



 WorkCoverWA

# Annual Report 2019/20

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

[workcover.wa.gov.au](http://workcover.wa.gov.au)

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**The Good Governance Guide  
Checklist is on [pages 94-95](#).**



## Acknowledgment 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 community and their cultures, and to Elders both past and present.

## 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 the Parliament the report of the WorkCover Western Australia Authority for the financial year ended 30 June 2020.

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 the WorkCover Western Australia Authority by any other written law.

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



**Sharryn Jackson**  
Chair  
WorkCover WA

4 September 2020



**Chris White**  
Chief Executive Officer  
WorkCover WA

4 September 2020

*The design acknowledges Western Australian Aboriginal songlines. Songlines are sacred paths tracing astronomy and geographical elements to tell a story.*

*These spiritual paths are the pathways to the Ancestors and are passed on from generation to generation.*

*One of the first forms of communication across Australia, songlines have been a prominent feature of Aboriginal culture.*

*This report uses the term 'Aboriginal' to respectfully and inclusively refer to Aboriginal and Torres Strait Islander people.*

# Welcome

This report provides an overview of the Western Australian workers' compensation and injury management scheme (the scheme) over the past year. It details our achievements and successes as well as the challenges we face and opportunities ahead. It also outlines WorkCover WA's contribution to broader government desired outcomes and compliance with legislation and policy.

This report is consistent with the Public Sector Commission's *Western Australian Public Sector Annual Reporting Guidelines (2019/20)* and the Department of Treasury's *Model Annual Report for Tier 2 agencies*.

In compliance with these guidelines, production and printing costs were minimised. We are committed to providing accessible services to our customers and stakeholders. The report is available online [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au) and alternative formats are available on request.

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

## Our profile

WorkCover WA is a statutory authority accountable to the Minister for Mines and Petroleum; Energy; Industrial Relations and is the government agency responsible for managing the scheme in Western Australia. Our role includes:

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

## Our purpose

WorkCover WA's purpose is to lead a contemporary, sustainable and integrated workers' compensation scheme which is fair, accessible and cost-effective for all stakeholders. We do this by:

- ✓ delivering advice and guidance about workers' compensation, injury management and return to work practices
- ✓ providing active, responsive and transparent management of the scheme
- ✓ undertaking focused information, education and compliance activities
- ✓ facilitating fair and timely dispute resolution
- ✓ applying a strong service focus.



# 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 change is constant and 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 strategic direction

This was the second year of WorkCover WA's *Strategic Plan 2018-2021*. The 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 vision

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



# Our stakeholders

Workers and employers are the primary scheme stakeholders.

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.

These stakeholders contribute to the scheme's objective of returning an injured worker to safe and sustainable work.

## 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



- Workers and employers



- General practitioners and medical specialists
- Allied health practitioners
- Workplace rehabilitation providers





- 
- Approved medical specialists
  - Audiometric officers, audiologists and audiometrists
  - Legal practitioners and registered agents

- Unions and other representative bodies
- Insurance brokers

- 
- Insurers and self-insurers



**Sharryn Jackson**  
**Chair**



**Chris White**  
**CEO**

## Our Chair and CEO report

WorkCover WA's annual report outlines our achievements and challenges over 2019/20. It was particularly pleasing to achieve significant outcomes, despite the challenges of COVID-19. The resilience and flexibility of our staff and stakeholders contributed greatly to delivering an effective and fair workers' compensation and injury management scheme.

COVID-19 had a significant impact on WorkCover WA in the last quarter of 2019/20. In March 2020 we activated our *Pandemic Plan* to guide our decisions during the rapidly changing environment. Led by a 'Crisis Management Team' and with staff cooperation, we adapted operational processes to continue supporting injured workers and employers. This included staff working from home, some services needing to change at short notice, and technology, security and privacy issues needing to be promptly addressed to ensure the effectiveness of remote working. The capacity of the agency to quickly adapt to these challenges, and staff commitment and skill, is reflected in our key performance indicator results continuing to be excellent.

