a trend towards flexible and non-traditional forms of employment.

Labour hire businesses are unique within the workers' compensation scheme and require more focus on uptake of insurance, claims experience and injury management performance.

This project was aimed at reviewing the status of labour hire companies in the WA scheme to produce guidelines to clarify obligations of labour hire employers under the Act.

A draft of the *Guidelines for Labour Hire Arrangements* (the Guidelines) was released for consultation in April 2019. This feedback was used to amend the draft Guidelines for publication.

The Guidelines and accompanying fact sheet were published in June 2019 on the WorkCover WA website.





# Legislative review and amendments

This scheme service is aligned with WorkCover WA strategic goal

1 – Strategic Scheme Management

This scheme service is aligned with Government Goals

**Sustainable Finances, Strong Communities**

*Progressing legislative reform results in improvement, modernisation, clarification and simplification of key issues and processes within the Western Australian workers' compensation and injury management scheme. This leads to more efficient service delivery and better support and return to work outcomes for injured workers and their families.*

## Development of a new workers' compensation Act

The current Act is complex and fails to provide sufficient clarity on fundamental concepts and processes. WorkCover WA is progressing a rewrite of the workers' compensation legislation, with the goal of delivering a modern Act that is clear, accessible and understandable.

Some of the proposed changes are listed in the 'Report against 2018/19 Strategic Initiatives' on page 21 including amending the definition of 'worker', updating the list of diseases and occupational cancers and improving insurer liability decision timeframes.

Other proposed changes include:

- abolishing the 'termination day' for common law claims
- streamlining the claims process for workers with asbestos diseases and improving access to lump sum compensation
- discontinuing the regulatory framework for registered agents
- consolidating the safety net funds for claims associated with uninsured employers, insolvent insurers and self-insurers and terrorism events.

Drafting of the new statute is underway, following which WorkCover WA will release an exposure Bill for public consultation.

## Entitlements for dependants of deceased workers

The Workers' Compensation and Injury Management Amendment Act 2018 came into effect on 1 July 2018 and has addressed a significant inequity in the scheme by increasing entitlements for dependants of workers who die in work-related accidents. These legislative changes formed part of the first stage of substantial amendments to the Act.

A suite of resources, including a fact sheet and comprehensive guidelines for claimants, insurers and self-insurers was created to communicate the entitlements for dependants and outline the claims process. The resources are available on the WorkCover WA website.

Internal procedures and processes have also been implemented to ensure dependants are provided with immediate and ongoing assistance throughout the claims process.

Since coming into operation, claims data has indicated the amendments have expedited the claims process and provided greater compensation for the dependants of deceased workers.

## Specified Diseases Review (Firefighters Cancer Legislation)

In November 2013 legislation was enacted to compensate firefighters who contract any one of 12 specified cancers due to work-related exposure.

The Minister for Industrial Relations is required to review the operation and effectiveness of the legislation every five years.

WorkCover WA carried out the review on the Minister's behalf and produced a report examining the claims data and insurer decision timeframes. It also sought relevant stakeholder views on the impact and effectiveness of the legislation.

The review indicated the legislation is operating as intended, by facilitating timely access to compensation for firefighters who have contracted a specific cancer due to work-related exposure.

The project is now closed and a report was tabled in Parliament in May 2019.

## Costs Determination Review

The Costs Determination governs the awarding of legal costs and agent services in the Workers' Compensation Conciliation Service and the Workers' Compensation Arbitration Service. The Costs Determination is made by the Costs Committee established under section 269 of the Act and approved by the Minister for Industrial Relations.

The review of the Costs Determination considered:

- issues raised in relation to 'off-scale' practices in the Workers' Compensation Arbitration Service
- the amount allowed by the Costs Determination in relation to preparation for an arbitration hearing
- other issues raised by stakeholders.

The review produced a new Costs Determination incorporating minor updates to ensure its continued smooth operation.



## Surgical Costs Working Group

As part of an ongoing focus on medical fees, the Policy and Legislative Services team invited insurers and industry representatives to:

- consider options to clarify guidance regarding rules for surgery and radiology services
- develop a Surgery Request template to assist and expedite insurer approval processes for planned surgical procedures.

WorkCover WA also consulted with the Australian Medical Association WA and specialty surgical groups.

This collaboration saw the development of a revised notice regarding billing practices for medical and radiology services.

## Occupational Therapy Working Group

The Policy and Legislative Services team convened a working group of insurers and industry representatives to assist with the development of:

- a Treatment Management Plan to guide the delivery of hand therapy services
- a WorkCover WA Notice to clarify rules and expectations around consultations, reporting and charges for consumable items.

Following consultation, final versions of the Treatment Management Plan and WorkCover WA Notice were released in June 2019.



# Service 2: Scheme Services

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

## Resolving disputes

**This scheme service is aligned with WorkCover WA strategic goal**

1 – Strategic Scheme Management

**This scheme service is aligned with Government Goals**

**Sustainable Finances, Strong Communities**

*Under the Workers' Compensation and Injury Management Act 1981, WorkCover WA provides services to resolve disputes about workers' compensation matters. Projects and initiatives in this section reflect efforts to maintain a high level of service delivery in this area, to ensure disputes are resolved in a cost effective and timely manner and all parties are supported throughout the process.*

The Conciliation Service and Arbitration Service are part of the Conciliation and Arbitration Services Division. WorkCover WA provides a fair and cost effective system to resolve disputes in a timely, accessible, approachable and professional manner. The dispute resolution process is also designed 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.

The Conciliation and Arbitration Services Division is also responsible for recording settlement agreements related to workers' compensation claims (i.e. Memoranda of Agreement and common law settlement deeds) and the processing of documents submitted in relation to common law elections.

3,264 Memoranda of Agreement were registered in 2018/19.

Initiatives of the Conciliation and Arbitration Services Division in 2018/19 included online service delivery for conciliation, continuous improvement of processes and dependency claims.



## Continuous improvement

In July 2018, Conciliation Service registry staff were invited to make suggestions for streamlining processes and reducing unnecessary activities. As a result, a process related to distribution of applications for conciliation was identified as not being valuable for the Agency or stakeholders.

The process involved a 'double check' to ensure representatives for each party in a dispute were correctly named following the lodgement of an application for conciliation.

A trial was conducted over three months to assess whether discontinuation of the process resulted in any negative feedback from stakeholders or delays in processing. No negative feedback was received during the trial and no processing issues were identified. Consequently, it was determined the process could be discontinued without impact.

Other continuous improvement activities have focused on timely closure of cases on the case management system after finalisation of disputes and improved file noting.

## Dependency claims

Legislative amendments relating to dependency claims for workplace fatalities came into effect on 1 July 2018. The amendments require the finalisation of dependency claims through the Arbitration Service by an order from an Arbitrator.

In 2018/19 eight dependency claims related to workplace fatalities were lodged with the Arbitration Service. Of those, three were finalised by an Arbitrator within one month of acceptance. Some complex claims could not be finalised as quickly, as important evidence from a coronial investigation, WorkSafe investigation or other source was not yet available to the parties.

## Digital First – Conciliation Online

As part of WorkCover WA's Digital First Strategy, a project was undertaken in 2018/19 to implement online administrative conciliation services as a new module in the WorkCover WA Online platform.

The focus of the project was to develop online registry services to reduce the reliance on paper-based processes and provide more direct accessibility to dispute information for parties involved. Processes transitioned to the online services include:

- application for conciliation lodgement
- document exchange and dissemination
- related activities, such as conference scheduling and other notifications.

Implementing online dispute resolution administrative services aligns WorkCover WA with other State Government tribunals and courts providing dispute resolution outcomes and ensures the Agency meets its targets under the Digital WA Strategy and progresses toward the digital maturity levels expected.

More than 30 stakeholder representatives from law firms, insurers and self-insurers were part of a consultation focus group that participated in user testing of the system. Three focus group sessions were held in May 2019 to allow stakeholder representatives to test the system and provide feedback. Engagement during this process was high and feedback was positive and constructive.

All core conciliation functions associated with lodging and maintaining an application for conciliation, as well as related responses and notifications, have been developed and tested by the project team and external consultation focus group.

To effectively notify and communicate the changes with stakeholders, a seminar was held in March 2019 to provide a preliminary overview of the new online services and provide the opportunity for stakeholders to ask questions. More information about the seminar is available on page 72.

The online conciliation services are scheduled to go live in August 2019.

In 2019/20 WorkCover WA will undertake a project to implement online services for arbitration and settlements, which will build on the functionality created by the online conciliation services.

## 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 to resolve disputes unable to be resolved by conciliation according to their substantial merits.

The following figures illustrate WorkCover WA's achievement of these objectives, including numbers of applications accepted and cases completed. In Figure 22 KPI effectiveness indicator 1.2 relates to the Conciliation Service and 1.3 to the Conciliation Service and Arbitration Service combined.

**Figure 21: 2018/19 Conciliation and Arbitration Services applications and cases\***

**2,083** Conciliation applications accepted

**2,079** Conciliation cases completed

**626** Arbitration applications accepted

**601** Arbitration cases completed

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

**Figure 22: 2018/19 KPI effectiveness indicators related to the Conciliation and Arbitration Services**

Description		2018/19 Target (T) and Result (R)
<b>1.2</b> Ref. p.114	Proportion of conciliations completed within eight weeks	T = 97.0% R = 96.9%
<b>1.3</b> Ref. p.115	Proportion of disputes resolved within six months	T = 90.0% R = 84.1%





## Dispute Services Users Group

The Dispute Services Users Group (the Group) was established to engage and consult with key stakeholders involved in dispute resolution at WorkCover WA including employers, workers, legal practitioners and insurers.

The Group provides an effective forum for the two-way exchange of information regarding the operation of the Conciliation and Arbitration Services and workers' compensation dispute resolution matters in general. The Group aims to meet quarterly, subject to the number of topical issues.

In 2018/19, the Group met three times and was involved in changes to the Scale of Costs. They also discussed and considered:

- practical implementations of the new dependency claims regime
- online conciliation and arbitration services
- trends related to dispute resolution services and outcomes.



## Pre-arbitration conferences

Pre-arbitration conferences are held on a voluntary basis in the majority of arbitration cases when a matter has been listed for a formal arbitration hearing. The focus of the pre-arbitration conference is to ensure:

- parties are ready to proceed to formal arbitration
- issues in dispute are clearly articulated
- all other avenues for resolution of the dispute have been explored.

In 2018/19, 172 pre-arbitration conferences were held, with 88 percent of these disputes resolving without the need for formal arbitration.

## Victorian Accident Compensation Conciliation Service visit

WorkCover WA hosted the Chief Executive Officer and Deputy Senior Conciliation Officer from the Victorian Accident Compensation Conciliation Service in June 2019. Information about this visit is available on page 75.



# Education and information

This scheme service is aligned with  
WorkCover WA strategic goal

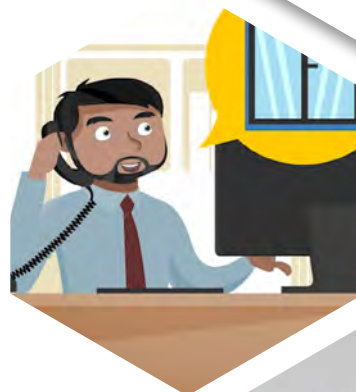
1 – Strategic Scheme Management

This scheme service is aligned with  
Government Goals

## Sustainable Finances, Strong Communities

*Providing education and information is a WorkCover WA service aimed at establishing and increasing stakeholder knowledge of rights and responsibilities under the Workers' Compensation and Injury Management Act 1981. This section details educational services provided by the Agency in 2018/19 to ensure employers are aware of their legal obligations, service providers are aware of their responsibilities and workers are aware of their rights and entitlements, as well as the support and resources available to them if they were to sustain an injury at work.*

WorkCover WA offers education and advice and assistance to workers, employers and other stakeholders through a range of methods and resources.



## WorkCover WA education videos

WorkCover WA's education videos provide an overview of important processes and topics relevant to workers' compensation and injury management and were created to provide support and information to stakeholders in a simple, easily accessible and user-friendly format.

Three videos were launched in 2018/19:

- *Options to finalise my claim: a video for injured workers* - explains when and why a worker may opt to settle their claim, the settlement process and factors to consider
- *Workers' compensation insurance for contractors and subcontractors: a video for employers* - details the contracting chain between contractors, subcontractors and employers and outlines workers' compensation insurance obligations
- *Noise induced hearing loss* - provides information for workers whose hearing has been affected due to a noisy workplace, explains the testing requirements of employers and outlines the process for claiming compensation.

Since the commencement of the education videos in 2017, a total of 12 videos and one translated into Chinese-Mandarin have now been published on the WorkCover WA website. They are available on the [Educational videos page](#) under the [Resources tab](#).

WorkCover WA makes ongoing efforts to promote the videos to stakeholders which has been well received.

**Table 9: Education videos views in 2018/19**

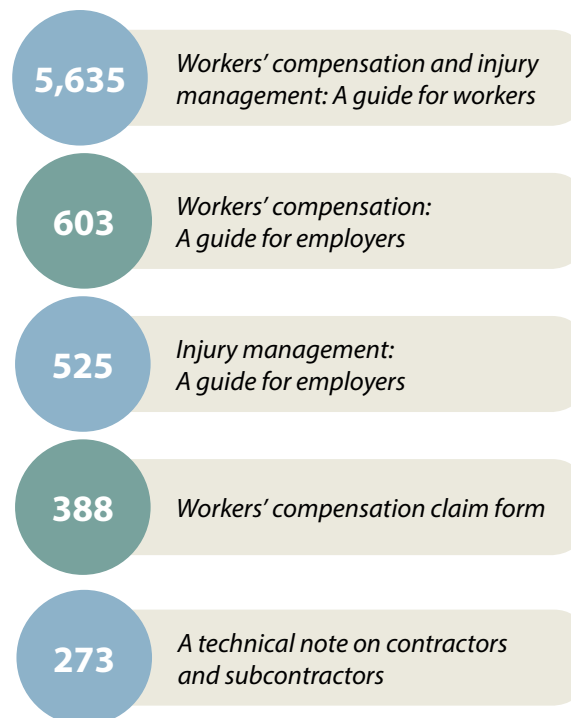
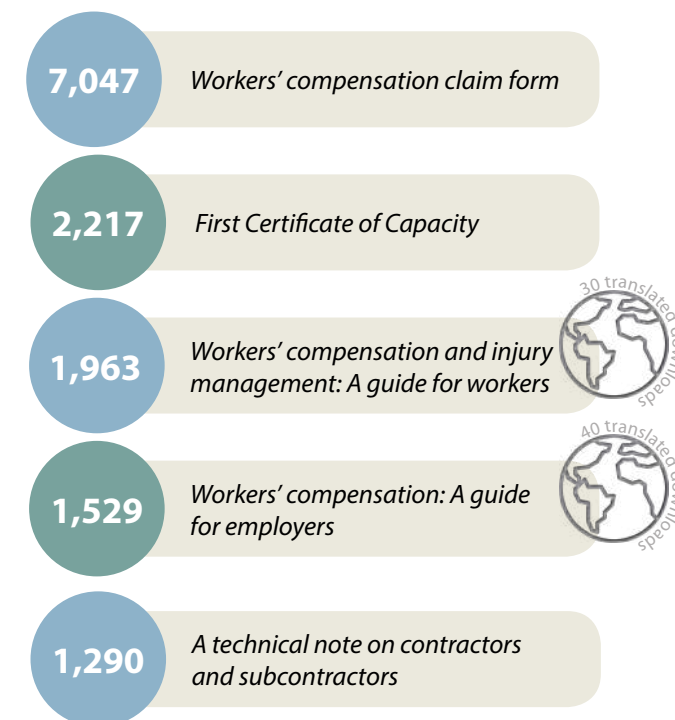
Video title	2018/19 views
<i>Injured workers: what are my entitlements</i>	1,448
<i>Options to finalise my claim: a video for injured workers</i>	1,071
<i>Workers' compensation insurance: a guide for employers</i>	962
<i>Making a claim</i>	947
<i>Return to work</i>	871
<i>Return to work: employer guide</i>	867
<i>Workers' compensation insurance for contractors and subcontractors: a guide for employers</i>	854
<i>Case conferences</i>	843
<i>Dispute resolution: what happens if there's a dispute</i>	760
<i>Workers' compensation insurance: a guide for brokers</i>	646
<i>Certificates of Capacity: guidance for doctors</i>	476
<i>Noise induced hearing loss</i>	395
<i>Making a claim (Chinese-Mandarin)</i>	91

## Publications

WorkCover WA publishes a range of educational resources providing relevant and comprehensive information for stakeholders about workers' compensation and injury management rights, obligations and entitlements.

In 2018/19, *Workers' compensation and injury management: A guide for workers* was the most requested publication by mail, comprising 64 percent of all orders. The workers' compensation claim form was the most downloaded publication.

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).

**Figure 23: Top five publications mailed in 2018/19****Figure 24: Top five publications downloaded in 2018/19**

## WorkCover WA website

WorkCover WA's website is an accessible and user-friendly platform providing information and resources about services the Agency offers as well as the rights and responsibilities of scheme participants. Stakeholders can subscribe to Latest News updates from WorkCover WA and in 2018/19 the Agency sent 29 Latest News articles to 1,417 website subscribers.

There were 112,292 downloads of publications, forms, reports and other information in 2018/19.

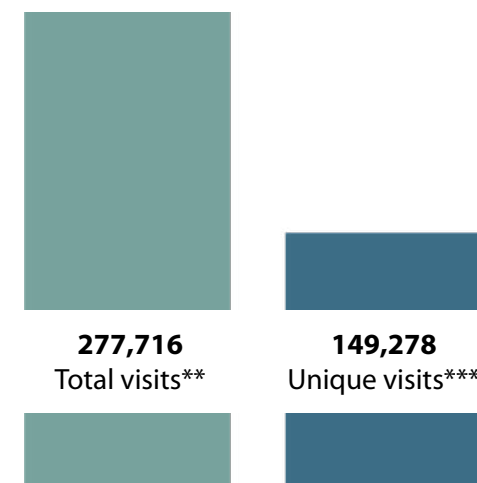
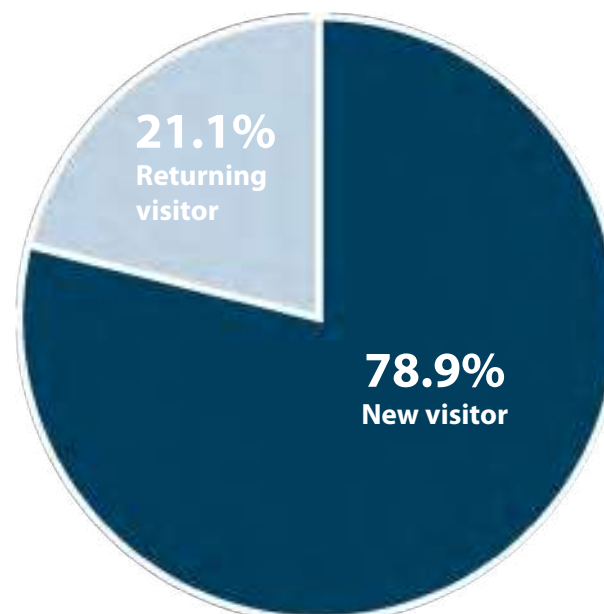
**Figure 25: Top three document downloads 2018/19\***

Description	Total
Indexation of Workers' Compensation Payments 2018/19	9,144
Workers' compensation claim form	7,047
Recommended Premium Rates 2018/19	5,688

\*Website download statistics differ from 2017/18 due to WorkCover WA changing data collection software, which was reported in the 2017/18 Annual Report.

## General website statistics

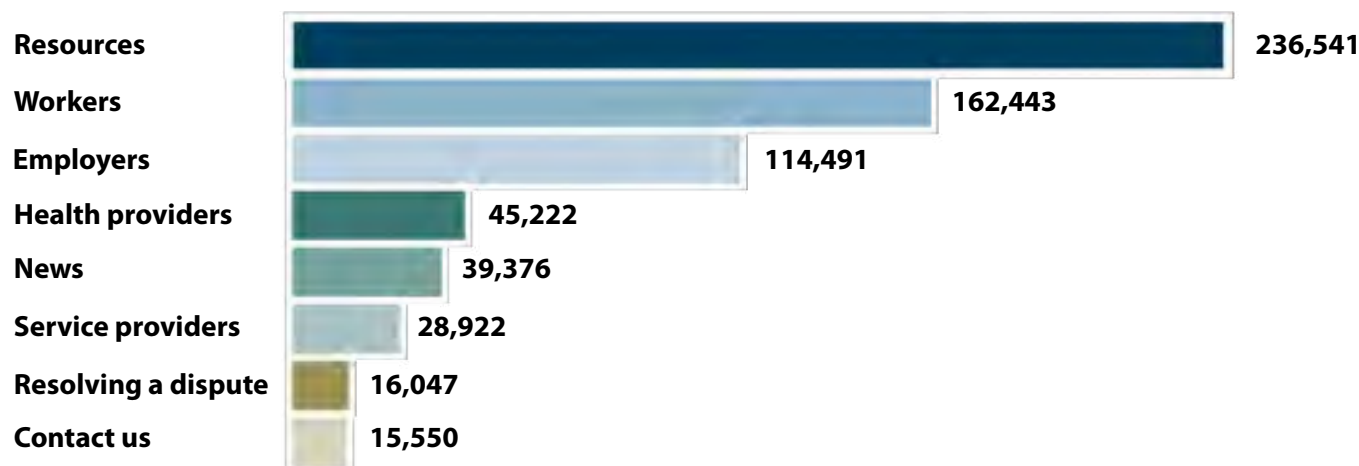
**Figure 26: Website visits 2018/19**



\*\*Total visits are the total number of people who visited the website in 2018/19 and includes when a user has visited the website more than once.