The workers' compensation scheme relies on service providers meeting the needs of injured workers and employers. It is pleasing to report service providers across the scheme demonstrated the capacity to quickly adopt pragmatic approaches to the challenges presented by the pandemic. The collaborative approach between WorkCover WA and service providers ensured clear and practical guidance was provided in areas including claim management, underwriting and dispute resolution.



In June 2020 the Government introduced the *Workers' Compensation and Injury Management Amendment (COVID-19 Response) Bill 2020* to address some immediate and emerging priority issues in response to COVID-19. Some of the changes were brought forward from the broader rewrite of the workers' compensation legislation. The *COVID-19 Response Bill* is expected to pass through Parliament in August 2020. Drafting of the new legislation is nearing completion and a draft Bill will be released for consultation in 2020/21.

One of our key achievements this year was the release of *Insurer and Self-insurer Principles and Standards of Practice*. Developed in collaboration with insurers, self-insurers and other stakeholders, the *Principles and Standards* provide a clear set of service expectations aimed to ensure high quality services are provided to injured workers and employers.

WorkCover WA's aspiration is for all insurers and self-insurers to introduce, improve and implement controls to ensure the *Principles and Standards* are achieved to maximise the workers' compensation experience of workers and employers. In 2020/21 we will continue to collaborate and engage with stakeholders to develop principles and standards for workplace rehabilitation providers. *Section 5: Agency performance* highlights our work in this area.

While the long-term impacts of COVID-19 are uncertain, we are pleased with the performance and stability of the WA workers' compensation scheme over 2019/20. Western Australia has the third lowest standardised average premium rate and third lowest disputation rate in Australia. Around 78% of scheme costs are spent on services and payments for injured workers which is on par with the national average. The number of short duration claims has continued to decrease, resulting in an increased focus on managing longer duration claims. *Section 4: Scheme performance* analyses the statistics and trends across the scheme.

Digital transformation is a significant aspect of WorkCover WA's strategic plan and 2019/20 saw a major milestone achieved with the implementation of online services for conciliation, arbitration and settlement applications as part of the WorkCover WA Online portal. These new services enable injured workers, employers, insurers, legal practitioners and other stakeholders to have more direct and timely access to dispute information, whilst simultaneously reducing reliance on paper-based processes. In the coming years we will further extend our online capabilities.

WorkCover WA has continued to be led by an effective and committed Board. After 15 years of service, Greg Joyce retired as Chair of the WorkCover WA Board in December 2019. During his tenure Greg made an outstanding contribution to the success of WorkCover WA and the workers' compensation scheme. His strong leadership and wise counsel over many years was valued by members of the Board and Executive. We also farewelled another Board member Steven Burns and thank him for the deep knowledge of the insurance industry he brought to the Board. We warmly welcomed Sharryn Jackson as our new Chair and Llewellyn Jones as member of the Board. *Section 1: Our agency* introduces the Board and its members.

Our work at WorkCover WA continues to be dynamic, challenging and rewarding. Our vision for *a workers' compensation and injury management scheme that works for all* is only possible through the hard work of our passionate and committed staff, to whom we say thanks. The challenges of 2019/20 have again highlighted their capabilities and commitment to delivering excellent services in an ever-changing environment.

## Our numbers

**2,264**

Investigation(s) non-compliance activities which result in a caution, an infringement notice, a prosecution or a decision that no further action is needed.

**319,836**

Visits to the WorkCover WA website.

**8,833**

Enquiries into cancelled, expired and/or lapsed workers' compensation policies.

**19,062**

Requests for advice and assistance handled by the Communications and Education team.

**5,763**

Publications mailed to workers, employers and service providers.

**363**

Infringement notices and prosecutions issued or completed against non-compliant employers.

**1,219**

Hours of internal and external staff training completed.

**2,575**

Recordings of Section 92(f) Deeds for finalising workers' compensation claims via settlement.

**2,633**

Conciliations and arbitrations completed.

**3,105**

Registrations of Memoranda of Agreement for finalising workers' compensation claims via settlement.



# Our finances

The majority of funding (78.66%) for WorkCover WA's activities is derived from insurer contributions in the form of an annual levy on approved workers' compensation insurers and employers who are approved by WorkCover WA to self-insure.

Table 1 represents a consolidation of the General and Supplementation Funds. Refer to *Section 8: Financial statements and notes* on page 125 for more detailed analysis and disclosure.

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

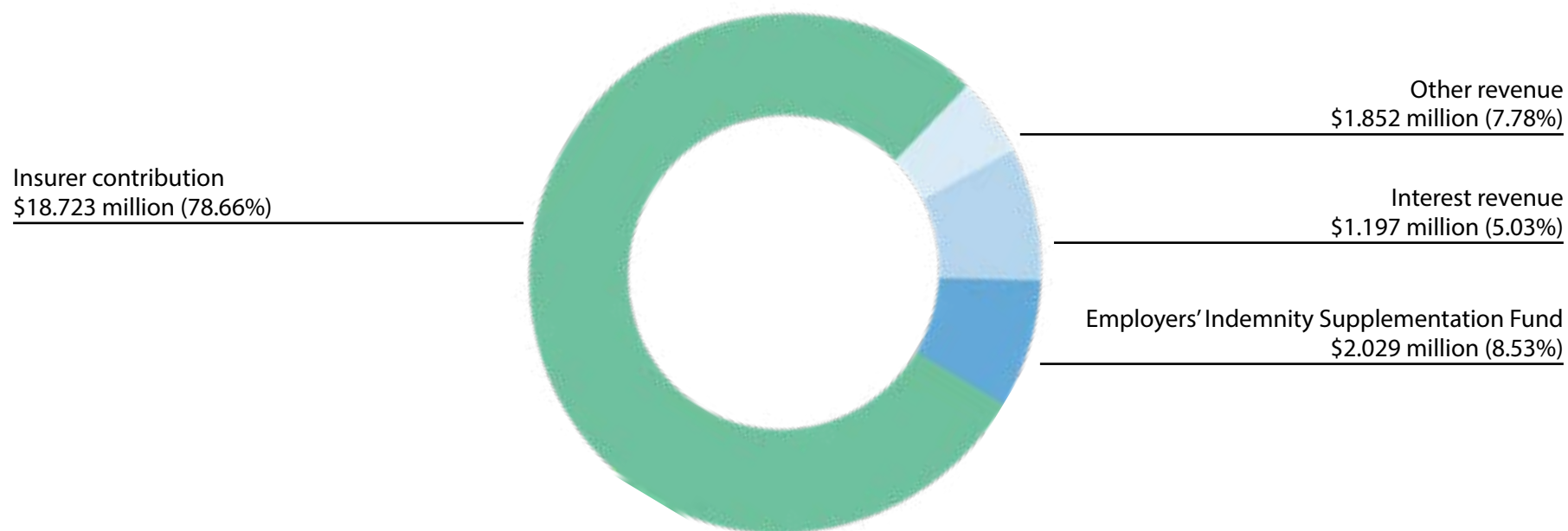
**Table 1: WorkCover WA totals for 2019/20**

Revenue	\$23.801 million
Expenditure	\$22.734 million

**Table 2: WorkCover WA expenditure for 2019/20**

Employee benefits expenses	\$14.391 million (63.31%)
Supplies and services	\$2.947 million (12.96%)
Depreciation and amortisation expenses	\$1.196 million (5.26%)
Accommodation expenses	\$0.907 million (3.99%)
Grants and subsidies	\$0.035 million (0.15%)
Claims expenses	\$1.872 million (8.23%)
Other expenses	\$1.386 million (6.10%)

**Figure 1: WorkCover WA income for 2019/20**



# Our scorecard

## 2019/20 performance snapshot

The outcomes of WorkCover WA's activities and services are measured by Key Performance Indicators (KPIs) indicating effectiveness and efficiency. The 2019/20 scorecard provides a snapshot of our performance for the year.