\*\*\*Unique visits are the total number of people who visited the website in 2018/19 and does not include when a user has visited the website more than once.

**Figure 27: WorkCover WA website channel views 2018/19**





## gpsupport website

WorkCover WA continued to engage with GPs through the subsidiary *gpsupport* website in 2018/19.

To improve user accessibility, the link to the *gpsupport* website was moved to the top ribbon of the WorkCover WA website in April 2019. It is anticipated by making the website link more prominent, usage will increase. Statistics about the success of this change will be available in 2019/20. More information about engagement with GPs is available on page 50.

Five news articles were published on the *gpsupport* website in 2018/19 on topics including:

- WorkCover WA Conference
- regional visits
- the Cancer Council's occupational cancer e-learning module
- invoicing workers' compensation patients
- what to charge for workers' compensation treatment.

**Figure 28: *gpsupport* website visits 2018/19**

New visitor	88.5%
Returning visitor	11.5%
Total visits	3,339
Unique visits	2,646

## 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 2018/19, WorkCover WA 'tweeted' 66 times. The number of followers in 2018/19 increased from 463 to 526.

### Facebook

WorkCover WA's Facebook page is an additional source of information and education for stakeholders and is the Agency's primary social media channel. The WorkCover WA Facebook page has become more prominent as an information source and communication channel in 2018/19, particularly with the number of likes increasing and the use of Facebook advertising. The number of likes on the WorkCover WA Facebook page in 2018/19 increased 166% from 73 to 194.

The top post was issued in October 2018 and notified stakeholders in the Wheatbelt region about an upcoming compliance visit. More information about how Facebook has been utilised for regional visits is outlined in 'Facebook advertising for regional visits'.



## Facebook advertising for regional visits

WorkCover WA uses Facebook as a communication tool to inform stakeholders about upcoming regional visits. Prior to using advertising, Facebook posts were only reaching up to 50 people and generating no engagement. Staff needed to be able to effectively notify employers and residents in the regions that officers would be visiting and trialled the use of Facebook advertising, which has proved successful, as demonstrated with the Wheatbelt regional visit.

When officers visited the Wheatbelt region to conduct inspections and provide education a Facebook advertisement specifically targeting the Wheatbelt region was run which reached 1,500 people. This generated 26 likes and resulted in 16 people commenting on the post and 44 people sharing it to their pages to notify their networks. Organisations sharing the post included local government departments, community resource centres and industry representative groups.

Once officers had returned from the Wheatbelt, another advertisement was run to inform residents and employers in the region about the results from the visit, reinforce the importance of having workers' compensation insurance and thank them for their engagement. The post reached 1,428 people and generated 63 likes, one complimentary comment and 16 shares.

Facebook advertising has been beneficial in reinforcing WorkCover WA's presence and connecting with employers and residents in the regions. It will be continued for regional visits in 2019/20.

## Advice and Assistance Unit

WorkCover WA's Advice and Assistance Unit is part of the Communications and Education team and 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 team responded to 20,660 requests for advice and assistance by email, letter, phone, live online chat, Ministerial correspondence 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.



## Case study 2: Live online chat

This case study highlights WorkCover WA's efforts to:

- embrace new technology and expand its communication channels to continue to provide excellent service to stakeholders
- cater for a variety of stakeholder communication preferences.

In 2017/18, a live online chat was trialled on the WorkCover WA website, enabling stakeholders to directly message the Communications and Education team online with their enquiries.

The live online chat feature continued in 2018/19 and is a great additional communication method for stakeholders.

In 2018/19, 698 live online chats were received, with the most common enquiries including entitlements, the claims process, how to get insurance and injury management.

Stakeholders have responded well to the live online chat and were pleased to find they talk to a 'real' person, not a computer.

Live online chat has also been well received internally by the Communications and Education team, as staff are able to engage directly with stakeholders. It has also provided newer staff with knowledge about the Act and the WA scheme, which has had a positive flow-on effect on their own work and role within WorkCover WA.



*This chat service is fantastic!*

Live chat user

### Case study takeaways:

- WorkCover WA introduced live online chat to provide another direct communication channel for stakeholders to obtain advice and assistance
- It has been well received by stakeholders and many have been pleased to find they talk to a 'real' person, not a computer
- Staff operating the live online chat have also benefited from this initiative, as they have been able to directly engage with stakeholders and become more knowledgeable about the Act and the WA scheme.

# Training and seminars

During 2018/19, 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 rights, obligations and responsibilities with regards to workers' compensation and injury management. The events also promoted collaboration and mutual respect between stakeholder groups by providing insight into various elements of the WA scheme.

## Case study 3: WorkCover WA Conference

This case study highlights WorkCover WA's efforts to:

- engage with stakeholders
- provide an avenue for direct two-way communication about the latest trends and issues impacting the WA scheme
- support skills development.

**This event is aligned with WorkCover WA strategic goal**

1 – Strategic Scheme Management

**This event is aligned with Government Goal**

### Future Jobs and Skills

*The biennial WorkCover WA Conference helped to support the skills development of our stakeholders to get them thinking, considering and talking about the changes we will be facing in the future in workers' compensation, injury management and the workplace. These changes will impact on the current workforce, as well as our future workforce in Western Australia.*

On 8 and 9 May 2019, WA's workers' compensation and injury management community gathered to share knowledge and information about emerging trends and the future of workers' compensation and injury management.

The Conference was an effective platform to focus on current themes and trends in workers' compensation and injury management, providing delegates with an opportunity to learn about developments in workers' compensation and how to adapt to the inevitable changes of tomorrow.

The event was a resounding success, with 436 delegates attending over two days to view 21 exhibitions and listen to six keynote presentations, one panel and 16 presentations by Australia's leading minds and experts about the future, people and change, risks and claims management, mental health, cultural intelligence and outlooks on health.

Highlights included:

- **The Hon. Bill Johnston MLA**, Minister for Mines and Petroleum; Energy; Industrial Relations officially opening the Conference
- Social researcher **Mr Mark McCrindle** providing insight into changing times and emerging trends and discussing how the world of work has changed and will continue to change
- **Professor Nick Haslam** discussing the idea and evidence people from different generations approach work differently and exploring the implications for what motivates people of different ages to return to work
- Occupational health expert and strategic thinker **Professor Niki Ellis** examining the changing way work is organised and people are managed
- **Mr Theo Venter** providing a personal insight into the impact of workplace injuries and outlining how each scheme participant assisted him in his return to work
- Motivational speaker **Mr Michael Crossland** sharing his inspiring story of overcoming extreme adversity to achieve incredible outcomes and teaching the importance of resilience, hope and optimism.



Feedback received from delegates from a post-event survey has been overwhelmingly positive. The program was well received, as:

92%

would recommend the Conference to a colleague

93%

rated quality of speakers as good, very good or excellent

86%

rated material presented as good, very good or excellent

The survey also found 92 percent of respondents were likely to attend the next WorkCover WA Conference.

## Case study takeaways:

- 436 members of WA's workers' compensation and injury management community came together for the WorkCover WA Conference on 8 and 9 May 2019 at Pan Pacific Hotel, Perth
- Delegates heard and participated in six keynote presentations, one panel, 16 presentations and 21 exhibitions over the two days focused on a common theme of 'Facing forward'
- Feedback from delegates has been overwhelmingly positive
- The post-event survey found 92 percent of respondents were likely to attend the next WorkCover WA Conference.



## WorkCover WA Seminars

### Welcome to WorkCover WA

Welcome to WorkCover WA seminars are held quarterly to provide an introductory overview of WorkCover WA and its role within the WA scheme. The seminars offer attendees the opportunity to discuss individual queries and concerns with experienced members of the WorkCover WA Corporate Executive. 209 people attended the seminars in 2018/19.

The seminars are always well received and examples of the feedback WorkCover WA received in 2018/19 included:

*"I enjoyed the session very much. The presenters all kept the interest of the audience and were very helpful with questions after the presentation."* – **Employer**

*"An excellent informative session. The presenters were very knowledgeable and professional."* – **Health Safety, Environment and Quality Advisor**

*"Great presenters. Simple and easy to understand."* – **Insurer**

*"Great session!"* – **Workplace Rehabilitation Provider**

### WorkCover WA seminar

A WorkCover WA seminar was held as a follow-on from the Welcome to WorkCover WA seminars for interested stakeholders. The seminar was open and relevant to all stakeholders and content was more in depth and detailed.

38 people attended the seminar in December 2018, where they heard from Regulatory Services Division staff about workers' compensation insurance, contractors and subcontractors, the claims process, injury management, resolving disputes, noise induced hearing loss and the WorkCover WA website.

An example of the feedback received from the seminar included:

*"I valued the wide range of topics covered by different presenters, as well as factual information provided."* – **Employer**



### Employer Essentials seminar

The Employer Essentials seminar was created to provide education to specific industry associations and their members about the importance of holding adequate workers' compensation insurance.

The seminar was held in July 2018 and covered workers' compensation insurance, contractors and subcontractors, the claims process, injury management, resolving disputes, noise induced hearing loss and the WorkCover WA website. The 52 people who attended were also able to ask questions at the end of the session.

Staff from various teams in the Regulatory Services Division, including Employer Compliance, Regulation and Communications and Education presented each topic.

### Conciliation Online seminar

In March 2019, a seminar was held at WorkCover WA to provide a preliminary overview of the Agency's online administrative conciliation services to be implemented in August 2019. The services are part of WorkCover WA's Digital First Strategy and more information about this project is available on page 62.

The seminar was attended by 46 legal practitioners, insurers, self-insurers and claims managers. Attendees indicated the session was useful and provided feedback about particular aspects most relevant to their businesses.

## Presentations on request

WorkCover WA delivered 10 tailored presentations to stakeholders upon their request in 2018/19.

### University of Western Australia

In August 2018, WorkCover WA presented to postgraduate Exercise Rehabilitation students at the University of Western Australia about the WA scheme, injury management, the claims process, return to work, the role of WorkCover WA and entitlements.

### Physiotherapy practice

Two staff members from the Regulatory Services Division delivered a presentation to a physiotherapy practice in August 2018 and provided an overview of workers' compensation, the role of WorkCover WA, the claims process, injury management, return to work and dispute resolution.



## Edith Cowan University

WorkCover WA delivered a series of presentations to students from different courses at Edith Cowan University throughout 2018/19.

In October 2018, a presentation was delivered to third-year business and law students in the Occupational Safety and Health unit about workers' compensation responsibilities.

In March 2019, a presentation was delivered to third-year occupational therapy students in the Return to Work unit about the role of WorkCover WA, the WA scheme, injury management and the role of the workplace rehabilitation provider.

A series of three presentations was also run during March and April 2019 for third-year occupational safety and health, business, human resources and allied health students in the Workers' Compensation and Injury Management unit. The presentations covered:

- the interaction between occupational safety and health and workers' compensation
- workers' compensation trends and realities and the difference between being insured, self-insured and uninsured
- claim entitlements and return to work scenarios.

Students also attended a Welcome to WorkCover WA Seminar in May 2019 as part of their course of study.

## Insurance brokers

A presentation was delivered in March 2019 to insurance brokers, claims advisors and assistants at an insurance broking firm. Topics covered included an overview of WorkCover WA and the WA scheme, employer obligations, the claims process and the role of the insurance broker in a claim.

### Training organisation

In March 2019, staff from the Employer Compliance and Communications and Education team delivered a presentation to bookkeepers, tax agents and accounts staff at a training organisation. The presentation covered the role of WorkCover WA, workers' compensation insurance, consequences of non-compliance and injury management.

### WA Prison Officers Union Conference

The General Manager Regulatory Services and General Manager Conciliation and Arbitration Services co-presented at the WA Prison Officers Union Conference in May 2019. They provided an overview of the WA scheme, the role of WorkCover WA and insight into claims lodged by prison officers over the past decade. The Conference was attended by 60 delegates, including the Minister and Commissioner for Corrective Services.



## External seminars

WorkCover WA presents at external seminars each year to educate interested stakeholders about workers' compensation and injury management.

### Occupational medicine firm seminar

An occupational medicine firm hosted a seminar in February 2019 for stakeholders interested in better understanding how the issue of injury causation is considered in disputes, legal perspectives and by specialists providing medicolegal reports. 200 people attended the seminar to hear from an occupational physician, legal practitioner and WorkCover WA's General Manager Conciliation and Arbitration Services. The seminar consisted of presentations and a question and answer panel.

### BizLinks

BizLinks events are hosted by the Small Business Development Corporation (SBDC) and provide WorkCover WA the opportunity to educate small business owners about their workers' compensation and injury management obligations. In March 2019, WorkCover WA presented at a BizLinks seminar at SBDC's premises in Perth.

Each free BizLinks seminar involves 9-10 government agencies presenting to 20-30 attendees.



## External engagement and sponsorship

External engagement with stakeholders provides an opportunity for WorkCover WA to communicate information about workers' compensation and injury management to specific industries and stakeholder groups.

### Occupational Rehabilitation and Health Forum

In August 2018, WorkCover WA participated in the Occupational Rehabilitation and Health Forum (the Forum) run by Occupational Therapy Australia WA. The Forum was targeted at occupational therapists, rehabilitation providers, physiotherapists and occupational physicians and examined the current landscape of workers' compensation. WorkCover WA distributed educational flyers in the event pack for attendees.

### Perth Tradie Expo

In June 2019, WorkCover WA participated in the Perth Tradie Expo (the Expo) by utilising their marketing package. WorkCover WA educated tradespeople about obligations regarding contracting and subcontracting arrangements through educational flyers and an article in the Expo's magazine. WorkCover WA's education was reached by just under 10,000 people who attended the event.

# 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 workers' compensation outcomes at a state and national level.

## National collaboration

### Heads of Workers' Compensation Authorities

The Heads of Workers' Compensation Authorities (HWCA) is a high-level forum for discussion, promotion and implementation of best practice workers' compensation arrangements.

HWCA is comprised of 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.

WorkCover WA is an active participant in a range of HWCA initiatives including leading the review of the Nationally Consistent Framework for Workplace Rehabilitation and the proposed implementation of a replacement principles-based framework to inform the delivery of workplace rehabilitation services in the future.

For further information visit <http://www.hwca.org.au/nationally-consistent-approval-framework-workplace-rehabilitation-providers/>.

WorkCover WA was also involved in progressing HWCA initiatives on a National Strategy for Silicosis and National Certificates of Capacity.

In regard to silicosis, research in Australia and overseas has found workers in the engineered stone benchtop industry can be exposed to levels of respirable crystalline silica which are hazardous to their health.

WorkCover WA has participated in discussions with national counterparts to ensure a collaborative approach is taken to address concerning numbers of silicosis claims experienced by some jurisdictions.

WorkCover WA commenced developing a fact sheet to outline a 'fast-tracked' process for workers needing to make a compensation claim for silicosis, and to seek insurer support to make certain payments when a claim is lodged. The fact sheet will be published in early 2019/20.

### Strategic Issues Group – Workers' Compensation

The Strategic Issues Group – Workers' Compensation (SIG-WC) is a tri-partite group comprised of senior officials from the workers' compensation jurisdictions and Safe Work Australia and representatives from the Australian Council of Trade Unions and the Australian Chamber of Commerce and Industry. SIG-WC assists Safe Work Australia in performing its functions with regards to workers' compensation matters.

In 2018/19, WorkCover WA assisted SIG-WC with the development of the National Return to Work Strategy and the National Return to Work Survey, as well as the implementation of the Psychological Claims Management Framework.

For further information visit <https://www.safeworkaustralia.gov.au/workers-compensation>.

## Personal Injury Education Foundation

WorkCover WA is a member of the Personal Injury Education Foundation (PIEF, [www.pief.com.au](http://www.pief.com.au)) and continued to support programs developed by PIEF in 2018/19, including the *Principles of Personal Injury Scheme Design and Evaluation*.

## Australian Taxation Office

WorkCover WA has continued to work with the ATO in 2018/19 to identify potential employer compliance breaches. A quarterly report of employers deducting PAYG for the first time has been provided and is an additional source of information for campaigns and regional visits. WorkCover WA will continue to work with the ATO to optimise the use of data in regulatory activities.

## Victorian Accident Compensation Conciliation Service

WorkCover WA hosted the Chief Executive Officer and Deputy Senior Conciliation Officer from the Victorian Accident Compensation Conciliation Service (VACCS) in June 2019.

The VACCS representatives toured WorkCover WA's facilities, met with executive managers and operational staff from the Conciliation and Arbitration Services Division and sat in on dispute proceedings. They were also given a demonstration of the case management system and the new WorkCover WA online conciliation module.

The visit was mutually beneficial and was a positive example of cross-jurisdictional collaboration and knowledge sharing.

## State collaboration

### Commission for Occupational Safety and Health

The WorkCover WA Chief Executive Officer (CEO) attends meetings of the Commission for Occupational Safety and Health (the Commission) as an observer.

The Commission consists of representatives from employers, employees and 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.

### Healthier Workplace WA

WorkCover WA has continued to work with Healthier Workplace WA (HWWA) to help promote better employee health.

In February 2019, WorkCover WA applied for re-accreditation as a Recognised Healthy Workplace as part of the Cancer Council's Healthier Workplace WA program.

WorkCover WA was assessed and achieved accreditation as a Silver Recognised Healthy Workplace, which was an improvement on our previous Bronze status.

More information about WorkCover WA's HWWA inspired initiatives is available on page 81.

## Edith Cowan University

WorkCover WA sponsored and presented the undergraduate and postgraduate WorkCover WA Workers' Compensation Awards at the Edith Cowan University (ECU) School of Medical and Health Sciences Awards Ceremony in April 2019. These awards recognised the:

- undergraduate student from the Bachelor of Health Science course with the highest final grade for the Workplace Compensation and Injury Management unit
- postgraduate student from the Master of Occupational Health and Safety course with the highest final grade for the Workers' Compensation and Rehabilitation unit

The award winners were presented with a complimentary ticket to the WorkCover WA Conference held in May 2019.

WorkCover WA also delivered presentations to ECU students throughout 2018/19. More information about this is available on page 73.

### Industrial Foundation for Accident Prevention

WorkCover WA reviewed its partnership with the Industrial Foundation for Accident Prevention (IFAP) in 2018/19. Due to low uptake of injured worker seminars at WorkCover WA, the seminars were discontinued and are now only held at IFAP's premises in North Lake.

## Injury Management Advisors Group

The Injury Management Advisors Group (the Group) consists of injury management advisors from approved insurers, the Insurance Commission of WA, the Local Government Insurance Scheme (LGIS) and representatives of allied health providers.

The aim of the Group is to develop the skills and knowledge of injury management professionals operating within the scheme and to consider various scheme issues and initiatives as they arise.

In 2018/19 the Group provided input on a range of workers' compensation related issues including a new treatment management plan for occupational therapy, fees for private hospitals, a pre-surgery request process and the formation of an industry-led pre-surgical review panel to advise on the appropriate use of surgery item codes.

WorkCover WA participated in three meetings in 2018/19.

### National Insurance Brokers Association

WorkCover WA continued collaborating with the National Insurance Brokers Association (NIBA) to improve education and awareness of legislative and policy requirements of insurance brokers. In 2018/19, WorkCover WA co-sponsored NIBA to continue developing an online education package for insurance brokers, which is expected to be finalised in late 2019.



## Section 4

### Opportunities and challenges

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# Opportunity and accessibility

## Workforce development

The following initiatives are aligned with WorkCover WA strategic goal

3 – People, Culture and Systems

The following initiatives are aligned with Government Goal

### Future Jobs and Skills

*Initiatives in this section reflect WorkCover WA's efforts to support skills development of all current and future staff through both internal and external training and the Performance Pathway process.*

## Staff capability

WorkCover WA invests in building the capability of staff through the Performance Pathway process, which identifies strategies for professional development and growth. Refer to 'Staff development' for more information about the Performance Pathway process.

## Staff training

In 2018/19, staff attended external training in:

- the Public Sector Commission's Graduate Development Program
- effective communication
- decision-making and writing reasons
- communication for business
- public speaking.

Staff also attended in-house sessions in:

- manual handling
- fire warden training
- accountable and ethical decision making
- dealing with aggressive clients
- lunch 'n' learn sessions about mindfulness and superannuation planning
- cultural awareness
- occupational safety and health (OSH)
- CV and interview preparation.