**Table 3: Indicators of effectiveness snapshot**

No.	Description	2019/20 Target	2019/20 Result	Page Reference
1.1	Number of non-compliance events identified as a result of a claim on the General Account	6	0	110 - 111
1.2	Proportion of conciliations completed within eight weeks	97.0%	96.6%	112 - 113
1.3	Proportion of disputes resolved within six months	90.0%	85.6%	114 - 115



**Table 4: Indicators of efficiency snapshot**

No.	Description	2019/20 Target	2019/20 Result	Page Reference
1.1	Average cost per employer compliance activity	\$293	\$350	117
1.2	Average cost per approved and monitored service provider	\$2,920	\$2,614	118
1.3	Average cost per client contact to provide information and advice	\$68	\$85	119
2.1	Average cost to complete a conciliation	\$2,150	\$2,202	121
2.2	Average cost to complete an arbitration	\$8,856	\$9,162	122
2.3	Average cost to process a Memorandum of Agreement	\$476	\$505	123 - 124



**Figure 2: Delivery of 2019/20 Strategic initiatives**



## **In progress**

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

WorkCover WA is progressing a rewrite of the workers' compensation legislation, with a goal to deliver a modern Act which is clear, accessible and workable. Drafting of the new legislation is well underway and an exposure Bill for public consultation is expected to be released later in 2020.



## **Completed**

### **Digital First – Conciliation Online**

As part of WorkCover WA's *Digital First Strategy*, a project was undertaken to implement online registry services for conciliation. The online services went live on 5 August 2019.



## **Completed**

### **Digital First – Arbitration and Settlements Online**

This strategic initiative is built on the online functionality implemented for conciliation by converting most outward facing registry activities related to arbitration and settlements into online services. The arbitration online module went live in April 2020 and functionality for settlements and common law in June 2020.

# Section 1

## Our agency

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## The Western Australian context

The scheme is designed to ensure workers suffering a work-related injury or illness are compensated for lost wages, medical expenses and other associated costs.

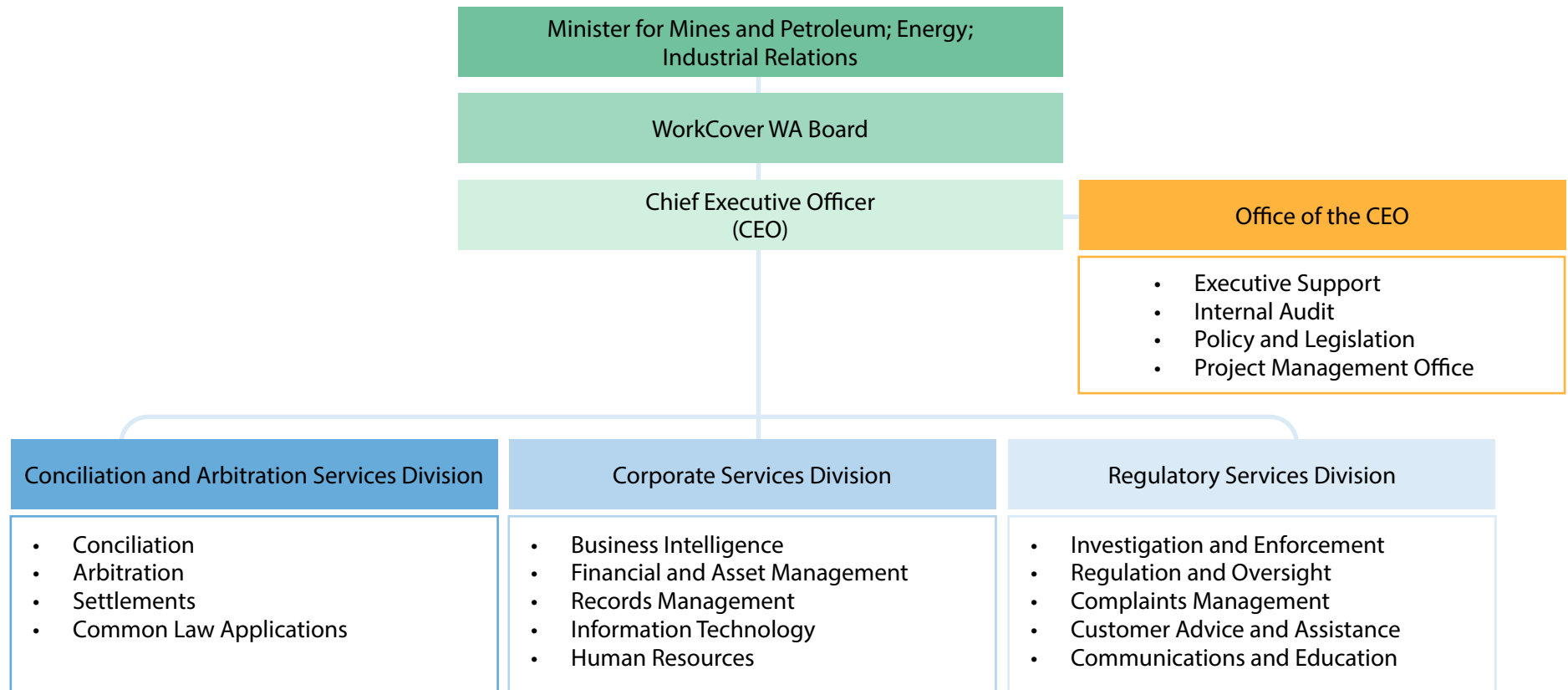
WorkCover WA regulates the scheme in accordance with the Act and the primary objective is to ensure work-related injuries are actively managed to assist injured workers to achieve a safe and sustained return to work.