Courses for individual staff are identified during performance review meetings and endorsed by managers to ensure time is allocated to complete the training.

## Online learning

WorkCover WA's Development Hub, an online program for learning and performance development, was finalised and implemented in August 2018.

WorkCover WA staff can now access a library of learning and development resources at their own workstations during work hours. Online training has replaced most of the traditional training accessed by staff and provides a 'learn as the need arises' approach.

Since the Development Hub's inception, WorkCover WA staff have completed 380 online courses which equates to 540 hours of online training.

Refer to Case study 4: Development Hub for more information.

**Table 10: Total hours of internal and external staff training in 2018/19**

Training hours in total	1,035
Training hours per staff member	7

## Staff development

### Performance Pathway process

In the past staff were required to complete two formal Performance Development Agreement (PDA) discussions per year in February and August. In 2018/19 the Corporate Executive agreed to reduce the number of discussions required between staff and their managers to one per year in August in line with requirements from the Public Sector Commission. The PDA was also renamed the 'Performance Pathway' to allow for a more positive association with staff performance. These changes have resulted in a more in-depth and meaningful performance review and given staff time to complete longer term objectives.



## Case study 4: Development Hub

This case study highlights WorkCover WA's efforts to:

- build on the capability of our people, culture and systems
- encourage ongoing professional and skills development
- streamline, simplify and digitise existing processes.

In August 2018, the Human Resources team implemented a new performance review system called the Development Hub (the Hub).

The Hub aims to facilitate a simple, innovative and collaborative approach to performance development between staff and management on an annual basis.

Previously, staff encountered issues tracking past objectives and determining if they had been met due to difficulty accessing previous performance agreements.

To mitigate these issues, the Hub acts as a 'one-stop shop' for staff and provides easy access to:

- current and previous performance and development plans
- training records
- learning calendars
- online training
- external training requests.

A training session was conducted by the Human Resources team in July 2018 for all staff to explain the Hub and demonstrate its functionalities.

Staff and their managers can now easily retrieve past reviews and performance objectives to determine new goals and development plans and update them as goals are completed or amended throughout the year.

The Hub has also reduced the administrative overhead of using a paper-based system and resulted in an increased performance agreement completion rate from staff and management.

The Hub has been well received by staff.

### Case study takeaways:

- *The Hub was implemented to facilitate a simple and innovative approach to performance development*
- *It provides an opportunity for staff and management to work more collaboratively on performance management*
- *The Hub has resulted in an increased performance agreement completion rate and been well received by staff.*

## Attraction and retention

### Graduate program

The 2018/19 graduate program sought to recruit one graduate to perform a dedicated role within the Agency's Finance team.

The graduate commenced in February 2019 and, in addition to the responsibility of his position, is currently participating in the Graduate Development Program, sponsored and facilitated by the Public Sector Commission.

The graduate recruited in 2017/18 in the Business Intelligence Services team successfully completed the Public Sector Commission's Graduate Development Program in December 2018 and has been engaged on a contract basis since completing the graduate program.

### Innovative recruitment

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

In 2018/19, innovative recruitment methods included:

- greater scrutiny of and reduction in the number of long and confusing selection criteria
- personality profile assessments for all applicants deemed suitable for appointment
- practical testing as part of the interview process
- inclusion of a Human Resources team member on each selection panel.

The Human Resources team is scheduled to review employment procedures in 2019/20 and will incorporate aspects of the Innovative Recruitment Strategy into the amended document.



# Equality and inclusion

The following initiatives are aligned with WorkCover WA strategic goal

3 – People, Culture and Systems

The following initiatives are aligned with Government Goal

## Strong Communities

*Initiatives in this section reflect WorkCover WA's efforts to ensure a supportive community for all Western Australians to provide them with opportunities and enable them to thrive.*

## Disability Access and Inclusion Plan

Through the implementation of a Disability Access and Inclusion Plan (the Plan), WorkCover WA recognises and commits to the inclusion of people with a 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 the delivery of initiatives included in the Plan. Further information about the Equity and Diversity Committee is available on page 25.

Initiatives implemented from the Plan in 2018/19 include:

- an audit of the WorkCover WA premises against the equity and dignity provisions of the *Disability Discrimination Act 1992*
- commencement of a project to develop a WorkCover WA Disability Access and Inclusion Action Plan, which will contain specific activities and objectives contributing to the achievement of high-level strategies currently in the Disability Access and Inclusion Plan
- intranet articles promoting Disability Awareness Week and Mental Health Week
- an ongoing project to ensure improved accessibility to WorkCover WA publications.

## Reconciliation Strategy

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

The Reconciliation Strategy was reviewed and updated in 2018/19. Initiatives completed include:

- engagement of an Aboriginal trainee to complete a 12 month traineeship with WorkCover WA
- intranet articles promoting and celebrating NAIDOC Week and National Reconciliation Week
- cultural awareness training for 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.

The updated Reconciliation Strategy will continue to build on these initiatives.

## Traineeship program

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

Trainees are supported to complete a Certificate III in Government while undertaking work placement across a range of areas at WorkCover WA. This arrangement helps to make trainees 'job ready' and skilled for future employment and opportunities.

In 2018/19, WorkCover WA utilised services provided through the Wirrapanda Foundation to recruit a trainee. The trainee is currently completing a Certificate III in Government.



# Safety, health and wellbeing

The following initiatives are aligned with WorkCover WA strategic goal

3 – People, Culture and Systems

The following initiatives are aligned with Government Goal

## Strong Communities

*Initiatives in this section reflect efforts to provide WorkCover WA staff with a safe, supportive and healthy work environment.*

## 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 Plan is endorsed by the Corporate Executive and the ongoing administration and implementation of objectives in the Plan is carried out by the OSH Committee.

The Plan ensures documented OSH requirements, management processes and other activities proactively contribute to improving and maintaining positive OSH outcomes.

The content of the Plan reflects 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.

Ongoing requirements from the Plan met in 2018/19 include:

- communicating OSH policies and practices to staff
- making OSH policies and practices available through the OSH Manual and WorkCover WA website
- ensuring all staff and managers have completed online OSH training
- discussing OSH matters and expectations with staff at team meetings.

WorkCover WA also acknowledged National Safe Work Month in October 2018 by creating six 'sit and stand' workstations throughout the Agency. The stations have been utilised and well received by staff and highlight the Agency's commitment to reducing sedentary work practices.

To ensure a hazard free environment and compliance with relevant legislation, the OSH representatives conducted quarterly inspections of the WorkCover WA premises in 2018/19.

## Health and wellness

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

In 2018/19, the Program offered a range of wellness initiatives to staff, including:

- healthy heart checks
- skin cancer screenings
- flu vaccinations
- free on-site gym
- healthy snack stations
- lunch 'n' learn sessions on topics including:
  - mindfulness
  - nutrition and gut health
  - gym exercise tutorials and demonstrations.

A health and wellness survey was conducted in 2017/18 seeking feedback on the current Program and suggestions for improvement.

In response to the findings, the following strategies were recommended and implemented in 2018/19:

- fitness programs, including guides to using gym equipment, were purchased for staff to use
- lunch 'n' learn sessions on a variety of health and wellness topics, such as nutrition and work-related stress, will continue
- healthy snacks will continue to be provided for staff to purchase.

Another health and wellness survey will be conducted in 2019/20.

## Health and Wellness Champions

WorkCover WA appoints staff representatives as Health and Wellness Champions to brainstorm health and wellness initiatives for our Agency.

In 2018/19, the Champions assisted with publishing health and wellness intranet articles and promoting lunch 'n' learn sessions to staff about topics including mindfulness and nutrition.



## Agency challenges

**The following initiatives are aligned with WorkCover WA strategic goal**

1 – Strategic Scheme Management

**The following initiatives are aligned with Government Goal**

### Sustainable Finances

*WorkCover WA is committed to addressing challenges and issues impacting the Western Australian workers' compensation and injury management scheme to ensure the best possible service delivery. The initiatives in this section are indicative of the Agency's efforts to achieving this Government Goal.*

## Strategic management of the scheme

There are a number of current and future technological, demographical and economic challenges faced by the Western Australian workers' compensation and injury management scheme (the WA scheme) including the constantly evolving mix of industry types and ways of working, the impact of increasing automation and the effects of an ageing workforce.

WorkCover WA's Strategic Initiatives aim to proactively and strategically address scheme challenges on a short and long-term basis. More information about WorkCover WA's Strategic Initiatives is available on page 21.

## Workforce Capability Review – Future of Work

A research project was undertaken in 2018/19 to examine issues facing WorkCover WA as we move to an increasingly digital environment. The research indicated the Agency will need to adopt new strategies in relation to a range of issues to ensure we can meet emerging future demands. These issues include recruitment, retention, staff training and development.

A framework has been developed outlining the Agency's proposed approach to the issues identified in this project and key priority areas have been identified for 2019/20.

## Information security

With an increasing focus on information security, WorkCover WA has addressed a number of best practice security recommendations from the Western Australian (WA) Office of Digital Government (ODG), including:

- regularly updating patching of applications and operating systems
- blocking Microsoft Office macros
- managing administrative privileges
- ensuring appropriate backup retention timeframes.

WorkCover WA monitors computer security incidents as notified by the ODG and has developed a guide to assist with response to and recovery from a computer security incident involving WorkCover WA's systems.



## Electronic Document 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*.

Further electronic document records management system (EDRMS) upgrades were undertaken in 2018/19. WorkCover WA is now utilising the most current version of its EDRMS, which provides access to the latest features and functionalities such as document workflows. A records destruction workflow and Ministerial workflow has also been implemented, which enables completely paperless and efficient processes.

Significant progress has also been made on migration of historical records stored on network drives, with the number of documents stored on network drives continuing to reduce at a steady pace. Within the next 12 months, this migration should be complete and all records moved to the EDRMS.

A significant number of digitised historical scheme records have also been imported into the EDRMS with metadata for easy searching and accessibility. This has enabled WorkCover WA to provide a significantly faster turnaround on Freedom of Information (FOI) requests and Insurer Liability requests, which previously required time-consuming searches of hardcopy paper files. This work will continue in 2019/20.

## Risk Management Framework

In accordance with the Public Sector Commissioner's 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 to ensure high-level strategic risks associated with long-term organisational objectives are fully considered
- 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 ISO 31000) and State Government requirements
- ensuring relevant ongoing management oversight by the Corporate Executive through regular meetings of the Risk Management Review Group
- quarterly reviews of key risk indicators and annual reporting of strategic and significant operational risks to the Agency's Audit and Risk Management Committee and the WorkCover WA Board (the Board)

- ensuring the Agency's electronic risk management system continues to meet needs.

## Business continuity

WorkCover WA practices business continuity management and establishes business continuity plans to ensure the continuity of critical business activities in the event of a disruption.

WorkCover WA has a Business Continuity Framework to ensure the clear articulation of business continuity management ownership, purpose, scope, roles and responsibilities. This provides the basis for implementation, monitoring and continuous development through ongoing testing, training and review.

The WorkCover WA business continuity management approach includes incident management, crisis management and recovery and establishes response procedures and priorities to deal with crisis incidents.

WorkCover WA reviews business continuity incidents and conducts and plans for training and test exercises each year. Training and test exercises include:

- testing communication with stakeholders and staff
- reviewing information technology (IT) disaster recovery plans
- conducting walkthroughs of how business operations would proceed if computer systems were unavailable
- identifying alternative sites if the Agency's premises were unavailable.

There were no significant interruptions to business continuity in 2018/19. Minor IT and internet-related issues were addressed by the implementation of workarounds in accordance with divisional action plans.

Business continuity incident reporting is presented to the Board and Corporate Executive as required.

## Review of corporate policies and procedures

The following policies were reviewed in 2018/19:

- Code of Conduct
- Disclosure of Personal Information Policy
- External Data Release Policy
- Gifts, Benefits and Hospitality Policy
- Governance Policy Directors and Officers Liability Insurance
- Governance Policy Investment – Use of Public Resources
- Workplace Harassment Policy
- Alternative Paid Employment
- FOI Statement
- Substandard Performance Procedure
- Fraud and Corruption Control Plan
- Whole of Agency Conflicts of Interest Register.

A report on gifts and benefits received was also considered by the Corporate Executive and the Audit and Risk Management Committee. A summary report was also provided to the Board.

## Project management

WorkCover WA has a project management reporting system facilitating 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 initiative.

The system is working well and ensures project milestones are tracked and regular progress comments are recorded.

## Program Management Office

The Program Management Office (PMO) was established in May 2019 to coordinate, resource and manage all strategic initiatives and projects. The PMO guides the successful delivery of projects through the provision of strategic and operational support including:

- project development
- governance
- risk and issue tracking
- quality control
- post-project benefits tracking and reporting.

## Business process review

A business process review project was conducted in 2018/19 and introduced a structured and consistent approach to mapping business processes using cloud-based software. This will ensure business processes at WorkCover WA can be assessed for effectiveness and will assist with the prioritisation of process improvements to support the Strategic Plan's digital optimisation approach.

## Data sources for Recommended Premium Rates

The Business Intelligence Services team has commenced a project to combine data sources for setting recommended premium rates. This three-year project aligns with WorkCover WA's strategic goals to achieve efficiencies through customer-focused technology and innovation. In particular, approved insurers will benefit from a more streamlined approach to data submission and management of data quality. More information about the progress of this project will be available next year.



# Information technology initiatives

## The following initiatives are aligned with WorkCover WA strategic goals

1 – Strategic Scheme Management  
2 – Digital Transformation

## The following initiatives are aligned with Government Goal

### Sustainable Finances

*In an increasingly digital environment, WorkCover WA acknowledges the importance of ensuring systems and information technology within the Agency operates effectively and efficiently and aligns with current requirements and expectations. This helps to ensure the best service possible is provided to stakeholders and security is not compromised.*

## Information Technology Plan 2018-2021

A new IT Plan 2018-2021 (the Plan) was approved by the Corporate Executive and the Board in 2018. The Plan addresses the ongoing Digital First initiative and the strategic goal of implementing digital services for stakeholders. Key features include:

- division of projects into workloads maximising the use of internal resources available
- commencement of transition to cloud-based services
- ongoing technology refresh projects to maintain a contemporary application development environment.

The Plan underwent a review in May 2019 which resulted in adjustments to the timing of some initiatives. This included bringing planned activities for cloud transition forward.

## Information technology projects

### Cloud backup

Last financial year, a cloud-based backup solution was successfully implemented. This solution has improved WorkCover WA's disaster recovery resilience and day-to-day systems management. WorkCover WA continues to work with the GovNext service provider to ensure optimum data retention periods are consistently achieved.

A follow-on project to scope a disaster recovery solution using the cloud backup commenced in 2018/19. WorkCover WA documented a disaster recovery scenario utilising a GovNext service provider and will continue to refine this scenario.

The Agency is also progressing a project to move the current email system to Microsoft Office 365 in 2019/20. This will address email disaster recovery and serve as a pilot for future cloud disaster recovery initiatives.

## Security audits

To identify and respond to security risks to our IT environment, security audits are conducted. In 2018/19 one external audit and two internal audits were carried out.

### Office of the Auditor General IT General Controls

An external audit was conducted by the Office of the Auditor General (OAG) in October 2018. The results of this audit were satisfactory with one moderate finding and two minor findings. The moderate finding was promptly addressed and the two minor findings are being considered. The results of this audit were presented to Parliament in May 2019.

### KPMG IT General Controls – Third Party Systems

KPMG carried out an internal audit focusing on general controls in September 2018. The objective of this audit was to consider the adequacy of IT general controls as they relate to IT systems from third parties. The scope of the audit focused on processes in place to manage a sample of four third party service providers. The report identified process strengths and areas for improvement, all of which have been addressed.



## Internet penetration testing

An internet penetration testing audit was conducted in May 2019. The result of this internal audit was that WorkCover WA's web applications and externally facing access points were found to be properly secured and adhere to industry best practice, with the exception of a number of minor misconfigurations.

## Telephone system upgrade

Under the GovNext IP communications platform, WorkCover WA was required to upgrade all handsets within two years to IP telephone handsets using data network infrastructure. This was achieved within 16 months.

The upgrade removes risks associated with component failure and has the potential to leverage the GovNext core network including on net dialling.

## Core business systems technology refresh

A core business systems technology refresh project was conducted to ensure WorkCover WA's core business systems continue to operate effectively and efficiently.

The project sets out to review and update:

- versions of underlying technologies, such as frameworks and packages
- the development, testing, build and release tools.

This project was necessary, as regular maintenance of IT systems ensures they do not become unsupported and outdated, which can pose a security risk or disrupt the work and services Agency staff provide to stakeholders.

Regular ongoing maintenance also avoids having to replace core business systems from scratch in the future.

The three-month project was completed successfully within budget.

The refresh also ran concurrently with the Digital First – Conciliation Online project and a Content Manager Upgrade project and some crossover issues were encountered. The impact of this caused resourcing pressures and some delays, however these were overcome by careful scheduling and vigilant project management.

A similar project is planned for 2019/20.

## Impact of change to internet links

WorkCover WA was required to move its internet access point from ServiceNet, the previous government internet service provider, to one of the three mandatory GovNext providers. Due to the Agency being one of the first to move, issues and outages were encountered as a result of the relative immaturity of the service offering from the provider.

WorkCover WA has worked with the GovNext service provider to address service reliability issues.

## Other information technology initiatives

### Vulnerability scanning tool

As recommended by the OAG, the IT team purchased a new vulnerability scanning tool. This tool proactively scans the Agency's servers and desktop computers for known security vulnerabilities.

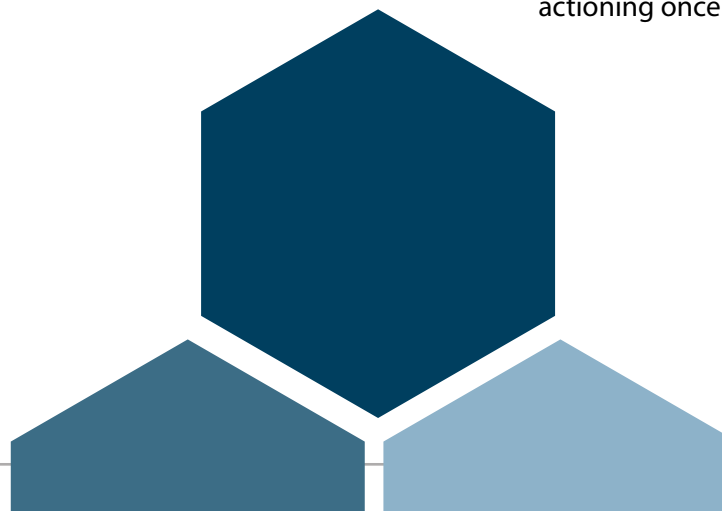
### Windows 10 upgrade and firewall replacement


The Windows 10 operating system was upgraded on all staff computers to the latest version and firewalls were replaced to ensure maximum support and security.

## Online Agency tool

### Service console

The service console is an online facility that manages a range of operational tasks on a day-to-day basis. It supports business activity by ensuring issues and requests raised by staff are prioritised and addressed in a timely way. Requests related to IT system changes, records management, statistical reports, intranet and website updates and building maintenance are logged and then assigned to appropriate teams for actioning once approved.





## Section 5

### Disclosures and legal compliance

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# Report on funds management

## Workers' Compensation and Injury Management Trust Account

The Workers' Compensation and Injury Management Trust Account is maintained in accordance with section 110 of the *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 2018/19 year of 2.1 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 wherever 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, 76 potential claims on the General Account were investigated compared with 52 last year.

The General Account incurred 24 new uninsured claims this financial year, including eight accepted claims inclusive of workers' compensation payments and 16 claims for legal and investigation costs only. There were 52 continuing claims from previous financial years. The net cost of new claims was \$646,834 and ongoing claims net costs amounted to \$3,265,207.

At 30 June 2019, the total outstanding debt from uninsured employers was approximately \$3,912,041. Recovery action against these employers is still ongoing.

## Employers' Indemnity Supplementation Fund

The Employers' Indemnity Supplementation Fund is 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 2018/19 were \$70,414.

Payments for claims under the Acts of Terrorism Act for 2018/19 were nil.

**Table 11: Claim payments and receipts for Supplementation Fund for 2018/19**

Item	HIH Insurance (\$)	Non-HIH Insurance (\$)
Value of outstanding claims in Western Australia	723,883	446,637
Received from Insurance Commission of WA in 2018/19	43,932	Nil
Claim payments for 2018/19	685,596	247,146



## Debts and investments

At 30 June 2019, there were 96 outstanding debtors resulting from fines and penalties awarded under the Act, with debts outstanding of \$1,092,393. In 2018/19, the weighted average rate of return on General Account investments was 2.59 percent.

**Table 12: Actual results vs budget results**

Item	2018/19 Target \$000	2018/19 Actual \$000	Variation \$000
Total Revenue (sourced from Statement of Comprehensive Income)	21,619	21,401	218
Total Expenses (sourced from Statement of Comprehensive Income)	22,508	25,671	(3,163)
Total Equity (sourced from Statement of Financial Position)	104,623	97,666	6,957
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows)	(1,421)	1,651	(3,072)
Approved full-time equivalent staff level	127.64	117.59	10.05



# 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 2017*.

WorkCover WA's staffing arrangements as at 30 June 2019 compared with previous years is listed in Table 13.

**Table 13: WorkCover WA staffing arrangements**

Employment type	2016	2017	2018	2019
Full-time permanent	105	98	95	102
Full-time contract	11	15	14	14
Part-time measured on a full-time equivalent basis	16.84	17.28	12.98	10.79
<b>Total</b>	<b>132.84</b>	<b>130.28</b>	<b>121.98</b>	<b>126.79</b>
Staff on secondment	2	4	4	0
Staff on traineeship	1	1	0	1
Staff in graduate program	1	2	1	1

## Internal workers' compensation claims

There were no workers' compensation claims made by WorkCover WA staff in 2018/19.



## Board remuneration

In accordance with the Act, the Chairman and WorkCover WA Board (the Board) members are paid such fees and allowances as may be fixed by the Minister for Industrial Relations 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 14: Board remuneration**

Position	Name	Type of remuneration	Period of membership	Gross/actual remuneration (including superannuation)
<b>Chairman</b>	Greg Joyce	Board Payment	01/07/2018 to 30/06/2019	\$34,090.68
<b>Member</b>	Chris White	N/A – Public Servant	Virtue of Office	N/A
<b>Member</b>	David Smith	N/A – Public Servant	Virtue of Office	N/A
<b>Member</b>	Owen Whittle	Board Payment	01/07/2018 to 30/06/2019	\$7,425.45
<b>Member</b>	Steven Burns	Board Payment	01/07/2018 to 30/06/2019	\$17,821.08
<b>Member</b>	Victoria Wilmot	Board Payment	01/07/2018 to 30/06/2019	\$17,821.08
<b>Member</b>	Warren Edwardes	Board Payment	01/07/2018 to 29/12/2018	\$8,910.54
<b>Member</b>	Peta Libby	Board Payment	30/12/2018 to 30/06/2019	\$8,910.54
<b>Total</b>				<b>\$94,979.37</b>

## 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 members of the Board and senior officers of the Agency. The policy is placed through the State Government's insurer and 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

**Table 15: Costs Committee remuneration**

Costs Committee member	Remuneration (including superannuation)
Chris White (Chair)	N/A – Public Servant
Owen Whittle	Nil
Steven Burns	\$621.96
Angela Gaffney	\$851.91
Marcus Cocker	\$851.91

### Medical Committee

The Board has currently suspended the operations of the Medical Committee pending outcomes of the legislative review process.

## Capital works projects

WorkCover WA's expenditure on capital works for 2018/19 is outlined in Table 16.

**Table 16: 2018/19 expenditure**

Capital works projects	Total spent \$'000'	YTD \$'000'
Digital First – Conciliation	371	371
Online Services Project		

## Advertising

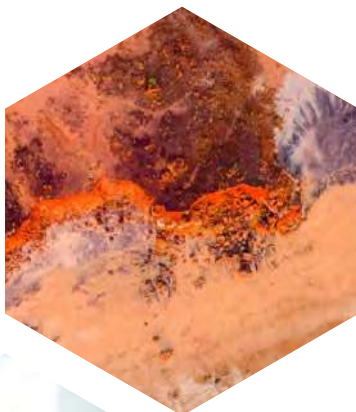
Section 175ZE of the *Electoral Act 1907* requires the publication of the details of certain classes of expenditure in an Agency's annual report. Expenditure during 2018/19 included advertising for job vacancies and regional visits, promoting public awareness of the *Workers' Compensation and Injury Management Act 1981* and conducting surveys. Below is a statement of expenditure for the 2018/19 financial year.

**Table 17: 2018/19 advertising expenditure**

Type	Organisation	2018/19 expenditure (\$)
Advertising agencies	Redflame Events	2,750
Direct mail organisations	Campaign Monitor	538
Market research organisations	Survey Monkey	636
Media advertising organisations	Careerhub Pty Ltd	180
	AMA Services (WA) Pty Ltd	1,369
	Dowd Publications Pty Ltd	1,320
	AAEN Pty Ltd	1,425
	Initiative Media Australia Pty Ltd	315
	Optimum Media Decisions (WA) Pty Ltd	2,998
	Facebook	207
Polling organisations	Not applicable	Nil
<b>Total</b>		<b>11,738</b>

## 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 Industrial Relations for 2019/20.



**Table 18: Statement of Comprehensive Income**

	2019 \$000	2020 \$000
<b>INCOME</b>		
<b>Revenue</b>		
Insurer contributions	17,392	18,723
Interest revenue	2,261	2,289
Other revenue	1,966	2,487
<b>Total Revenue</b>	<b>21,619</b>	<b>23,499</b>
<b>Total Income</b>	<b>21,619</b>	<b>23,499</b>
<b>EXPENSES</b>		
<b>Expenses</b>		
Employee benefits expense	14,479	14,816
Supplies and services	2,864	2,983
Depreciation and amortisation expense	1,139	1,076
Accommodation expenses	506	524
Grants and subsidies	50	35
Claims expense	1,827	2,690
Other expenses	1,643	1,734
<b>Total Expenses</b>	<b>22,508</b>	<b>23,858</b>
Profit/(Loss) before grants and subsidies from State Government	(889)	(359)
Services received free of charge	170	170
<b>Profit/(Loss) for the period</b>	<b>(719)</b>	<b>(189)</b>

Table 19: Statement of Financial Position

	2019 \$000	2020 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,920	1,115
Restricted cash and cash equivalents	87,175	87,731
Receivables	1,024	1,158
Other assets	-	83
Other financial assets	20,530	18,779
<b>Total Current Assets</b>	<b>111,649</b>	<b>108,866</b>
<b>Non-Current Assets</b>		
Property, plant, equipment & vehicles	17,436	17,688
Intangible assets	2,348	1,836
Other Non-Current Assets	-	62
<b>Total Non-Current Assets</b>	<b>19,784</b>	<b>19,586</b>
<b>Total Assets</b>	<b>131,433</b>	<b>128,452</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	1,751	799
Provisions	4,458	6,872
<b>Total Current Liabilities</b>	<b>6,209</b>	<b>7,671</b>
<b>Non-Current Liabilities</b>		
Provisions	20,601	19,017
Other non-current liabilities	-	62
<b>Total Non-Current Liabilities</b>	<b>20,601</b>	<b>19,079</b>
<b>Total Liabilities</b>	<b>26,810</b>	<b>26,750</b>
<b>NET ASSETS</b>	<b>104,623</b>	<b>101,702</b>
<b>EQUITY</b>		
Reserves	14,363	14,467
Retained earnings	90,260	87,235
<b>Total Equity</b>	<b>104,623</b>	<b>101,702</b>

Table 20: Statement of Cash Flows

	2019 \$000	2020 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Insurer contributions	17,392	18,723
Provision of services	11	11
Interest received	2,261	2,289
GST receipts on sales	-	4
GST receipts from taxation authority	-	457
Other receipts	1,260	785
<b>Payments</b>		
Workers' Compensation claim payments	(1,827)	(2,690)
Employee benefits	(14,443)	(14,711)
Supplies and services	(2,694)	(2,813)
Accommodation	(506)	(524)
Grants and subsidies	(50)	(35)
GST payments on purchases	-	(461)
Other payments	(2,047)	(1,662)
<b>Net cash provided by operating activities</b>	<b>(643)</b>	<b>(627)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Payments</b>		
Purchase of non-current physical assets	(778)	(761)
<b>Net cash used in investing activities</b>	<b>(778)</b>	<b>(761)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,421)</b>	<b>(1,388)</b>
Cash and cash equivalents at the beginning of the period	91,004	89,583
<b>Cash and cash equivalent at the end of the period</b>	<b>89,583</b>	<b>88,195</b>



# 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 their achievement to optimise the Agency's performance
- ensuring compliance with statutory requirements
- 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 Board declared any potential conflicts of interest held in existing or proposed contracts with WorkCover WA. A centrally maintained Whole of Agency Conflicts of Interest Register is also completed when appropriate.

Additionally, WorkCover WA maintains a list of Positions of Trust, whereby staff who are appointed to these positions are required to undergo criminal background checks prior to commencement. This is completed in addition to requirements relating to identity and credential verification.

### Unauthorised use of credit cards

Officers of WorkCover WA hold corporate credit cards where their functions warrant usage of their facility. There was no use of credit cards for unauthorised purposes during the financial year 2018/19.

## Chief Executive Officer Performance Agreement

The Agency's performance is monitored by the Board and the Minister for Industrial Relations through deliverables determined in an annual Chief Executive Officer (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 (the Framework) addresses our strategic risk related to 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. The Framework is aligned with 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 Corporate Executive and the 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 and 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.

Refer to page 99 under 'Committees' for full disclosure.

*\*The Board has currently suspended the operations of the Medical Committee pending outcomes of the legislative review process.*

### Corporate Governance Task List

To facilitate governance requirements across the Agency, a rolling Corporate Governance Task List is maintained. The list outlines all key planning, budgeting, reporting and governance activities, proposed meeting schedules, responsible divisions and officers and all due dates.

### Manual of Delegations

WorkCover WA maintains a Manual of Delegations, Authorisations and Powers with authority limits assigned to various officers under relevant governing legislation. The manual provides guidance on who has authority to make decisions, give instructions and sign documents and is reviewed annually or as required. The Board is kept informed of all management strategies and ongoing activities relevant to its delegated powers.

### Review against the Public Sector Commission's Good Governance Guide

To ensure ongoing good governance performance, WorkCover WA conducted its annual compliance review in May 2019 using the Public Sector Commission's Good Governance Guide for public sector agencies.

The review is conducted in the third quarter of each year and is a deliverable of the CEO's performance agreement. Information is sourced from the WorkCover WA records management system, intranet and external website using the Public Sector Commission's Good Governance Guide. The previous year's Annual Report is also referenced.

The review provides senior management with assurance the Agency's accountability requirements are being met and sufficiently reported in the Annual Report.

This year's review identified three instances of policies or procedures being out of date and three areas where compliance could be improved. A number of other minor improvement recommendations were also recognised.

WorkCover WA has been acknowledged by the Institute of Public Administration Australia WA multiple times for our ongoing commitment to good corporate governance through the annual W.S. Lonnie Awards. These awards recognise excellence in annual reporting.

In 2019, WorkCover WA received the Category 2 Silver Award for Agencies with 101 to 1,000 full-time equivalents, with judges commenting, "Attention to operational coverage, including snapshots of governance, risk management and performance reporting made this report impressive".

### Applying good governance

Figure 29 references the sections within this report highlighting how WorkCover WA applies the nine principles of the Public Sector Commission's Good Governance Guide in practice and complies with relevant requirements.

**Figure 29: Public Sector Commission's Good Governance Guide checklist**

<b>1 Government and public sector relationship</b> <ul style="list-style-type: none"> <li><b>1.1</b> <ul style="list-style-type: none"> <li>Enabling legislation (p. 23)</li> <li>Chief Executive Officer Performance Agreement (p. 95)</li> </ul> </li> <li><b>1.2</b> <ul style="list-style-type: none"> <li>Communications Protocol (p. 28)</li> <li>Board Governance Policy: Official Communication (p. 28)</li> </ul> </li> <li><b>1.3</b> <ul style="list-style-type: none"> <li>Joint Consultative Committee (p. 26)</li> <li>Ministerial correspondence (p. 28)</li> </ul> </li> </ul>	<b>2.5</b> <ul style="list-style-type: none"> <li>Delegation of authority (p. 24)</li> <li>Manual of Delegations (p. 96)</li> </ul> <b>2.6</b> <ul style="list-style-type: none"> <li>Year scorecard (p. 9)</li> <li>Performance Management Framework (p. 30)</li> <li>Reporting of Minimum Obligatory Information Requirements data (p. 34)</li> </ul>	<b>4.4</b> <ul style="list-style-type: none"> <li>Section 3: Report on operations (p. 43)</li> <li>Electronic Document Records Management System (p. 83)</li> <li>Project management (p. 84)</li> <li>Information technology initiatives (p. 85)</li> <li>Other financial disclosures (p. 90)</li> </ul> <b>4.5</b> <ul style="list-style-type: none"> <li>Section 3: Report on operations (p. 43)</li> <li>Section 6: Key Performance Indicators (p. 107)</li> </ul> <b>4.6</b> <ul style="list-style-type: none"> <li>Audit and Risk Management Committee (p. 99)</li> <li>Section 6: Key Performance Indicators (p. 107)</li> <li>Independent audit opinion (p. 125)</li> </ul>
<b>2 Management and oversight</b> <ul style="list-style-type: none"> <li><b>2.1</b> <ul style="list-style-type: none"> <li>Leadership (p. 16)</li> <li>Delegation of authority (p. 24)</li> <li>Board policies (p. 95)</li> <li>Board responsibilities (p. 95)</li> <li>Chief Executive Officer Performance Agreement (p. 95)</li> </ul> </li> <li><b>2.2</b> <ul style="list-style-type: none"> <li>Delegation of authority (p. 24)</li> <li>Governance disclosures (p. 95)</li> <li>Manual of Delegations (p. 96)</li> <li>Committees (p. 99)</li> </ul> </li> <li><b>2.3</b> <ul style="list-style-type: none"> <li>Delivery of 2018/19 Strategic Initiatives (p. 10)</li> <li>Strategic planning (p. 20)</li> <li>Report against 2018/19 Strategic Initiatives (p. 21)</li> <li>Outlook for the future (p. 22)</li> </ul> </li> <li><b>2.4</b> <ul style="list-style-type: none"> <li>Strategic planning (p. 20)</li> <li>Outlook for the future (p. 22)</li> <li>Project management (p. 84)</li> <li>Program Management Office (p. 84)</li> <li>Information technology initiatives (p. 85)</li> <li>Service console (p. 86)</li> </ul> </li> </ul>	<b>3 Organisational structure</b> <ul style="list-style-type: none"> <li><b>3.1</b> <ul style="list-style-type: none"> <li>Organisational structure (p. 13)</li> <li>People (p. 34)</li> <li>Workforce development (p. 78)</li> <li>Attraction and retention (p. 79)</li> </ul> </li> <li><b>3.2</b> <ul style="list-style-type: none"> <li>Organisational structure (p. 13)</li> <li>Program Management Office (p. 84)</li> </ul> </li> <li><b>3.3</b> <ul style="list-style-type: none"> <li>2018/19 performance snapshot (p. 9)</li> <li>Open and transparent reporting (p. 38)</li> <li>Section 6: Key Performance Indicators (p. 107)</li> </ul> </li> </ul> <b>4 Operations</b> <ul style="list-style-type: none"> <li><b>4.1</b> <ul style="list-style-type: none"> <li>Governance (p. 24)</li> <li>Risk management policies (p. 29)</li> <li>Report on funds management (p. 88)</li> <li>Other financial disclosures (p. 90)</li> </ul> </li> <li><b>4.2</b> <ul style="list-style-type: none"> <li>Strategic planning (p. 20)</li> <li>Business planning (p. 20)</li> <li>Performance Management Framework (p. 30)</li> <li>Section 3: Report on operations (p. 43)</li> <li>Agency challenges (p. 82)</li> </ul> </li> <li><b>4.3</b> <ul style="list-style-type: none"> <li>Open and transparent reporting (p. 38)</li> <li>Scheme regulation (p. 44)</li> <li>Resolving disputes (p. 61)</li> <li>Agency challenges (p. 82)</li> <li>Information technology initiatives (p. 85)</li> </ul> </li> </ul>	<b>5 Ethics and integrity</b> <ul style="list-style-type: none"> <li><b>5.1</b> <ul style="list-style-type: none"> <li>Our values (p. 4)</li> <li>Public sector standards and ethical codes (p. 101)</li> </ul> </li> <li><b>5.2</b> <ul style="list-style-type: none"> <li>Risk management policies (p. 29)</li> <li>Conflicts of interest (p. 95)</li> <li>WorkCover WA Code of Conduct (p. 102)</li> </ul> </li> <li><b>5.3</b> <ul style="list-style-type: none"> <li>Complaints handling (p. 27)</li> <li>Public sector standards and ethical codes (p. 101)</li> <li>Conflicts of interest (p. 95)</li> <li>Fraud and Corruption Control Plan (p. 102)</li> </ul> </li> <li><b>5.4</b> <ul style="list-style-type: none"> <li>Public Interest Disclosure (p. 28)</li> <li>Workforce development (p. 78)</li> </ul> </li> <li><b>5.5</b> <ul style="list-style-type: none"> <li>Staff development (p. 78)</li> <li>Legal compliance (p. 101)</li> <li>Internal Audit Function (p. 101)</li> </ul> </li> </ul>



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- Equality and inclusion (p. 80)
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- Other financial disclosures (p. 90)
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- Report on funds management (p. 88)
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- Year in dollars (p. 9)
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## 8.1

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- Delegation of authority (p. 24)
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## 8.3

- Workplace consultation (p. 25)
- Joint Consultative Committee (p. 26)
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- Communications policies (p. 28)
- Public Interest Disclosure (p. 28)
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- Communications policies (p. 28)
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## 9.3

- Risk Management Review Group (p. 27)
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## 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 Audit and Risk Management 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
  - advises the Board of significant or emerging risks
- reviews strategic and annual internal audit plans
- reviews audit reports, monitors audit findings and the progress of audit recommendations
- provides stewardship by promoting discussion with internal and external auditors to ensure effective systems and policies are in place.

### 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.

In 2018/19, the Costs Committee amended the Costs Determination with the *Workers' Compensation (Legal Profession and Registered Agents) Costs Determination 2018* which came into effect on 1 January 2019. The Costs Committee only made minor amendments to the Costs Determination, primarily to provide clarity and fix anomalies.

### 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 33 occasions and made 50 determinations.

**Table 21: Audit and Risk Management Committee meeting 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
Chris White	4	4
Steven Burns	4	4

**Table 22: Costs Committee meeting attendance**

Costs Committee member	No. of meetings eligible to attend	No. of meetings attended
Chris White (Chair)	2	2
Owen Whittle	2	2
Steven Burns	2	1
Angela Gaffney	2	2
Marcus Cocker	2	2

**Table 23: Industrial Diseases Medical Panel members**

2018/19 Industrial Diseases Medical Panel Chairman (rotating)	Members
Professor E Gabbay	Dr P Psaila-Savona
Dr M K Tandon	Dr D Bucens
Dr M Musk	Dr M Prichard
Dr J Sim	Professor A W Musk
Dr K C Wan	Dr J Wrobel

**Table 24: Number of Industrial Diseases Medical Panel applications**

Applications	2014/15	2015/16	2016/17	2017/18	2018/19
New	49	35	29	45	52
Reviewed	10	0	10	4	5
<b>Total</b>	<b>59</b>	<b>35</b>	<b>39</b>	<b>49</b>	<b>57</b>

**Table 25: Number of diseases determinations**

Disease	2014/15	2015/16	2016/17	2017/18	2018/19
Pneumoconiosis	28	14	17	37	40
Pneumoconiosis and Diffuse Pleural Fibrosis	4	8	9	1	2
Pneumoconiosis and Lung Cancer	2	0	0	0	0
Pneumoconiosis, Diffuse Pleural Fibrosis and Lung Cancer	0	2	0	0	0
Diffuse Pleural Fibrosis	0	7	0	3	1
Mesothelioma	6	3	1	1	0
Lung Cancer	1	2	3	3	6
<b>Subtotal</b>	<b>41</b>	<b>36</b>	<b>30</b>	<b>45</b>	<b>49</b>
Determinations where disease not present or disease present but a 0% level of impairment	6	9	4	5	1
<b>Subtotal</b>	<b>47</b>	<b>45</b>	<b>34</b>	<b>50</b>	<b>50</b>



# Legal compliance

## Internal Audit Function

In line with the *Financial Management Act 2006* and Treasurer's Instructions, WorkCover WA has an Internal Audit Function providing independent and objective assurance and consulting services. Tasks undertaken by the Internal Audit Function evaluate and contribute to the improvement of risk management, control and governance processes.

Internal audit at WorkCover WA is conducted through an external contract managed by the Internal Audit Manager. To maintain independence the Internal Audit Manager reports directly to the Audit and Risk Management Committee for the function and the CEO for administrative matters.

Audit activities are determined by a three-year Strategic Audit Plan and corresponding annual schedule that is reviewed prior to the commencement of each audit year. Internal audit at WorkCover WA aims to work with and support external audit as required and reduce duplication of effort as appropriate.

In 2018/19, WorkCover WA conducted eight internal and four external audits.

The eight internal audits identified one medium and 18 low-level findings and five process improvement opportunities.

The four external audits identified one moderate and two minor findings. All findings have agreed action plans and are reported to and monitored by the Audit and Risk Management Committee.