The 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 scheme is the largest privately underwritten workers' compensation scheme in Australia, with insurance coverage provided by seven private insurers, 24 self-insurers and the Insurance Commission of WA.

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. WorkCover WA provides advice and education to assist employers to comply with their obligations.

The 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. WorkCover WA regulates, monitors and approves a range of health and other service providers who support injured workers to recover and return to work.

## Our organisational structure



## Minister

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

## WorkCover WA Board

The WorkCover Western Australian Authority Board (the Board) is responsible for:

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

The CEO, 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 WorkCover WA staff are employed under the provisions of the *Public Sector Management Act 1994*.

## Office of the CEO

The Office of the CEO comprises four business areas:

- Executive Support provides secretariat assistance to the CEO, the Board and relevant Board and governance committees
- Internal Audit manages the agency's internal audit, risk management, governance and performance functions
- Policy and Legislation provides evidence-based policy and legislation development. In 2019/20 the branch transferred from Corporate Services to the Office of the CEO
- Project Management Office coordinates resources and manages all strategic initiatives and projects within the agency. The PMO guides the delivery of projects by providing strategic and operational support.

## Divisions

### Conciliation and Arbitration Services

The Conciliation and Arbitration Services division is responsible for resolving disputes in the scheme through the:

- Conciliation Service where the objective is assisting parties to resolve their disputes by agreement
- Arbitration Service where disputes unresolved by conciliation are determined according to their substantial merits, with as little formality and technicality as possible
- processing of settlements and common law applications.

## Regulatory Services

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

- regulating, educating and assisting workers and employers
- regulating, monitoring and evaluating approved service providers by establishing and monitoring principles of performance and standards of practice
- conducting and reporting on compliance activities and investigating and prosecuting breaches of the Act.

## Corporate Services

The Corporate Services division contributes to scheme viability and effectiveness by:

- providing business services to ensure human, financial, technological, informational and physical resources are available to support operations
- collecting, analysing and reporting data provided by insurers and self-insurers
- facilitating the publication of recommended premium rates.



# Our leadership

## WorkCover WA Board



### Chair

*Appointed by the Governor on the recommendation of the Minister.*

**Sharryn Jackson** was appointed as Chair of the WorkCover WA Board on 4 January 2020. Ms Jackson has extensive board governance and strategy

experience relevant to industrial relations, workplace health and safety and workers' compensation.

Ms Jackson replaced Mr Greg Joyce, who retired after serving 15 years as the WorkCover WA Board Chair. Mr Joyce made an outstanding contribution, ensuring the strong performance of WorkCover WA and the stability of the State's workers' compensation scheme. As Chair of the Board, Mr Joyce oversaw the:

- review of the *Workers' Compensation and Injury Management Act 1981* and a range of legislative changes and amendments
- removal of age-based limits on workers' compensation entitlements
- restructure of the dispute resolution system
- WorkCover WA conferences held in 2017 and 2019
- best practice agency awards from the Office of the Auditor General
- excellence in reporting awards from the Institute of Public Administration Australia (WA)
- transition to online dispute resolution services.