Action plans have mostly been completed within the agreed timeframe, with those not completed being reported to the Audit and Risk Management Committee with reasons for delays.

## 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 Western Australian (WA) Public Sector Code of Ethics and the WorkCover WA Code of Conduct. These policies and supporting guidelines are available to all staff on the WorkCover WA intranet and the online training system. The Agency's Internal Audit Function addresses alternating aspects of the Public Sector Standards (Human Resource Management) on an annual basis.

The Agency has also adopted the Public Sector Commission's Guide to Disciplinary Provisions as contained in the *Public Sector Management Act 1994*.

By May 2019, all staff had completed online bullying and harassment training which was developed to align with the WorkCover WA Workplace Harassment Policy.

Refresher training in accountable and ethical decision making is a biennial requirement of staff and will be completed again in 2019/20. Members of the Board completed this refresher training in December 2018.





## Public Sector Code of Ethics

There were no breaches of the Public Sector Code of Ethics identified in 2018/19.

## WorkCover WA Code of Conduct

There were two breaches of the WorkCover WA Code of Conduct in 2018/19. Both breaches were investigated, with one of the matters substantiated and finalised. The other breach matter will be finalised in 2019/20.

## Public Sector Commissioner's Instruction Employment Standard

There were no breaches of standard claims against the Employment Standard in 2018/19.

## Grievance Resolution Standard

There were no breaches of standard claims against the Grievance Resolution Standard in 2018/19.

## Disability Access and Inclusion Plan

WorkCover WA recognises and commits to the inclusion of people with a disability, both internal and external to the Agency, by ensuring they have appropriate access to our facilities and services.

Information about the Agency's Disability Access and Inclusion Plan is outlined on page 80 under 'Equality and inclusion' in *Section 4: Opportunities and challenges*.

## Fraud and Corruption Control Plan

WorkCover WA is committed to the highest possible standards of openness, probity and accountability in all affairs and has zero tolerance of fraud, corruption and misconduct. We aim to prevent this by properly managing resources and implementing prevention, detection and control strategies to ensure the integrity of activities conducted by the Agency and the management of the scheme.

The Fraud and Corruption Control Plan (FCCP) documents our strategic and operational approach to controlling fraud and corruption. It provides an overview of how fraud and corruption risks are managed and outlines how we comply with the requirements of the Australian Standard AS8001-2008 Fraud and Corruption Control (the Standard). Our FCCP forms an integral part of the Agency's Enterprise Risk Management Framework and has been developed in line with the Standard. It applies to all internal staff, the Board, contractors and external parties involved in providing goods and services to the Agency.

The FCCP is endorsed by the Audit and Risk Management Committee and reviewed biennially.



## Recordkeeping Plan

WorkCover WA is compliant with the *State Records Act 2000* requirement to have a Recordkeeping Plan (the Plan). The Plan details our recordkeeping program and systems, disposal arrangements, policies, practices, guidelines and projects.

WorkCover WA has actively used the State Records Commission's standards and principles to govern best practice recordkeeping across the Agency.

The Agency's Records Management Plan was approved in 2015 and is due for review in October 2020.

## Report against WorkCover WA's Recordkeeping Plan

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

Case study 5 on page 104 provides information in accordance with section 61 and standard 2, principle 6 of the *State Records Act 2000*.

It reflects the Agency's efforts to:

- maintain efficient and effective recordkeeping systems
- conduct recordkeeping training
- review the efficiency and effectiveness of WorkCover WA's recordkeeping training program
- ensure the Agency's induction program addresses employee roles and responsibilities with regards to compliance with the Recordkeeping Plan.

**Table 26: WorkCover WA record figures**

Record type	2016/17	2017/18	2018/19
<b>Documents created</b>	249,319	198,423	151,156
<b>Files created</b>	12,861	14,653	16,586
<b>Storage boxes created</b>	2,096	989	2,731





## Case study 5: Report against WorkCover WA's Recordkeeping Plan

This case study highlights WorkCover WA's efforts to:

- ensure staff are continuously trained and supported in practicing compliant recordkeeping, in line with the Recordkeeping Plan and *State Records Act 2000*
- continuously improve recordkeeping systems to meet expectations and requirements and provide better service delivery
- simplify, streamline and digitise paper-based processes.

WorkCover WA's recordkeeping system is regularly evaluated to ensure efficiency and effectiveness in supporting business processes and recordkeeping requirements. These processes and requirements include:

- adopting Agency-wide tracking and workflow functionality on all correspondence within the Electronic Document Records Management System (EDRMS), which has resulted in a reduction of duplicated records and an increase in the use of revisions and document control
- reviewing end-user permissions and the establishment of an advanced user profile to enable end-users to undertake more complex tasks within the EDRMS
- improving end-user search capabilities through the use of custom fields to capture metadata directly related to Agency records

- assisting divisional teams to close all network drives and use the EDRMS to save and maintain all core business records
- capturing historical insurer records in the EDRMS using relational properties, which enables all formats of records (paper, microfiche, index cards) received from each historical insurer to be accessed.

The Records and Information Services team continues to promote the use of and compliance with the Agency's EDRMS through a variety of training programs.

Recordkeeping training is conducted through the online records management training module within the Agency's online induction program, as well as through a standalone records management course.

The Records and Information Services team continues to provide ongoing training for each business area and their records management requirements, which includes:

- providing advice about managing functional records
- offering recommendations for digital solutions to paper-based processes and assisting with transition, which aligns with WorkCover WA's Strategic Plan
- delivering information management sessions to executive and senior management staff with a focus on searching, retrieving and using Agency records such as legal advice, annual reports, Ministerials and parliamentary questions
- assisting divisional teams and individuals to utilise the tools within the EDRMS

- providing support to executive and senior management staff with the implementation of EDRMS workflows to streamline priority requests, such as Ministerials. This training also included assistance with transitioning from a paper-based process to a complete digital solution
- reviewing document naming standards, EDRMS tips and training material to align with business practices to promote the benefits of naming records appropriately.



In 2018/19, the EDRMS was upgraded to the latest version. The Records and Information Services team resolved approximately 130 requests for assistance and conducted 10 training sessions.

Staff participation and feedback in these areas has been positive and well received, with all Agency staff utilising the EDRMS and its tools to manage their information.

In addition to this training, the Records and Information Services team continue to provide recordkeeping and EDRMS advice on a one-on-one, ad hoc or project basis. Recordkeeping policies, procedures and EDRMS tips are also available to staff on the WorkCover WA intranet.

### Case study takeaways:

- *The EDRMS was upgraded in 2018/19*
- *Staff participation and feedback about the upgrade has been positive*
- *WorkCover WA's recordkeeping system is regularly evaluated to ensure efficiency and effectiveness*
- *Staff are provided with ongoing training and support for compliant recordkeeping*
- *The Records and Information Services team is committed to digital transformation, in line with WorkCover WA's Strategic Plan.*

# Government policy requirements

## Substantive equality

Although not required to implement the Policy Framework for Substantive Equality, WorkCover WA is committed to eliminating systemic forms of discrimination in the provision of public sector services and promoting awareness of the different needs of stakeholders. More information about our commitment to equality is available under 'Equality and inclusion' in *Section 4: Opportunities and challenges* on page 80.

## Occupational safety, health and injury management

WorkCover WA's OSH and injury management policies are detailed under 'Safety, health and wellbeing' in *Section 4: Opportunities and challenges* on page 81.

### Reporting hazards and incidents

All staff have a responsibility to identify and report hazards in the workplace to ensure their safety and the safety of others. Hazards or incidents can be reported through WorkCover WA's Hazard and Incident Management System, which is available on the staff intranet.

### Occupational safety and health and injury management performance

WorkCover WA's OSH and injury management data for this reporting period is disclosed in Table 27. Comparative data has been included where possible.



## 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 2018/19, 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.

**Table 27: 2018/19 OSH performance data**

OSH indicator	2014/15	2015/16	2016/17	2017/18	2018/19 Target	2018/19 Actual
Number of fatalities	0	0	0	0	0	0
Lost-time injury/disease incidence rate*	0	0	0	0.74%	0	0
Lost-time injury/disease severity rate	0	0	0	0	0	0
% injured workers returned to work within 13 weeks	N/A**	N/A**	N/A**	100%	N/A**	N/A**
% injured workers returned to work within 26 weeks	N/A**	N/A**	N/A**	100%	N/A**	N/A**
% managers trained in OSH and injury management responsibilities	99%	100%	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, 2016/17 or 2018/19.





## Section 6

### Key Performance Indicators

**108** Key Performance Indicator Information

**110** 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 reporting period ended 30 June 2019.



Greg Joyce  
Chairman  
WorkCover WA

30 August 2019



Chris White  
A/Chief Executive Officer  
WorkCover WA

30 August 2019

## 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).

Government Goals introduced from 2017/18 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, sustainable 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”.*

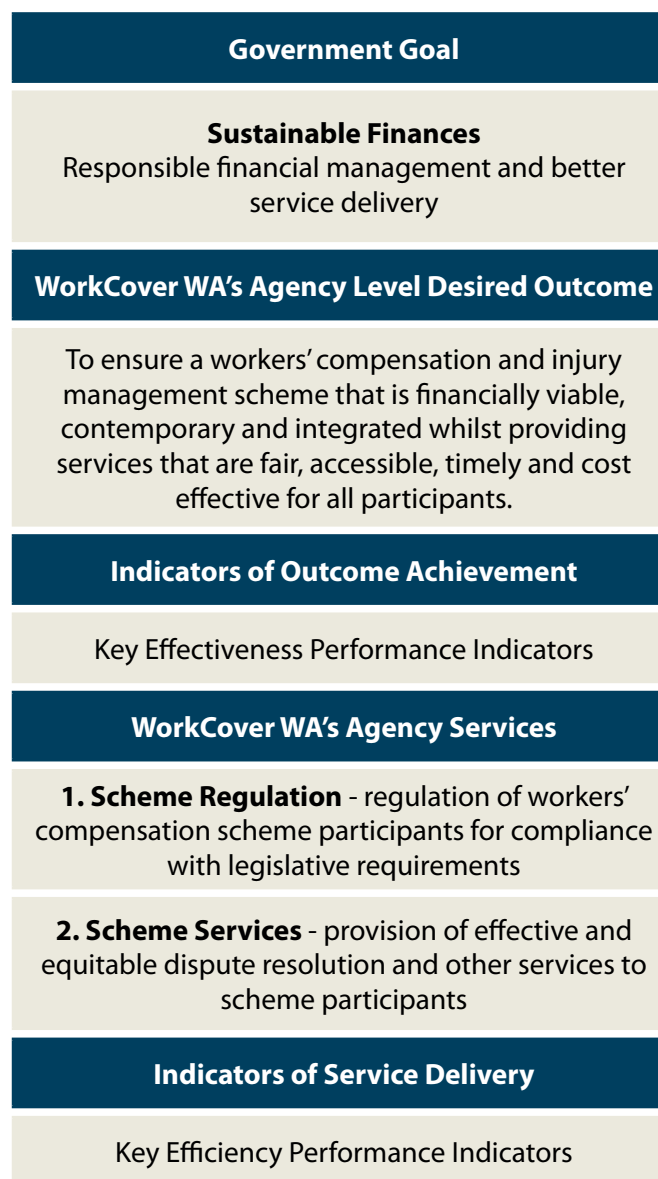
The Agency services provided to ensure WorkCover WA achieves its desired outcome are:

- **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 figure shows the OBM Structure.



**Figure 30: WorkCover WA’s links to Government Goals through its Agency Desired Outcome, Services and Key Performance Indicators**



## Changes to the Outcome Based Management Structure

WorkCover WA undertakes regular reviews of its OBM Structure 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 2018/19 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 28: 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

- |   |   |  |
|---|---|--|
| <b>1.1</b> The number of non-compliance events identified as a result of a claim on the General Account | <b>1.2</b> The proportion of conciliations completed within eight weeks | <b>1.3</b> The proportion of disputes resolved within six months |
|---|---|--|

## Agency Services

- |   |  |
|---|--|
| <b>1. Scheme Regulation</b> - regulation of workers' compensation scheme participants for compliance with legislative requirements. | <b>2. Scheme Services</b> - provision of effective and equitable dispute resolution and other services to scheme participants. |
|---|--|

## Efficiency Indicators

- |  |   |  |  |  |  |
|--|---|--|--|--|--|
| <b>1.1</b> Average cost per employer compliance activity | <b>1.2</b> Average cost per approved and monitored service provider | <b>1.3</b> Average cost per client contact to provide information and advice | <b>2.1</b> Average cost to complete a conciliation | <b>2.2</b> Average cost to complete an arbitration | <b>2.3</b> Average cost to process a Memorandum of Agreement |
|--|---|--|--|--|--|

## Summary of Key Performance Indicators

**Table 29: Key Performance Indicators of Effectiveness**

#	Indicator	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
1.1	The number of non-compliance events identified as a result of a claim on the General Account	3	9	2	4	8	6
1.2	The proportion of conciliations completed within eight weeks	96.3%	96.2%	97.1%	96.7%	96.9%	97.0%
1.3	The proportion of disputes resolved within six months	88.8%	86.8%	87.9%	84.1%	84.1%	90.0%

**Table 30: Key Performance Indicators of Efficiency\***

#	Indicator	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
1.1	Average cost per employer compliance activity	\$255	\$281	\$251	\$261	\$277	\$262
1.2	Average cost per approved and monitored service provider	\$3,250	\$3,472	\$3,177	\$3,522	\$2,634	\$3,160
1.3	Average cost per client contact to provide information and advice	\$120	\$106	\$110	\$75	\$56	\$72
2.1	Average cost to complete a conciliation	\$1,966	\$2,095	\$2,208	\$2,353	\$2,084	\$2,161
2.2	Average cost to complete an arbitration	\$10,042	\$10,084	\$9,587	\$8,579	\$8,319	\$8,829
2.3	Average cost to process a Memorandum of Agreement	\$342	\$339	\$341	\$348	\$424	\$380

\* Efficiency indicators have not been adjusted for inflation.

## 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

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
3	9	2	4	8	6

### Description

WorkCover WA is responsible under the Act, to oversee the requirement of employers to hold workers' compensation insurance.

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 insured 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 (33,920 in 2014/15, 32,237 in 2015/16, 29,522 in 2016/17, and the mid-year prediction for 2017/18 27,484\*). Using the same methodology of two uninsured claims per 10,000 claims, the target for 2018/19 was maintained at six.

*\*The figures quoted are those available at the time of setting the target in April 2018. 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.*



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

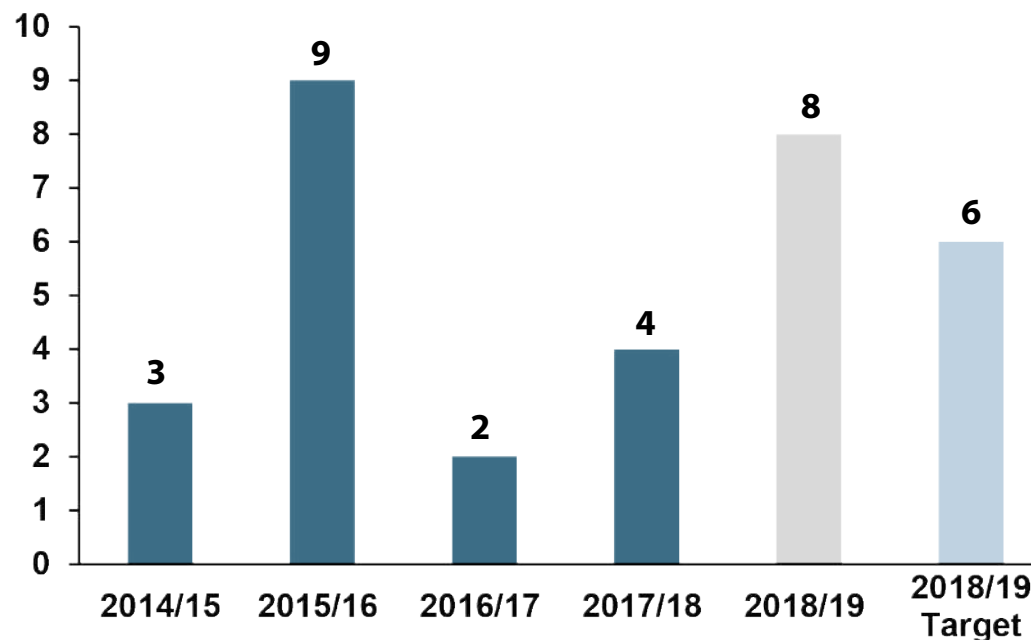
The number of General Account claims is derived from the Agency Financial Management Information System (FMIS) which reports the commencement of any payments to a worker or service provider made from the General Account.

## Analysis

In 2018/19 there were eight non-compliance events resulting in a claim paid from the General Account (see Figure 31). This is two more than the target of six and four more than 2017/18. The number of uninsured claims against the General Account continue to remain low in the context of approximately 28,000 insured claims for the year. Similar to past years, this figure includes claims sustained in prior years indicating the complexity and long-term resolution of some cases.

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

**Figure 31: New claims on the General Account**



## Indicator 1.2

### The proportion of conciliations completed within eight weeks

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
96.3%	96.2%	97.1%	96.7%	96.9%	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.

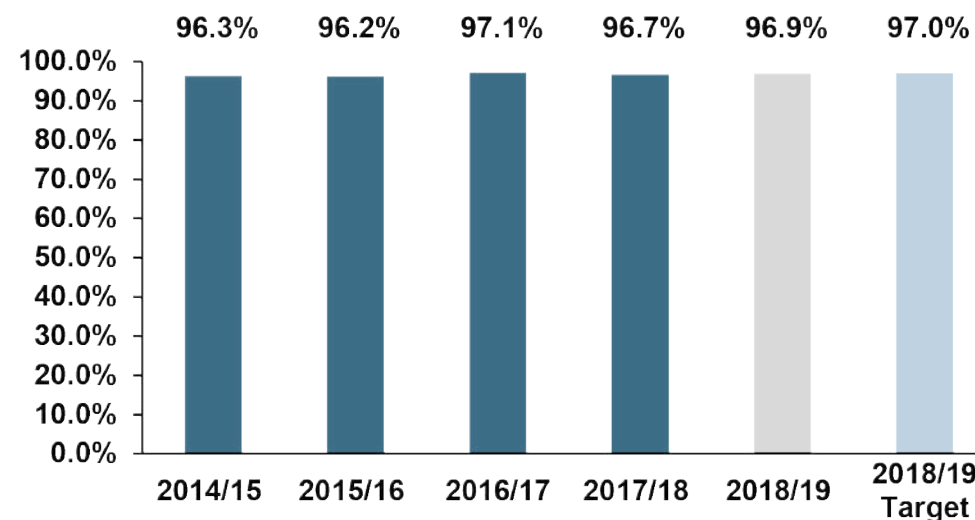
## Analysis

In 2018/19 96.9 percent of conciliations were completed within the eight week statutory timeframe (see Figure 32). This is consistent with the target of 97.0 percent and the outcome for 2017/18.

The eight week timeframe for completing conciliation is a statutory requirement.

There are some cases that cannot reasonably be resolved within an eight week period in which case the Director may grant an extension for a further eight week period. In 2018/19 all matters not completed within the initial eight weeks were completed within the extended timeframe.

**Figure 32: Proportion of conciliations completed within eight weeks**



## Indicator 1.3

### The proportion of disputes resolved within six months

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
88.8%	86.8%	87.9%	84.1%	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 –

- is timely
- is accessible, approachable and professional
- minimises costs to parties to disputes
- in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes
- 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. Where a case is referred to a medical panel, the time taken to obtain additional information is also excluded from the calculation. 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.

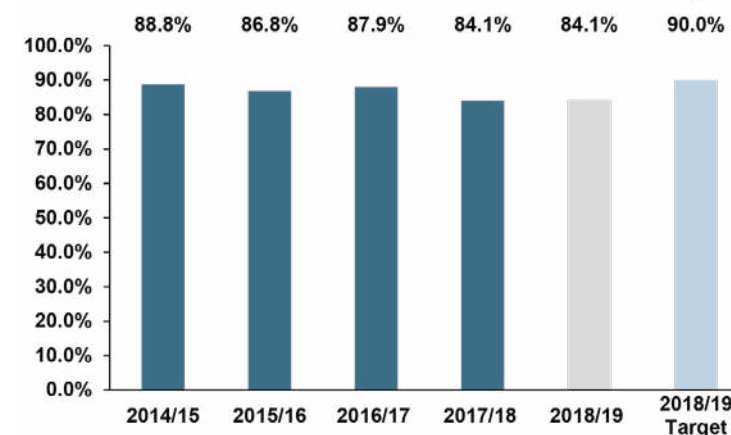
## Analysis

In 2018/19, 84.1 percent of all disputes were resolved within six months (see Figure 33). This is 6.6 percentage points less than the target of 90.0 percent and consistent with the 2017/18 result.

An increase in arbitration applications has contributed to this outcome.

These results are published in the Comparative Performance Monitoring Report produced by Safe Work Australia which compares work health and safety and workers' compensation schemes in Australia. This report shows that dispute resolution within the Western Australian workers' compensation scheme performs well compared with other jurisdictions. The latest available national data shows the 2016/17 national average for disputes resolved within six months was 81.8 percent.

**Figure 33: Proportion of disputes resolved within six months**





## Key Indicators of Efficiency

Efficiency indicators relate Agency services to the level of resource inputs required to deliver them. The efficiency indicators for WorkCover WA are focused on financial resources and provide a per-unit cost.

There are three efficiency indicators chosen for each of the two Agency services. These indicators measure the overall unit costs of delivering the core services of dispute resolution and regulation of scheme participants.

Outcomes of WorkCover WA's participation during 2017/18 in the workforce management strategy and whole of government initiative Voluntary Targeted Separation Scheme (VTSS) for Public Sector Renewal have had significant impact on the Agency's efficiency indicators due to targets being set prior to known impacts of this initiative. These impacts are noted throughout the efficiency indicator explanations.

## 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.

In order to account for all Agency costs, expenditure from cost centres not attributed directly to a KPI is allocated across all KPIs on an FTE basis. Other indirect costs (overheads) such as rates, water, electricity and depreciation of buildings are allocated according to the floor space specifically allocated to an area.

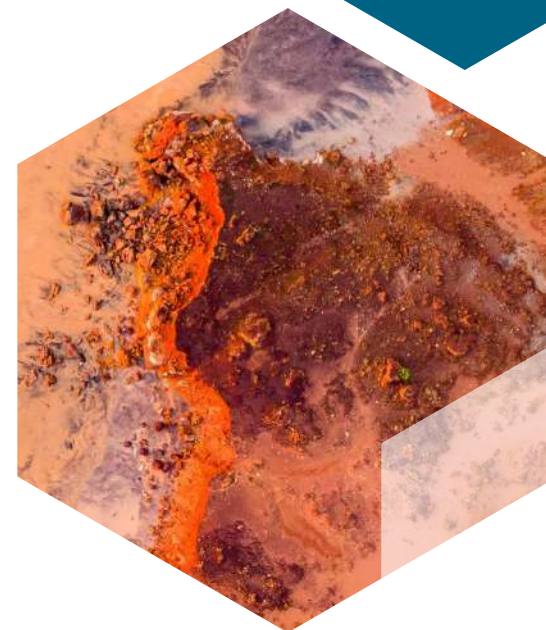
Calculation methodologies referred to below for both target and actual figures include allocated overheads through the cost mapping model.

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 2018/19 this represents 26.6 percent of the total expenditure).

### 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

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
\$255	\$281	\$251	\$261	\$277	\$262

### 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 Branch 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.

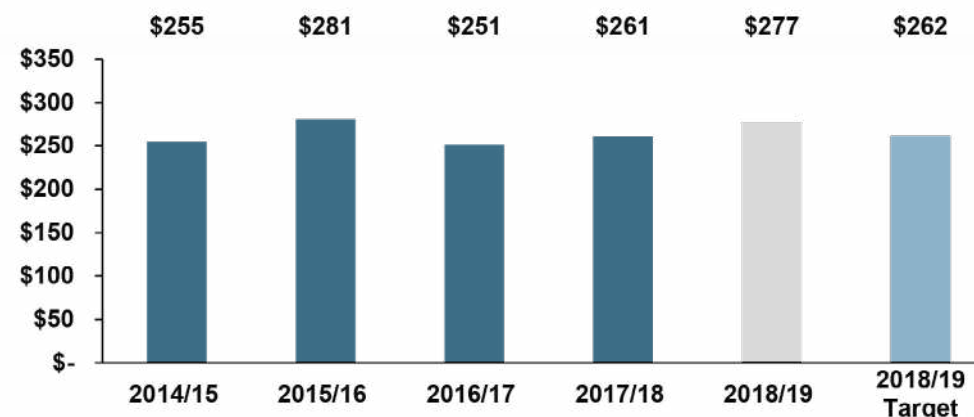
The target for this indicator was determined using the full year approved budget figures for the compliance activity divided by the estimated full year total number of compliance activity units. The predicted number of compliance units used was consistent with 2017/18 performance.

### Analysis

In 2018/19 the average cost per employer compliance activity was \$277 (see Figure 34). This is 5.7 percent more than the target of \$262 and 6.1 percent more than in 2017/18.

The 2018/19 results are predominantly due to a reduction in compliance activity, due to a significant increase in the number of complex cases (prosecutions) and some staff vacancies.

Figure 34: Cost per employer compliance activity



## Indicator 1.2

### Average cost per approved and monitored service provider

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
\$3,250	\$3,472	\$3,177	\$3,522	\$2,634	\$3,160

### 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), registered agents, audiologists, audiometrists and audiometric officers.

This indicator reports the average cost per approved and monitored service provider and is measured by dividing the full costs of providing this regulation service 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.

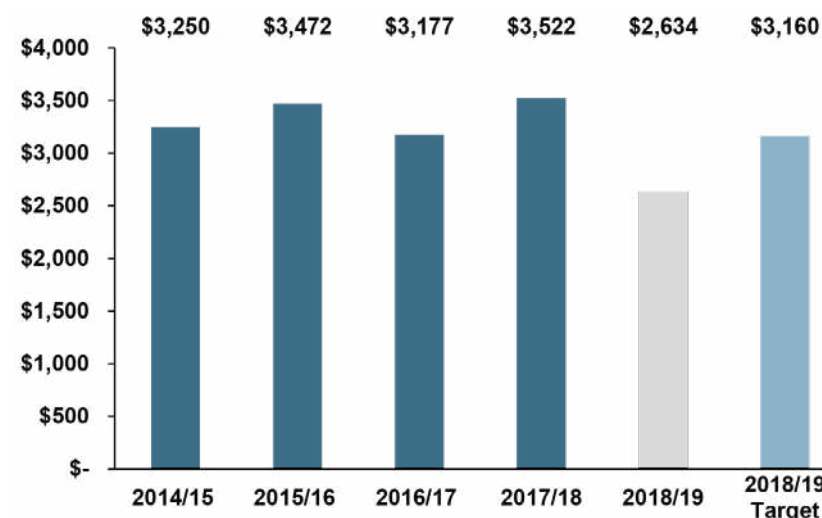
The target for this indicator was determined by dividing the approved budget for these activities by the estimated total number of approved and monitored service providers. The predicted number of service providers used for the target was based on 2017/18 estimated performance and anticipated further reductions in Noise Induced Hearing Loss providers. The number of service providers is measured as of 30 June each year.

### Analysis

In 2018/19 the average cost per approved and monitored service provider was \$2,634 (see Figure 35). This is 16.6 percent less than the target of \$3,160 and 25.2 percent less than 2017/18.

The reduction in cost is predominantly due to an increased number of service providers (mainly audiometric officers) registered on 30 June 2019, which have been managed with less staff than previous years. Impacts of cost savings through the VTSS and Agency overheads have also impacted this KPI.

**Figure 35: Average cost per approved and monitored service provider**





## Indicator 1.3

### Average cost per client contact to provide information and advice

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
\$120	\$106	\$110	\$75	\$56	\$72

### 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, consultation via the website chat-line, appointments, emails 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 based on the 2017/18 performance and the stabilising of the previous downward trend in telephone calls attributed to increased website activity.

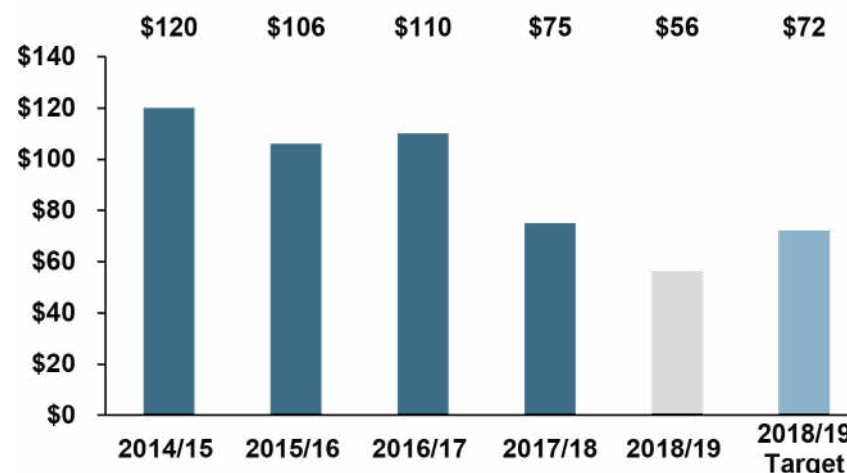
## Analysis

In 2018/19 the average cost per client contact to provide information and advice was \$56 (see Figure 36). This is 22.2 percent lower than the target of \$72 and 25.3 percent lower than 2017/18.

The Advice and Assistance Unit (AAU) responded to 20,660 requests in 2018/19. This is 3.6 percent more than both the target and the 2017/18 result with reduced resources due to temporary staff movements within the Agency.

This increase is partially attributable to expanded ways of stakeholders contacting the AAU through our live chat online messaging as well as improved 'call waiting' processes and education delivered to stakeholders that includes the AAU as a resource.

**Figure 36: Average cost per client contact to provide information and advice**



## 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 a workers' compensation claim through the registration of a Memorandum of Agreement (MoA) 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

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
\$1,966	\$2,095	\$2,208	\$2,353	\$2,084	\$2,161

### 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.

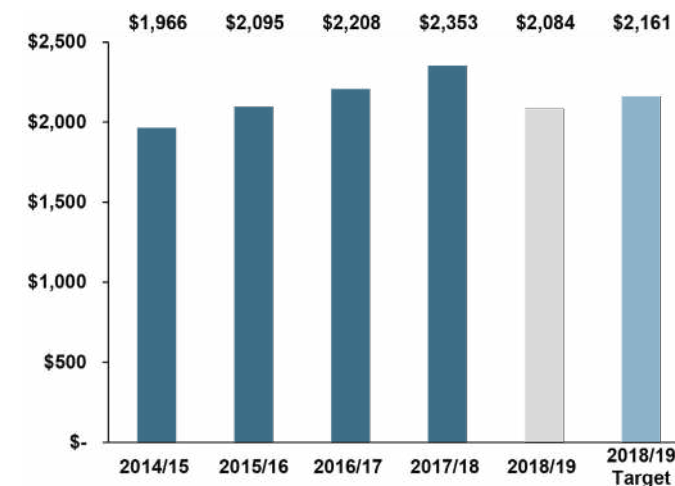
The target for this indicator is based on current and previous performance and was determined by dividing the approved budget for this activity by the estimated total number of conciliations completed for the year. The estimated number of conciliations for 2018/19 is only slightly more than the predicted 2017/18 full year estimate based on the stabilising of a previous upward trend.

### Analysis

In 2018/19 the average cost to complete a conciliation was \$2,084 (see Figure 37). This is 3.6 percent less than the target of \$2,161 and 11.4 percent less than 2017/18.

The number of conciliations completed for the period is consistent with that expected varying by only 1.0 percent and just 2.2 percent more than in 2017/18 indicating a stabilising in the number of conciliation applications received. The reduced cost of providing this service for 2018/19 is due to a marginal increase in the number of conciliations completed as well as impacts of cost savings through the VTSS and Agency overheads.

**Figure 37: Average cost to complete a conciliation**



## Indicator 2.2

### Average cost to complete an arbitration

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
\$10,042	\$10,084	\$9,587	\$8,579	\$8,319	\$8,829

### 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.

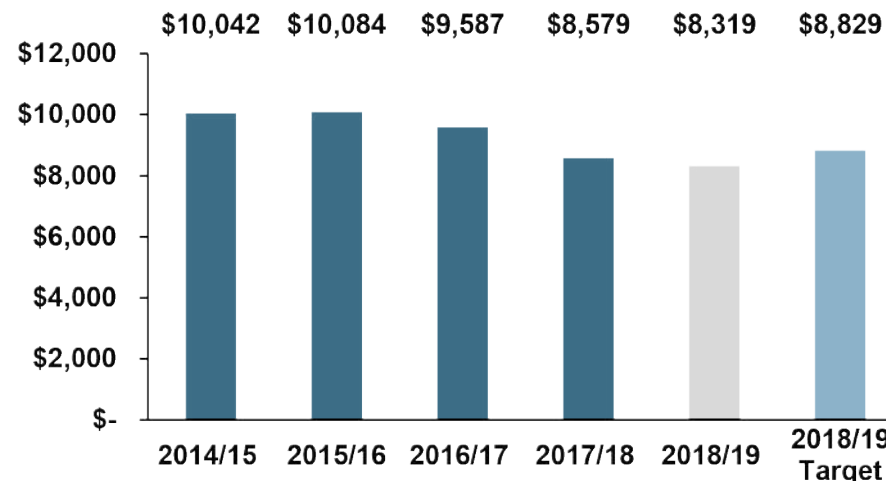
The target for this indicator is based on current and previous performance and was determined by dividing the approved budget for this activity by the estimated total number of arbitrations completed for the year. The estimated number of arbitrations was only slightly more than predicted in 2017/18 indicating the stabilising of arbitration numbers being received after a previous upward trend.

### Analysis

In 2018/19 the average cost to complete an arbitration was \$8,319 (see Figure 38). This is 5.8 percent less than the predicted target of \$8,829 and 3.0 percent less than the outcome for 2017/18.

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

**Figure 38: Average cost to complete an arbitration**





## Indicator 2.3

### Average cost to process a Memorandum of Agreement

2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2018/19 Target
\$342	\$339	\$341	\$348	\$424	\$380

### Description

WorkCover WA is responsible under the Act for registering each Memorandum of Agreement (MoA), 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 a MoA 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 performance over the previous four years and consideration of more recent trends showing a slowing in a previous continual upward movement in the number of MoAs being presented.

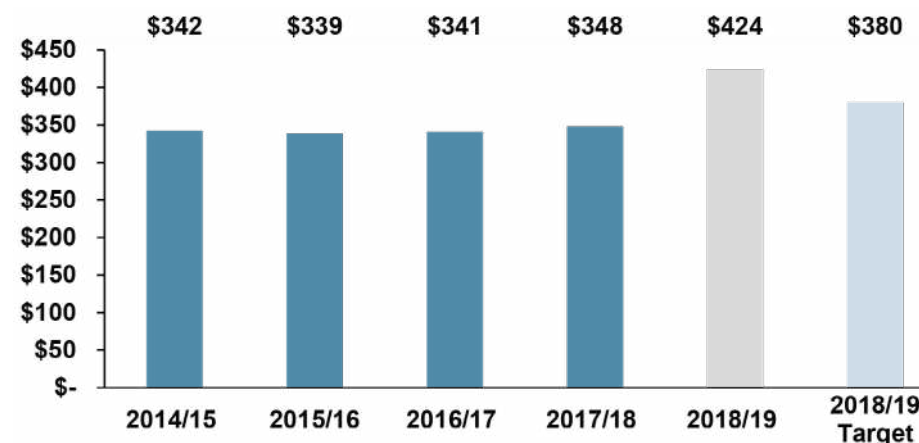
### Analysis

The average cost to process a MoA for 2018/19 was \$424 (see Figure 39). This is 11.6 percent more than the target of \$380 and 21.8 percent more than the outcome in 2017/18.

The number of MoAs processed in 2018/19 is 18.4 percent less than the predicted target, 15.4 percent less than the number processed in 2017/18 and is the lowest number processed in the last seven years.

The number of MoAs lodged each year depends on the external claims management environment and an MoA is typically lodged on a claim more than a year after the claim is made. A previous upward trend of MoAs processed between 2012/13 and 2015/16 has now reversed with the reduction seen over the past three years reflecting the reduction in claim numbers over the preceding five year period and an industry trend towards settlement by Deed rather than MoA. Although individual MoA processing costs are higher because of the lower than expected number of MoAs, the overall spend is lower than expected due to lower level staff backfilling in this area to facilitate skills development training.

**Figure 39: Average cost to complete a Memorandum of Agreement**



## Section 7

### Financial statements and notes

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# 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 reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

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

**Greg Joyce**  
Chairman

WorkCover Western Australia Authority

**30 August 2019**

**Chris White**  
A/Chief Executive Officer

WorkCover Western Australia Authority

**30 August 2019**

**John Hull**  
Chief Finance Officer

WorkCover Western Australia Authority

**30 August 2019**



# Independent Audit Opinion



## Auditor General

### 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 WorkCover Western Australia Authority which comprise the Statement of Financial Position as at 30 June 2019, 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 WorkCover Western Australia Authority for the year ended 30 June 2019 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 transactions 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 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 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 2019.

#### 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 WorkCover Western Australia Authority for the year ended 30 June 2019. 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 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 2019.

**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 WorkCover Western Australia Authority for the year ended 30 June 2019 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 LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
02 September 2019

# Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$000	2018 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Insurer contributions	3.1	17,392	19,883
Interest revenue	3.2	2,421	2,298
Other revenue	3.3	1,544	1,044
Employers' Indemnity Supplementation Fund	3.4	44	-
<b>Total Revenue</b>		<b>21,401</b>	<b>23,225</b>
<b>Total Income</b>		<b>21,401</b>	<b>23,225</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Employee benefits expense	4.1(a)	13,085	14,853
Supplies and services	4.5	3,060	2,729
Depreciation and amortisation expense	5.1.1, 5.2.1	982	955
Accommodation expenses	4.5	695	686
Grants and subsidies	4.2	-	50
Claims expense	4.3(a)	6,256	3,065
Loss on disposal of non-current assets	4.4	9	3
Other expenses	4.5	1,584	1,323
<b>Total Expenses</b>		<b>25,671</b>	<b>23,664</b>
Profit/(Loss) before grants and subsidies from State Government		(4,270)	(439)
Services received free of charge	3.5	197	84
<b>Profit/(Loss) for the period</b>		<b>(4,073)</b>	<b>(355)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit liability	4.1(b)(d)	(570)	(213)
Changes in asset revaluation surplus	9.10	113	104
<b>Total other comprehensive income</b>		<b>(457)</b>	<b>(109)</b>
<b>Total Comprehensive Income For The Period</b>		<b>(4,530)</b>	<b>(464)</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$000	2018 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.1	8,739	8,047
Restricted cash and cash equivalents	7.1	87,694	86,735
Receivables	6.1	1,357	1,278
Other Assets	6.2	251	83
Other financial assets	7.2	14,944	18,024
<b>Total Current Assets</b>		<b>112,985</b>	<b>114,167</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	5.1	17,131	18,010
Intangible assets	5.2	2,510	2,037
<b>Total Non-Current Assets</b>		<b>19,641</b>	<b>20,047</b>
<b>Total Assets</b>		<b>132,626</b>	<b>134,214</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6.3	658	1,340
Provisions	4.1(b), 4.3(b)	8,569	7,901
<b>Total Current Liabilities</b>		<b>9,227</b>	<b>9,241</b>
<b>Non-Current Liabilities</b>			
Provisions	4.1(b), 4.3(b)	25,733	22,777
<b>Total Non-Current Liabilities</b>		<b>25,733</b>	<b>22,777</b>
<b>Total Liabilities</b>		<b>34,960</b>	<b>32,018</b>
<b>Net Assets</b>		<b>97,666</b>	<b>102,196</b>
<b>EQUITY</b>			
Reserves	9.10	14,580	14,467
Retained earnings		83,086	87,729
<b>Total Equity</b>		<b>97,666</b>	<b>102,196</b>

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 2019

	Notes	Reserves \$000	Retained earnings \$000	Total equity \$000
<b>Balance at 1 July 2017</b>		<b>14,363</b>	<b>88,297</b>	<b>102,660</b>
Profit/(Loss)		-	(355)	(355)
Other comprehensive income		104	(213)	(109)
<b>Total comprehensive income for the period</b>	9.10	<b>104</b>	<b>(568)</b>	<b>(464)</b>
<b>Balance at 30 June 2018</b>		<b>14,467</b>	<b>87,729</b>	<b>102,196</b>
<b>Balance at 1 July 2018</b>		<b>14,467</b>	<b>87,729</b>	<b>102,196</b>
Profit/(Loss)		-	(4,073)	(4,073)
Other comprehensive income		113	(570)	(457)
<b>Total comprehensive income for the period</b>	9.10	<b>113</b>	<b>(4,643)</b>	<b>(4,530)</b>
<b>Balance at 30 June 2019</b>		<b>14,580</b>	<b>83,086</b>	<b>97,666</b>

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 2019

	Notes	2019 \$000	2018 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Supplementation Fund receipts		44	1
Insurer contributions		17,372	19,883
Provision of services		9	8
Interest received		2,468	2,202
GST receipts on sales		69	74
GST receipts from taxation authority		379	327
Other receipts		1,021	1,003
<b>Payments</b>			
Workers' Compensation claim payments		(2,481)	(1,104)
Employee benefits		(14,265)	(14,786)
Supplies and services		(3,142)	(2,875)
Accommodation		(758)	(641)
Grants and subsidies		-	(50)
GST payments on purchases		(432)	(406)
Other payments		(1,250)	(1,081)
<b>Net cash provided by/(used in) operating activities</b>		<b>(966)</b>	<b>2,555</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of non-current physical assets	4.4	33	-
Proceeds from the maturity of term deposits		3,080	-
<b>Payments</b>			
Purchase of non-current physical assets		(496)	(600)
Investments in term deposits		-	(3,495)
<b>Net cash used in investing activities</b>		<b>2,617</b>	<b>(4,095)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,651</b>	<b>(1,540)</b>
Cash and cash equivalents at the beginning of the period		94,782	96,322
<b>Cash and cash equivalents at the end of the period</b>	7.1	<b>96,433</b>	<b>94,782</b>

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 30 August 2019.