### Member

*Chief Executive Officer of WorkCover WA.*

**Chris White** was appointed CEO of WorkCover WA in November 2019. Mr White has over 35 years' experience in workers' compensation and occupational safety and health policy in WA. Mr White 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 held senior positions in the Department of the Premier and Cabinet and the Department of Treasury. Mr Smith also has 23 years' experience in the Commonwealth public service, including the Department of the Prime Minister and Cabinet and an overseas posting with the Department of Foreign Affairs and Trade.



### Member

*Experienced in employers' interests.*

**Peta Libby** was appointed to the WorkCover WA Board on 30 December 2018. Ms Libby is a geologist with over 26 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.



### Member

*Experienced in insurance matters.\**

**Llewellyn Jones** was appointed to the WorkCover WA Board on 4 January 2020. Mr Jones has over 10 years' experience in the insurance industry and is the Executive Manager (Western Region) Workers' Compensation at Suncorp Insurance Group (GIO).

*\*Steven Burns served as the member experienced in insurance matters from 2007 to January 2020. Mr Burns made a significant contribution to the success of the Board, WorkCover WA and the scheme during his tenure.*



## Member

*Experienced in workers' interests.*

**Owen Whittle** has been a member of the Board since 4 January 2014. 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. Mrs Wilmot previously had a 24 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. Mrs 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).

**Table 5: Board meeting attendance**

Member	Number of meetings eligible to attend	Number of meetings attended
Greg Joyce (Until 3 January 2020)	4	4
Sharryn Jackson (Appointed 4 January 2020)	3	3
Chris White	7	7
Steven Burns (Tenure completed 3 January 2020)	4	3
Llewellyn Jones (Appointed 4 January 2020)	3	3
Peta Libby	7	7
David Smith	7	6
Owen Whittle	7	7
Victoria Wilmot	7	7

## Corporate Executive

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 2019/20. Regular meetings were conducted within divisional leadership teams and branch teams to disseminate decisions.



### Chief Executive Officer

**Chris White** was appointed CEO of WorkCover WA in November 2019. Mr White has over 35 years' experience in workers' compensation and occupational safety and health policy in WA. Mr White 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.



### Chief Finance Officer

**John Hull** commenced at 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 August 2015 in the Regulatory Services division and has worked in the Conciliation and Arbitration

division since May 2018. Ms Lee was formally appointed to the role of General Manager Conciliation and Arbitration Services and the Director, Conciliation in February 2020. Ms Lee holds a Bachelor of Laws and has over 20 years' experience in various aspects of workers' compensation and injury management. Ms Lee previously worked at the Chamber of Commerce and Industry of Western Australia in policy and consultancy and prior to that in claims management and personal injury litigation. Ms Lee was formerly a member of the WorkCover WA Board and the Commission for Occupational Safety and Health.



### General Manager Regulatory Services

**Stephen Psaila-Savona** commenced at WorkCover WA in May 2016. Mr Psaila-Savona has extensive experience as a public officer across a range of public sector agencies since 1994. His previous roles

include senior executive positions at the Health and Disability Services Complaints Office, the Public Sector Commission, the 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).





### A/General Manager Corporate Services

**Leona Glasby** commenced at WorkCover WA in July 2006. With previous public sector experience at WorkSafe WA and a focus on information technology and data analysis, Ms Glasby 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 Corporate Services. Ms Glasby has a Bachelor of Science in Computer Science and Graduate Diplomas in Business and Occupational Safety and Health.



### Registrar Arbitration

**Sam Nunn** commenced his public sector career with the State Solicitor's Office before joining WorkCover WA as an arbitrator in November 2012 on an extended secondment. Mr Nunn transferred to WorkCover WA permanently

in 2015 and was appointed to the role of Registrar in July 2018. Mr Nunn has previously been seconded to WorkSafe WA in an in-house counsel role and brings 15 years of government legal experience to the role of Registrar. Mr Nunn holds a Graduate Diploma (Development Studies), a Master of Arts and a Bachelor of Laws.