## Statement of compliance

These general purpose financial statements are 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**) - Reduced Disclosure Requirements
- 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 AASs 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.

## 2. 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).



## 3. 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	2019 \$000	2018 \$000
Insurer contributions	3.1	17,392	19,883
Interest revenue	3.2	2,421	2,298
Other revenue	3.3	1,544	1,044
Employers' Indemnity Supplementation Fund	3.4	44	-
Services received free of charge	3.5	197	84

### 3.1 Insurer contributions

Revenue is recognised when the amount becomes due and payable.

Insurer contributions	17,392	19,883
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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.

### 3.2 Interest revenue

Revenue is recognised as the interest accrues

General Account	609	598
Employers' Indemnity Supplementation Fund (see note 4.3(b)(i))	1,812	1,700
	<b>2,421</b>	<b>2,298</b>

### 3.3 Other revenue

Recoveries from uninsured employers is recognised as revenue on receipt of the recovered monies.

	2019 \$000	2018 \$000
<b>General Account</b>		
Recoveries from uninsured employers	38	12
Other <sup>(a)</sup>	1,506	1,032
	<b>1,544</b>	<b>1,044</b>

(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).

### 3.4 Employers' Indemnity Supplementation Fund

Recovery <sup>(i)</sup>	44	-
	<b>44</b>	<b>-</b>

The Supplementation Fund is managed in accordance with the Employer's Indemnity Supplementation Fund Act 1980.

The Supplementation Fund operates to administer workers compensation claims relating to 'Failed' insurance companies such as HIH.

(i) Recoveries received from the apportionment of settlement for HIH claims.

### 3.5 Services received free of charge

Services received free of charge from the State Solicitor's Office	197	84
	<b>197</b>	<b>84</b>



## 4. 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	2019 \$000	2018 \$000
<b>Expenses</b>			
Employee benefits expenses	4.1(a)	13,085	14,853
Grants and subsidies	4.2	-	50
Claims expense	4.3(a)	6,256	3,065
Net gain/(loss) on disposal of non-current assets	4.4	(9)	(3)
Other expenditure	4.5	5,339	4,738
<b>Provisions</b>			
Employee related provisions	4.1(b)	8,660	8,855
Claim provisions	4.3(b)	25,642	21,823

#### 4.1(a) Employee benefits expense

Wages and salaries	11,687	11,893
Termination benefits	57	1,571
Superannuation - defined contribution plans <sup>(i)</sup>	1,206	1,251
Superannuation - defined benefit plans <sup>(ii)</sup>	135	138
<b>Total employee benefits expenses</b>	<b>13,085</b>	<b>14,853</b>

(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, and leave entitlements.

### 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 related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2019 \$000	2018 \$000
<b>CURRENT</b>		
<b>Employee benefits provisions</b>		
Annual leave <sup>(a)</sup>	370	425
Long service leave <sup>(b)</sup>	2,012	2,219
Superannuation <sup>(d)</sup>	543	750
	<b>2,925</b>	<b>3,394</b>
<b>Other provisions</b>		
Employment on-costs <sup>(c)</sup>	142	153
	<b>142</b>	<b>153</b>
<b>Total current employee related provisions</b>	<b>3,067</b>	<b>3,547</b>
<b>NON-CURRENT</b>		
<b>Employee benefits provisions</b>		
Long service leave <sup>(b)</sup>	508	538
Superannuation <sup>(d)</sup>	5,055	4,738
	<b>5,563</b>	<b>5,276</b>
<b>Other provisions</b>		
Employment on-costs <sup>(c)</sup>	30	32
	<b>30</b>	<b>32</b>
<b>Total non-current employee related provisions</b>	<b>5,593</b>	<b>5,308</b>
<b>Total employee related provisions</b>	<b>8,660</b>	<b>8,855</b>

### (a) 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.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

### (b) 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.

The provision for the long service leave is 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, and 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.



**(c) 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 and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are 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'.

**Employment on-costs provision**

Carrying amount at start of period  
Additional/(reversal of) provisions recognised  
Payments/other sacrifices of economic benefits  
Unwinding of the discount

**Carrying amount at end of period**

2019 \$000	2018 \$000
185	200
82	88
(99)	(107)
4	4
<b>172</b>	<b>185</b>

**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.

**(d) 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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Liability at start of period	4,996	4,967	492	479
<b>INCLUDED IN PROFIT OR LOSS:</b>				
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost	126	125	9	12
	<b>126</b>	<b>125</b>	<b>9</b>	<b>12</b>
<b>INCLUDED IN OTHER COMPREHENSIVE INCOME:</b>				
<b>Remeasurements loss (gain) recognised:</b>				
Actuarial losses/(gains) arising from:				
• demographic assumptions	(245)	211	4	-
• financial assumptions	802	-	18	4
• experience adjustments	(60)	1	51	(3)
	<b>497</b>	<b>212</b>	<b>73</b>	<b>1</b>
<b>Contributions:</b>				
Benefits Paid	(308)	(308)	(287)	-
	<b>(308)</b>	<b>(308)</b>	<b>(287)</b>	<b>-</b>
<b>Liability at end of period</b>	<b>5,311</b>	<b>4,996</b>	<b>287</b>	<b>492</b>

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	
	2019	2018	2019	2018
Discount rate	1.30%	2.60%	1.30%	2.60%
Pension increases	2.50%	2.50%	2.50%	2.50%
Future salary increases	1.5% for the first two years and 4.2% thereafter	1.5% for the first three years and 4.2% thereafter	1.5% for the next two years and 4.2% thereafter	1.5% for the next three years and 4.2% thereafter

#### Average longevity at retirement age (65) for current pensioners (years)

Male	23.00	23.70	N/A	N/A
Female	24.90	25.60	N/A	N/A

#### Average longevity at retirement age (65) for current employees (years)

Male	23.00	23.70	N/A	N/A
Female	24.90	25.60	N/A	N/A

At 30 June 2019, the weighted-average duration of the defined benefit obligation was 12 years for Pension Scheme (2018:12 years) and 4 years for Gold State Superannuation Scheme (2018: 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	
	2019	2018	2019	2018
	Increase	Increase	Increase	Increase
	\$000	\$000	\$000	\$000
Discount rate (1% movement)	(585)	(533)	(12)	(18)
Future salary growth (1% movement)	N/A	N/A	10	16
Pension increases (1% movement)	690	639	N/A	N/A
Future longevity (1 year movement)	278	240	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 \$308K (2018: \$408K) are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$179K (2018: \$256K) are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

## 4.2 Grants and subsidies

### Recurrent

Monash University - GP clinical tools project

2019  
\$000

2018  
\$000

-	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

Workers' compensation claims - Employers' Indemnity Supplementation Fund

Uninsured claims - General Account

Net increase in claims liability

916	625
1,521	413
3,819	2,027
<b>6,256</b>	<b>3,065</b>

## 4.3(b) Claims provisions

### CURRENT

#### Employers' Indemnity Supplementation Fund (i)

Liability for estimated future claim payments

#### General Account (ii)

Uninsured workers

#### Total current provisions

2019	2018
\$000	\$000

1,797	1,544
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3,705	2,810
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<b>5,502</b>	<b>4,354</b>
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### NON-CURRENT

#### Employers' Indemnity Supplementation Fund (i)

Liability for estimated future claim payments

#### General Account (ii)

Uninsured workers

#### Total non-current provisions

12,345	11,105
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7,795	6,364
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<b>20,140</b>	<b>17,469</b>
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## 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 are 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<sup>(1)</sup>.

(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

	2019		2018	
Inflation Rate	2020	2.25%	2019	1.75%
	2021	2.75%	2020	2.75%
	2022	3.00%	2021	3.00%
	2023	3.25%	2022	3.25%
	2024	3.11%	2023	3.12%
	2025	2.97%	2024	3.00%
	2026	2.83%	2025	2.87%
	2027	2.68%	2026	2.75%
	2028	2.54%	2027	2.62%
	2029	2.40%	2028	2.50%
	2030	2.26%	2029	2.37%
	2031	2.12%	2030	2.25%
	2032	1.98%	2031	2.12%
	2033	1.83%	2032	1.99%
	2034	1.69%	2033	1.87%
	2035 Onwards	1.55%	2034 Onwards	1.74%
Discount Rate	2020	0.97%	2019	1.89%
	2021	1.00%	2020	2.09%
	2022	1.06%	2021	2.37%
	2023	1.14%	2022	2.61%
	2024	1.22%	2023	2.79%
	2025	1.32%	2024	2.92%
	2026	1.45%	2025	2.99%
	2027	1.62%	2026	3.02%
	2028	1.82%	2027	3.04%
	2029	2.00%	2028	3.09%
	2030	2.15%	2029	3.18%
	2031	2.27%	2030	3.27%
	2032	2.36%	2031	3.34%
	2033	2.42%	2032	3.41%
	2034	2.45%	2033	3.47%
	2035 Onwards	2.45%	2034 Onwards	3.49%
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
- 2.4% increase for claimants aged over 65.

This is the same for claimants under 65 and decreased from 2.7% 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

	2019		2018	
Inflation Rate	2020	2.25%	2019	1.75%
	2021	2.75%	2020	2.75%
	2022	3.00%	2021	3.00%
	2023	3.25%	2022	3.25%
	2024	3.11%	2023	3.12%
	2025	2.97%	2024	3.00%
	2026	2.83%	2025	2.87%
	2027	2.68%	2026	2.75%
	2028	2.54%	2027	2.62%
	2029	2.40%	2028	2.50%
	2030	2.26%	2029	2.37%
	2031	2.12%	2030	2.25%
	2032	1.98%	2031	2.12%
	2033	1.83%	2032	1.99%
	2034	1.69%	2033	1.87%
	2035 Onwards	1.55%	2034 Onwards	1.74%
Discount Rate	2020	0.97%	2019	1.89%
	2021	1.00%	2020	2.09%
	2022	1.06%	2021	2.37%
	2023	1.14%	2022	2.61%
	2024	1.22%	2023	2.79%
	2025	1.32%	2024	2.92%
	2026	1.45%	2025	2.99%
	2027	1.62%	2026	3.02%
	2028	1.82%	2027	3.04%
	2029	2.00%	2028	3.09%
	2030	2.15%	2029	3.18%
	2031	2.27%	2030	3.27%
	2032	2.36%	2031	3.34%
	2033	2.42%	2032	3.41%
	2034	2.45%	2033	3.47%
	2035 Onwards	2.45%	2034 Onwards	3.49%
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
2019	14,142

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 2019 was assessed at \$14.142 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.

## MOVEMENTS IN PROVISIONS

2019  
\$000

2018  
\$000

### EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND

#### Liability for estimated future claim payments

Carrying amount at start of period	12,649	13,414
Additional increase/(decrease) in provisions recognised	2,172	(346)
Unwinding of the discount	230	206
Payments/other sacrifices of economic benefits	(909)	(625)
<b>Carrying amount at end of period</b>	<b>14,142</b>	<b>12,649</b>

## 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 can not 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':

- total projected cost of claims for each future year
- claim payments
- 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)**

	2019		2018	
<b>Inflation Rate</b>	2020	2.25%	2019	1.75%
	2021	2.75%	2020	2.75%
	2022	3.00%	2021	3.00%
	2023	3.25%	2022	3.25%
	2024	3.11%	2023	3.12%
	2025	2.97%	2024	3.00%
	2026	2.83%	2025	2.87%
	2027	2.68%	2026	2.75%
	2028	2.54%	2027	2.62%
	2029	2.40%	2028	2.50%
	2030	2.26%	2029	2.37%
	2031	2.12%	2030	2.25%
	2032	1.98%	2031	2.12%
	2033	1.83%	2032	1.99%
	2034	1.69%	2033	1.87%
	2035 Onwards	1.55%	2034 Onwards	1.74%
<b>Discount Rate</b>	2020	0.97%	2019	1.89%
	2021	1.00%	2020	2.09%
	2022	1.06%	2021	2.37%
	2023	1.14%	2022	2.61%
	2024	1.22%	2023	2.79%
	2025	1.32%	2024	2.92%
	2026	1.45%	2025	2.99%
	2027	1.62%	2026	3.02%
	2028	1.82%	2027	3.04%
	2029	2.00%	2028	3.09%
	2030	2.15%	2029	3.18%
	2031	2.27%	2030	3.27%
	2032	2.36%	2031	3.34%
	2033	2.42%	2032	3.41%
	2034	2.45%	2033	3.47%
	2035 Onwards	2.45%	2034 Onwards	3.49%
<b>Claims Managements Expenses</b>	10.5% for claim payments		10.5% for claim payments	
<b>Superimposed Inflation</b>	1.5%		1.5%	
<b>Risk Margin</b>	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
- 2.4% increase in average claim size for claimants aged over 65. This is the same for claimants under 65 and decreased from 2.7% 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
- 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 is the same as the 3% assumed last year
- 0.2% increase in the ARD average claim size to allow for common law claims made by employed contractors. This is the same as the 0.2% last year as the average includes a proportion of experience after the 2011 Amendment Act
- 0% 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 0.8% last year for mesothelioma and non-mesothelioma claims as the average includes only 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 (Non-ARD)

	2019		2018	
Inflation Rate	2020	2.25%	2019	1.75%
	2021	2.75%	2020	2.75%
	2022	3.00%	2021	3.00%
	2023	3.25%	2022	3.25%
	2024	3.11%	2023	3.12%
	2025	2.97%	2024	3.00%
	2026	2.83%	2025	2.87%
	2027	2.68%	2026	2.75%
	2028	2.54%	2027	2.62%
	2029	2.40%	2028	2.50%
	2030	2.26%	2029	2.37%
	2031	2.12%	2030	2.25%
	2032	1.98%	2031	2.12%
	2033	1.83%	2032	1.99%
	2034	1.69%	2033	1.87%
	2035 Onwards	1.55%	2034 Onwards	1.74%
Discount Rate	2020	0.97%	2019	1.89%
	2021	1.00%	2020	2.09%
	2022	1.06%	2021	2.37%
	2023	1.14%	2022	2.61%
	2024	1.22%	2023	2.79%
	2025	1.32%	2024	2.92%
	2026	1.45%	2025	2.99%
	2027	1.62%	2026	3.02%
	2028	1.82%	2027	3.04%
	2029	2.00%	2028	3.09%
	2030	2.15%	2029	3.18%
	2031	2.27%	2030	3.27%
	2032	2.36%	2031	3.34%
	2033	2.42%	2032	3.41%
	2034	2.45%	2033	3.47%
	2035 Onwards	2.45%	2034 Onwards	3.49%
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.

**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.

**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
- 2.8% of non-ARD claims will be lodged as common law claims, with an average claim size \$0.7 million in 30 June 2019 values. The 2.8% 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 2018 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 (2019: 1.7%, 2018: 1.3%, 2017: 1.3%, 2016: 0.25%; 2015: 2.8%, 2014: 0.6%). The percentage of non-ARD claims that will be lodged as common law claims has decreased from 3.9% 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.

**MOVEMENTS IN PROVISIONS**

	2019	2018
	\$000	\$000
<b>Uninsured claims</b>		
Carrying amount at start of period	9,174	6,382
Additional increase in provisions recognised	3,894	3,201
Unwinding of the discount	156	97
Payments/other sacrifices of economic benefits	(1,724)	(506)
<b>Carrying amount at end of period</b>	<b>11,500</b>	<b>9,174</b>

**4.4 Net gain/(loss) on disposal of non-current assets**

	2019	2018
	\$000	\$000
<b>Proceeds from Disposal of Non-Current Assets</b>		
Vehicles	33	-
	<b>33</b>	<b>-</b>
<b>Costs of Disposal of Non-Current Assets</b>		
Equipment	-	(3)
Vehicles	(42)	-
	<b>(42)</b>	<b>(3)</b>
<b>Net loss</b>	<b>(9)</b>	<b>(3)</b>

**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 expenditure

### SUPPLIES AND SERVICES

	2019 \$000	2018 \$000
Communications	161	136
Consultants and contractors	1,773	1,497
Consumables	825	762
Insurance	118	116
Training	113	108
Travel	45	37
Other	25	73
<b>Total supplies and services expenses</b>	<b>3,060</b>	<b>2,729</b>

### ACCOMMODATION EXPENSES

Outgoings	303	292
Repairs and maintenance	224	235
Other	168	159
<b>Total accommodation expenses</b>	<b>695</b>	<b>686</b>

### OTHER EXPENSES

#### General Account

Employment on-costs	764	811
Seminars	6	19
Doubtful debts expense	-	38
Expected credit losses expense	217	-
Sitting fees	89	96
Staff wellness programs	49	41
Audit Fees	187	189
Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims	182	54
Other	66	54

#### Employers' Indemnity Supplementation Fund (see note 4.3(b)(i))

Administration fee paid to Insurance Commission of WA	24	21
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#### Total other expenses

#### Total other expenditure

<b>1,584</b>	<b>1,323</b>
<b>5,339</b>	<b>4,738</b>

### 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 debts expense

Doubtful debts expense was recognised as the movement in the allowance for doubtful debts. From 2018, **expected credit losses expense** is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### Employee on-cost

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 related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.



## 5. 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	2019 \$000	2018 \$000
Property, plant and equipment	5.1	17,131	18,010
Intangibles	5.2	2,510	2,037
<b>Total key assets</b>		<b>19,641</b>	<b>20,047</b>

### 5.1 Property, plant and equipment

	Land \$000	Buildings \$000	Work in Progress \$000	Plant, equipment and vehicles \$000	Total \$000
<b>YEAR ENDED 30 JUNE 2019</b>					
<b>1 July 2018</b>					
Gross carrying amount	14,000	1,500	592	3,160	19,252
Accumulated depreciation	-	-	-	(1,242)	(1,242)
<b>Carrying amount at start of period</b>	<b>14,000</b>	<b>1,500</b>	<b>592</b>	<b>1,918</b>	<b>18,010</b>
Additions	-	8	-	126	134
Transfers	-	-	(592)	-	(592)
Disposals	-	-	-	(42)	(42)
Revaluation increments/(decrements)	-	113	-	-	113
Depreciation	-	(121)	-	(371)	(492)
<b>Carrying amount at 30 June 2019</b>	<b>14,000</b>	<b>1,500</b>	<b>-</b>	<b>1,631</b>	<b>17,131</b>
Gross Carrying amount	14,000	1,500	-	3,244	18,744
Accumulated depreciation	-	-	-	(1,613)	(1,613)

#### Initial recognition

Items of property, plant and equipment and vehicles, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. 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).

#### 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 11 June 2019 by Landgate (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2019 and recognised at 30 June 2019. In undertaking the revaluation, fair value was determined by reference to market values for land: \$14,000,000 (2018: \$14,000,000) and buildings: \$1,500,000 (2018: \$1,500,000).

#### 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

2019  
\$000

2018  
\$000

### CHARGE FOR THE PERIOD

#### Depreciation

Plant, equipment and vehicles

Buildings

371 380

121 127

#### Total depreciation for the period

492 507

As at 30 June 2019 there were no indications of impairment to property, plant and equipment and vehicles.

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, equipment and vehicles 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. The exceptions to this rule is land.

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 <sup>(a)</sup>	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 this asset because its 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.



## 5.2 Intangible assets

### YEAR ENDED 30 JUNE 2019

	Computer Software	Licences	WIP	Website	Total
	\$000	\$000	\$000	\$000	\$000
<b>1 JULY 2018</b>					
Gross carrying amount	4,332	170	-	46	4,548
Accumulated amortisation	(2,338)	(127)	-	(46)	(2,511)
<b>Carrying amount at start of period</b>	<b>1,994</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>2,037</b>
Additions	-	-	371	-	371
Transfer	592	-	-	-	592
Impairment losses reversed	-	-	-	-	-
Amortisation expense	(471)	(19)	-	-	(490)
<b>30 JUNE 2019</b>					
Gross carrying amount	4,924	170	371	46	5,511
Accumulated amortisation	(2,809)	(146)	-	(46)	(3,001)
<b>Carrying amount at end of period</b>	<b>2,115</b>	<b>24</b>	<b>371</b>	<b>-</b>	<b>2,510</b>

#### 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:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- An intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- The intangible asset will generate probable future economic benefit
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- 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

	2019 \$000	2018 \$000
<b>Charge for the period</b>		
Computer software	19	423
Licences	471	21
Website	-	4
<b>Total amortisation for the period</b>	<b>490</b>	<b>448</b>

As at 30 June 2019 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 <sup>(a)</sup>	3 to 10 years
Licences	up to 10 years
Website	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**

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.

## 6. 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	2019 \$000	2018 \$000
Receivables	6.1	1,357	1,278
Other assets	6.2	251	83
Payables	6.3	(658)	(1,340)

### 6.1 Receivables

**CURRENT****General Account**

Trade receivables	83	286
Fines and penalties	1,092	596
Allowance for impairment of trade receivables	(513)	(349)
Accrued interest	231	218
GST receivable	(8)	2
	<b>885</b>	<b>753</b>

**Employers' Indemnity Supplementation Fund (see note 4.3)**

Accrued interest	399	459
GST receivable	73	66
	<b>472</b>	<b>525</b>

**Total current**

<b>1,357</b>	<b>1,278</b>
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**NON-CURRENT****General Account**

Trade receivables	418	418
Allowance for impairment of trade receivables	(418)	(418)
	-	-

**Total non-current****Total receivables**

<b>1,357</b>	<b>1,278</b>
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Trade 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.



## 6.2 Other assets

	2019 \$000	2018 \$000
<b>CURRENT</b>		
Prepayments	251	83
<b>Balance at end of period</b>	<b>251</b>	<b>83</b>

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.

## 6.3 Payables

### CURRENT

#### General Account

Trade payables	168	83
Accrued expenses	208	425
Accrued salaries	105	692
Other payables	169	113

#### Employers' Indemnity Supplementation Fund (see note 4.3b)

Claim payments	8	27
<b>Total Current</b>	<b>658</b>	<b>1,340</b>

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.

The accrued salaries suspense account (See Note 7.1 'Restricted cash and cash equivalents') consists of amounts accrued annually to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26 days.

## 7. 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
Other financial assets	7.2
Commitments	7.3
Non-cancellable operating lease commitments	7.3.1
Other expenditure commitments	7.3.2

### 7.1 Cash and cash equivalents

	2019 \$000	2018 \$000
Cash and cash equivalents	8,739	8,047
<b>Restricted cash and cash equivalents</b>		
- Employers Indemnity Supplementation Fund (a)	87,519	86,623
- Indian Ocean Territories (Note 9.7) (b)	9	1
- Paid Parental Leave (c)	1	1
- Accrued salaries suspense account (d)	165	110
<b>Balance at end of period</b>	<b>96,433</b>	<b>94,782</b>

(a) Funds held for the claims from the collapse of HIH insurer and other non-HIH claims.

(b) Funds held to meet the requirement of Indian Ocean Territories Service Delivery Arrangement.

(c) Funds held for the Australian Government Paid Parental Leave Scheme.

(d) Funds held in the suspense account for the purpose of meeting the 27th pay that normally occurs every 11 years or 12 years when there is an extra leap year.

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.

## 7.2 Other financial assets

	2019 \$000	2018 \$000
<b>CURRENT</b>		
<b>At Cost:</b>		
Term deposits <sup>(a)</sup>	14,944	18,024
	<b>14,944</b>	<b>18,024</b>

(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.

## 7.3 Commitments

### 7.3.1 Non-cancellable operating lease commitments

	2019 \$000	2018 \$000
<b>Commitments for minimum lease payments are payables as follows:</b>		
Within 1 year	4	0
Later than 1 year and not later than 5 years	14	0
Later than 5 years	1	0
	<b>19</b>	<b>0</b>

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

#### Judgements made by management in applying accounting policies - operating lease commitments

The Authority has entered into a lease for a motor vehicle, whereby the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as an operating lease.

## 7.3.2 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:

	2019 \$000	2018 \$000
Within 1 year	505	184
	<b>505</b>	<b>184</b>

The totals presented for other expenditure commitments are GST inclusive.

## 8. Risks and Contingencies

	Notes
Financial instruments	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

### 8.1 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:

	2019 \$000	2018 \$000
<b>Financial assets</b>		
Cash and cash equivalents	8,739	8,047
Restricted cash and cash equivalents	87,694	86,735
Loans and receivables <sup>(a)</sup>	-	1,210
Other financial assets	-	18,024
Financial assets at amortised cost <sup>(a)</sup>	16,236	-
<b>Total financial assets</b>	<b>112,669</b>	<b>114,016</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	658	1,340
<b>Total financial liability</b>	<b>658</b>	<b>1,340</b>

(a) The amount of receivables/Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).



## 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 the best estimate.

Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

### 8.2.1 Contingent assets

There were no contingent assets in existence at 30 June 2019 and up to the date of this report.

### 8.2.2 Contingent liabilities

There were no contingent liabilities in existence at 30 June 2019 and up to the date of this report.

## 8.3 Fair value measurements

Assets measured at fair value:

	Level 1	Level 2	Level 3	Fair value at end of period
	\$000	\$000	\$000	\$000
<b>2019</b>				
Land (note 5.1)		14,000		14,000
Buildings (note 5.1)		1,500		1,500
	-	<b>15,500</b>	-	<b>15,500</b>

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.

## 9. 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
Initial application of Australian Accounting Standards	9.2
Key management personnel	9.3
Related party transactions	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

### 9.1 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.

## 9.2 Initial application of Australian Accounting Standards

### AASB 9 Financial instruments

AASB 9 *Financial instruments* replaces AASB 139 *Financial instruments: Recognition and Measurements* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Authority applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies but no adjustments to the amounts recognised in the financial statements.

In accordance with AASB 9.7.2.15, the Authority has not restated the comparative information which continues to be reported under AASB 139.

The effect of adopting AASB 9 as at 1 July 2018 was assessed as not material, and therefore no adjustment was required to be recognised directly in Accumulated surplus/(deficit).

The nature of these adjustments are described below:

#### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Authority's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Authority's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances at the time of initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Authority. The following are the changes in the classification of the Authority's financial assets:

- Trade receivables classified as receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Term deposits with maturity date more than 90 days classified as Other financial assets as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified as Financial assets at amortised cost beginning 1 July 2018.
- The Authority did not designate any financial assets as at fair value through P/L or OCI.

In summary, upon the adoption of AASB 9, the Authority had the following reclassifications as at 1 July 2018:

	AASB 9 category		
	Amortised cost	Fair value through OCI	Fair value through P/L
\$000	\$000	\$000	\$000
<b>AASB 139 CATEGORY</b>			
<b>Loans and receivables</b>			
Receivables*	1,210	1,210	-
Other financial assets	18,024	18,024	-
	<b>19,234</b>	<b>-</b>	<b>-</b>

\* The amount of receivables/Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

#### (b) Impairment

The adoption of AASB 9 fundamentally changes the accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Authority to recognise an allowance for ECLs for all financial assets not held at fair value through the P/L.

The Authority's previous approach to determining the impairment is consistent with the general principles for measuring expected credit losses under AASB 9. Upon adoption of AASB 9, the effect was not considered to be material and therefore no adjustment was made.



## 9.3 Key Management Personnel

The Authority has determined that key management personnel to include the Cabinet Ministers, board members and senior officers of the Authority. 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 (\$)

	2019	2018
\$		
0 - 10,000	4 <sup>(a)</sup>	1
10,001 - 20,000	2	4
30,001 - 40,000	1	1
	\$000	\$000
<b>Total compensation of members of the Accountable Authority</b>	<b>95</b>	<b>105</b>

(a) Two members in this compensation band had part-year occupancy.

## Compensation of senior officers other than the Accountable Authority

#### COMPENSATION BAND (\$)

	2019	2018
\$		
90,001 - 100,000	-	1 <sup>(a)</sup>
100,001 - 110,000	-	1 <sup>(a)</sup>
130,001 - 140,000	-	1 <sup>(a)</sup>
160,001 - 170,000	1	1
170,001 - 180,000	1	1
210,001 - 220,000	2	-
220,001 - 230,000	-	1
240,001 - 250,000	-	1
250,001 - 260,000	1	-
	\$000	\$000
<b>Total compensation of senior officers</b>	<b>1,031</b>	<b>1,156</b>

(a) Three senior officers resided in these remuneration bands in 2017-18 due to part-year occupancy and total remuneration being below \$140,000.

Total compensation includes superannuation expense incurred by the Authority in respect of senior officers.

## 9.4 Related party transactions

The Authority is a wholly owned public sector entity that is controlled by the State of Western Australia.

### 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 a wholly-owned public sector entity
- the Government Employees Superannuation Board (GESB).

### 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.

## 9.5 Related bodies

The Authority does not have related bodies.

## 9.6 Affiliated bodies

The Authority does not have affiliated bodies.

## 9.7 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).

	2019 \$000	2018 \$000
Opening balance at 1 July 2018	1	5
Funding received from the Commonwealth	25	15
Revenue received from insurers	9	11
	<b>35</b>	<b>31</b>

### Payments by Program Area

Regulatory Services	11	15
Conciliation and Arbitration Services	10	10
Scheme and Corporate Services	5	5
<b>Total Payments</b>	<b>26</b>	<b>30</b>
<b>Balance carried forward at 30 June 2019</b>	<b>9</b>	<b>1</b>

## 9.8 Workers' Compensation & 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.

### Income

Amounts paid to the custody of the Authority	572	232
Interest on investments	19	18
	<b>591</b>	<b>250</b>

### Expenditure

Payments by the Authority	380	349
Administration fee	10	8
	<b>390</b>	<b>357</b>

### Surplus/(Deficit)

Balance at 1 July 2018	201	(107)
	944	1,051
<b>Balance at 30 June 2019</b>	<b>1,145</b>	<b>944</b>

### Balance of funds held represents:

Cash and cash equivalents	1,145	944
	<b>1,145</b>	<b>944</b>





## 9.9 Remuneration of auditors

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2019 \$000	2018 \$000
Auditing the accounts, controls, financial statements and key performance indicators	88	87
	<b>88</b>	<b>87</b>

## 9.10 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.

	2019 \$000	2018 \$000
<b>RESERVES</b>		
<b>Asset revaluation surplus</b>		
Balance at start of period	14,467	14,363
<b>Net revaluation increments/(decrements):</b>		
Land	-	200
Buildings	113	(96)
<b>Balance at end of period</b>	<b>14,580</b>	<b>14,467</b>
<b>RETAINED EARNINGS</b>		
Balance at start of period	87,729	88,297
Result for the period	(4,643)	(568)
<b>Balance at end of period</b>	<b>83,086</b>	<b>87,729</b>
<b>Total equity at end of period</b>	<b>97,666</b>	<b>102,196</b>

## 9.11 Supplementary financial information

### (a) Write-offs

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

	2019 \$000	2018 \$000
<b>Write-offs</b>		
General account uninsured claims <sup>(i)</sup>	129	-
Fines and penalties	53	-
	<b>182</b>	<b>-</b>

(i) 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.

	2019	2018
Number of recoveries written off with values between:		
\$ 0 - 100,000	5	-
\$ 100,001 - 200,000	-	-

	2019 \$000	2018 \$000
<b>(b) Losses through theft, defaults and other causes</b>		
Losses of public money and public and other property through theft, default and other causes	-	-
Amount recovered	-	-
	<b>-</b>	<b>-</b>

### (c) Gifts of public property

Gifts of public property provided by the Authority

	-	-
	-	-
	<b>-</b>	<b>-</b>

## 9.12 Explanatory statement

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 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, and
- 5% and \$2.6 million for the Statement of Financial Position.

### 9.12.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2019	Actual 2019	Actual 2018	Variance between Estimate and Actual	Variance between actual result for 2019 and 2018
		\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>						
<b>Revenue</b>						
Insurer contributions	A	17,392	17,392	19,883	-	(2,491)
Interest revenue		2,261	2,421	2,298	160	123
Other revenue	B	1,966	1,544	1,044	(422)	500
Employers' Indemnity Supplementation Fund		-	44	-	44	44
<b>Total Revenue</b>		<b>21,619</b>	<b>21,401</b>	<b>23,225</b>	<b>(218)</b>	<b>(1,824)</b>
<b>Total Income</b>		<b>21,619</b>	<b>21,401</b>	<b>23,225</b>	<b>(218)</b>	<b>(1,824)</b>
<b>EXPENSES</b>						
<b>Expenses</b>						
Employee benefits expense	1,D	14,479	13,085	14,853	(1,394)	(1,768)
Supplies and services		2,864	3,060	2,729	196	331
Depreciation and amortisation expense		1,139	982	955	(157)	27
Accommodation expenses		506	695	686	189	9
Grants and subsidies		50	-	50	(50)	(50)
Claims expense	2,C	1,827	6,256	3,065	4,429	3,191
Loss on disposal of non-current assets		-	9	3	9	6
Other expenses		1,643	1,584	1,323	(59)	261
<b>Total Expenses</b>		<b>22,508</b>	<b>25,671</b>	<b>23,664</b>	<b>3,163</b>	<b>2,007</b>
Profit/(Loss) before grants and subsidies from State Government		(889)	(4,270)	(439)	(3,381)	(3,831)
Services received free of charge		170	197	84	27	113
<b>Profit/(Loss) for the period</b>		<b>(719)</b>	<b>(4,073)</b>	<b>(355)</b>	<b>(3,354)</b>	<b>(3,718)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Remeasurements of defined benefit liability	3	-	(570)	(213)	(570)	(357)
Changes in asset revaluation surplus		-	113	104	113	9
<b>Total other comprehensive income</b>		<b>-</b>	<b>(457)</b>	<b>(109)</b>	<b>(457)</b>	<b>(348)</b>
<b>Total Comprehensive Income For The Period</b>		<b>(719)</b>	<b>(4,530)</b>	<b>(464)</b>	<b>(3,811)</b>	<b>(4,066)</b>

#### Major Estimate and Actual (2019) Variance Narratives

- 1) Employee benefits expense is \$1.394 million (9.6%) under budget estimates due to a number of positions that remained unfilled at various stages throughout the year.
- 2) The variance is due to an increase in the actuarially assessed claim liabilities at 30 June 2019, primarily a result of two large claims in the General Account and a reduction in the discount rate for 2018/19.
- 3) The variance is due to an unbudgeted actuarially assessed loss on the remeasurement of the defined benefit liabilities at 30 June 2019.

#### Major Actual (2019) and Comparative (2018) Variance Narratives

- A) Insurer contributions have decreased by \$2.491 million (12.5%). This is consistent with the reduction in WorkCover WA's approved net budget requirement for 2018/19 and the Board approved utilisation of a cash surplus from prior years.
- B) Other Revenue has increased by \$500K against prior year. This is mainly due to revenue received from the 2019 WorkCover WA Conference of \$221K and higher than expected fines and avoided premiums of \$267K.
- C) The variance is due to an increase in the actuarially assessed claim liabilities at 30 June 2019, primarily a result of two large claims in the General Account and a reduction in the discount rate for 2018/19.
- D) The variance is mainly due to a reduction in Employee benefits expense resulting from the Voluntary Severance payments in 2017/18 and a number of positions that were unfilled at various stages throughout the year.

## 9.12.2 Statement of Financial Position Variances

	Variance Note	Estimate 2019	Actual 2019	Actual 2018	Variance between Estimate and Actual	Variance between actual result for 2019 and 2018
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents		2,920	8,739	8,047	5,819	692
Restricted cash and cash equivalents		87,175	87,694	86,735	519	959
Receivables		1,024	1,357	1,278	333	79
Other Assets		-	251	83	251	168
Other financial assets	4,E	20,530	14,944	18,024	(5,586)	(3,080)
<b>Total Current Assets</b>		<b>111,649</b>	<b>112,985</b>	<b>114,167</b>	<b>1,336</b>	<b>(1,182)</b>
<b>Non-Current Assets</b>						
Property, plant, equipment & vehicles		17,436	17,131	18,010	(305)	(879)
Intangible assets		2,348	2,510	2,037	162	473
<b>Total Non-Current Assets</b>		<b>19,784</b>	<b>19,641</b>	<b>20,047</b>	<b>(143)</b>	<b>(406)</b>
<b>Total Assets</b>		<b>131,433</b>	<b>132,626</b>	<b>134,214</b>	<b>1,193</b>	<b>(1,588)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		1,751	658	1,340	(1,093)	(682)
Provisions	5	4,458	8,569	7,901	4,111	668
<b>Total Current Liabilities</b>		<b>6,209</b>	<b>9,227</b>	<b>9,241</b>	<b>3,018</b>	<b>(14)</b>
<b>Non-Current Liabilities</b>						
Provisions	5,F	20,601	25,733	22,777	5,132	2,956
<b>Total Non-Current Liabilities</b>		<b>20,601</b>	<b>25,733</b>	<b>22,777</b>	<b>5,132</b>	<b>2,956</b>
<b>Total Liabilities</b>		<b>26,810</b>	<b>34,960</b>	<b>32,018</b>	<b>8,150</b>	<b>2,942</b>
<b>Net Assets</b>		<b>104,623</b>	<b>97,666</b>	<b>102,196</b>	<b>(6,957)</b>	<b>(4,530)</b>
<b>EQUITY</b>						
Reserves		14,363	14,580	14,467	217	113
Retained earnings		90,260	83,086	87,729	(7,174)	(4,643)
<b>Total Equity</b>		<b>104,623</b>	<b>97,666</b>	<b>102,196</b>	<b>(6,957)</b>	<b>(4,530)</b>

### Major Estimate and Actual (2019) Variance Narratives

- 4) Other financial assets are \$5.586 million (27.2%) lower than budget expectation. This is predominately due to a decrease in deposits with a maturity date greater than 3 months.
- 5) Provisions are \$9.243 million over budget estimates. This is due to an increase in actuarially assessed claims liabilities for 30 June 2019, primarily a result of two large claims in the General Account and a reduction in the discount rate for 2018/19.

### Major Actual (2019) and Comparative (2018) Variance Narratives

- E) The Other financial assets decrease of \$3.08 million (17.1%) is due to a decrease in deposits with a maturity date greater than 3 months at 30 June 2019.
- F) Non-Current Provisions are \$2.956 million higher than last financial year. This represents an increase in actuarially assessed claims liabilities for 30 June 2019. (See note 5 above).

### 9.12.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2019	Actual 2019	Actual 2018	Variance between Estimate and Actual	Variance between actual result for 2019 and 2018
		\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Supplementation Fund receipts		-	44	1	44	43
Insurer contributions	G	17,392	17,372	19,883	(20)	(2,511)
Provision of services		11	9	8	(2)	1
Interest received		2,261	2,468	2,202	207	266
GST receipts on sales		-	69	74	69	(5)
GST receipts from taxation authority		-	379	327	379	52
Other receipts		1,260	1,021	1,003	(239)	18
<b>Payments</b>						
Workers' Compensation claim payments	6,H	(1,827)	(2,481)	(1,104)	(654)	(1,377)
Employee benefits		(14,443)	(14,265)	(14,786)	178	521
Supplies and services		(2,694)	(3,142)	(2,875)	(448)	(267)
Accommodation		(506)	(758)	(641)	(252)	(117)
Grants and subsidies		(50)	-	(50)	50	50
GST payments on purchases		-	(432)	(406)	(432)	(26)
Other payments	7	(2,047)	(1,250)	(1,081)	797	(169)
<b>Net cash provided by/(used in) operating activities</b>		<b>(643)</b>	<b>(966)</b>	<b>2,555</b>	<b>(323)</b>	<b>(3,521)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds from sale of non-current physical assets		-	33	-	33	33
Proceeds from the maturity of term deposits	8,I	-	3,080	-	3,080	3,080
<b>Payments</b>						
Purchase of non-current physical assets		(778)	(496)	(600)	282	104
Investments in term deposits	I	-	-	(3,495)	-	3,495
<b>Net cash used in investing activities</b>		<b>(778)</b>	<b>2,617</b>	<b>(4,095)</b>	<b>3,395</b>	<b>6,712</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,421)</b>	<b>1,651</b>	<b>(1,540)</b>	<b>3,072</b>	<b>3,191</b>
Cash and cash equivalents at the beginning of the period		91,004	94,782	96,322	(3,778)	(1,540)
<b>Cash and cash equivalent at the end of the period</b>		<b>89,583</b>	<b>96,433</b>	<b>94,782</b>	<b>(6,850)</b>	<b>1,651</b>

#### Major Estimate and Actual (2019) Variance Narratives

- 6) Workers' Compensation claim payments are \$654K (35.8%) over budget estimates due to higher than expected number of uninsured worker's compensation claims received by WorkCover WA.
- 7) The variance is due to the budgeted GST on purchases included in other payments.
- 8) The variance is due to the unbudgeted proceeds from the closure of term deposits.

#### Major Actual (2019) and Comparative (2018) Variance Narratives

- G) Insurer contributions have decreased by \$2.511 million (12.6%). This is consistent with the reduction in WorkCover WA's approved net budget requirement for 2018/19.
- H) Workers' Compensation claim payments have increased by \$1.377 million due to 8 new uninsured worker's compensation claims received by WorkCover WA in 2018/19.
- I) The variance represents matured term deposits redeemed to fund operational costs and reinvestment in short term deposits in 2018/19.