## Administration

The day-to-day administration of WorkCover WA is delegated by the Board to the CEO who directs the agency's operations.

## 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.

## Our strategic plan

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 strategic goals and operational themes for a three-year period.

### Strategic Plan 2018-21

The *Strategic Plan 2018-21* defines key focus areas which underpin our three strategic 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 and implementing a new workers' compensation Act
- delivering public sector service priorities focused on community needs, accountability and leadership
- responding to 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.

## Business planning

WorkCover WA's *Business Plan 2019/20* outlines the agency's strategic and operational context and provides information on major projects for the year. It is based on our *Strategic Plan 2018-21* 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 plan is supported by project plans which outline the objectives and delivery milestones for all planned projects.

Table 6 outlines the agency's key divisional projects in 2019/20. Information about the agency's strategic projects and initiatives is available on page 24.

**Table 6: 2019/20 Divisional projects**

Project	Division responsible
Digital First – Conciliation Online	Conciliation and Arbitration Services
Digital First – Arbitration and Settlements Online	Conciliation and Arbitration Services
Service Provider Regulatory Framework	Regulatory Services
Insurer and Self-insurer Principles and Standards of Practice	Regulatory Services
Development of the <i>Workers' Compensation and Injury Management Act 1981</i>	Corporate Services
Core business systems technology refresh	Corporate Services
Email system replacement	Corporate Services
Cloud infrastructure feasibility and options	Corporate Services
Permanent Impairment Processing System	Corporate Services
Transition to offsite records storage	Corporate Services
Recordkeeping Plan	Corporate Services
GP Mental Health Guidelines 2019-23	Office of the CEO
Conference website	Office of the CEO
Replacement of Board Members Online	Office of the CEO

## Strategic initiatives report

WorkCover WA commits resources to achieve initiatives aligned with the *Strategic Plan 2018-21*. Our performance against the strategic initiatives is detailed below.

As part of the agency's *Performance Management Framework*, the following projects relate to State Government objectives embedded within the Government Goal: Sustainable finances and the achievement of WorkCover WA's agency Desired Outcomes as outlined on page 41 of this report.

### Initiative 1: Development of a new workers' compensation Act

#### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

#### This initiative is aligned with the Government Goal

**Sustainable finances:** responsible financial management and better service delivery.

*A new workers' compensation Act which is clear, contemporary and understandable will allow for better interpretation and application by WorkCover WA and scheme participants and allow for better service delivery.*

Significant progress on the drafting of the new workers' compensation Act occurred in 2019/20. An exposure Bill is well advanced with stakeholder consultation expected to commence in 2020/21.

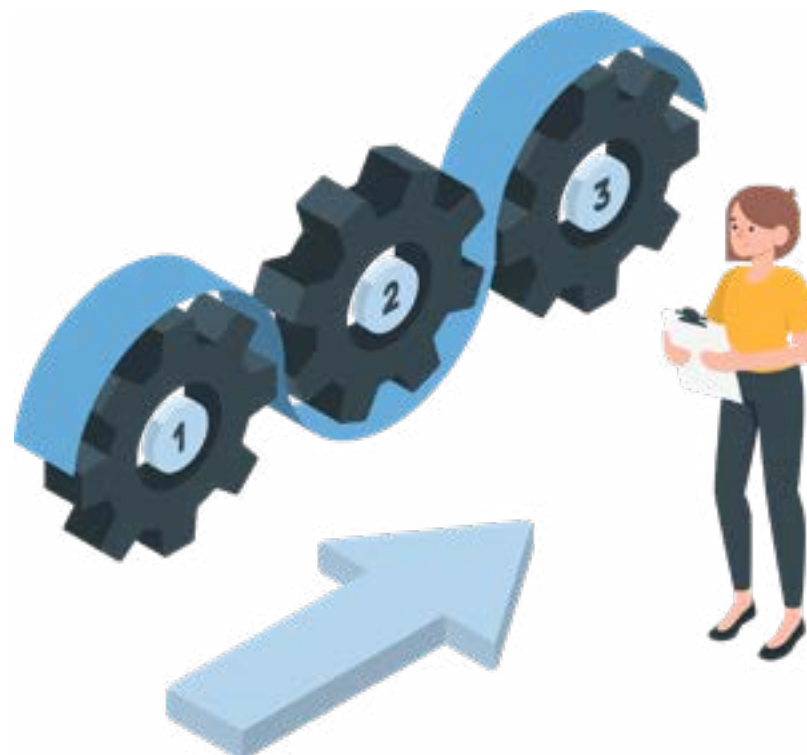
The new Act is based on recommendations from the 2014 *Review of the Workers' Compensation and Injury Management Act 1981* and seeks to address a range of long-standing issues including:

- the current Act's complex structure and wording
- insufficient clarity around fundamental scheme concepts and processes.

The goal is to deliver a contemporary Act which is clear, accessible and understandable. 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.

Outcome:	In progress
Key points:	<ul style="list-style-type: none"><li>• drafting of the new Act</li><li>• consulting with stakeholders on an exposure Bill.</li></ul>





## Initiative 2: Digital First – Conciliation Online

### This initiative is aligned with the WorkCover WA strategic goals

1: Strategic Scheme Management

2: Digital Transformation

### This initiative is aligned with the Government Goal

**Sustainable finances:** responsible financial management and better service delivery.

*Implementing dispute resolution lodgement and case management services in WorkCover WA Online aligns the agency with other state government tribunals and courts providing dispute resolution outcomes, and ensures the agency meets targets under the Digital WA Strategy. The online system has reduced the reliance on paper-based processes and provided more direct accessibility to dispute information for stakeholders.*

As part of WorkCover WA's *Digital First Strategy*, online conciliation services were implemented in August 2019.

The online conciliation services have provided an efficient and effective means of document lodgement and communication in relation to conciliation cases. During COVID-19, conciliation services were able to operate largely uninterrupted due to the online service capability, providing the following online services:

- lodgement of applications for conciliation and supporting information
- document exchange between the Conciliation Service and parties to a dispute
- related activities, such as conference scheduling and issue of notices.

There were some initial minor issues related to document and system compatibility for stakeholders with different internal case management systems when the online services were first introduced, however, these were quickly resolved.

The online conciliation services were well received by stakeholders and feedback has been consistently positive, particularly during COVID-19, as services continued without interruption and were accessible remotely.

### Outcome:

### Completed

### Key points:

- implemented online registry services for conciliation as part of WorkCover WA's *Digital First Strategy*
- online processes include lodgement of applications for conciliation and supporting information, document exchange between the Conciliation Service and parties to a dispute and related activities
- online registry services for conciliation went live on 5 August 2019 and become mandatory 5 November 2019.



### Initiative 3: Digital First – Arbitration and Settlements Online

#### This initiative is aligned with the WorkCover WA strategic goals

1: Strategic Scheme Management

2: Digital Transformation

#### This initiative is aligned with the Government Goal

**Sustainable finances:** responsible financial management and better service delivery.

*Implementing arbitration application lodgement and case management services in WorkCover WA Online aligns the agency with other state government tribunals and courts, and ensures the agency meets targets under the Digital WA Strategy. The new online registry systems have reduced the reliance on paper-based processes and provided direct access to dispute information for stakeholders.*

#### Outcome:

#### Completed

#### Key points:

- implemented online registry services for arbitration on 20 April 2020 and services to facilitate lodgement of settlement and common law related documents online were implemented in June 2020
- online arbitration, settlement and common law registry services are part of WorkCover WA's *Digital First Strategy*
- online arbitration, settlement and common law registry services provide a self-service 'one-stop-shop' for lodging and monitoring associated documents and information.

In 2019/20, a project was commenced to expand the suite of online registry services to include arbitration, common law elections and settlements. The project was a continuation of WorkCover WA's *Digital First Strategy* and built on functionality made available to stakeholders in August 2019.

Online arbitration registry services became available on 20 April 2020. Parties to a dispute are now able to submit applications and conduct administrative transactions related to disputes via the WorkCover WA Online portal at both conciliation and arbitration stages. Functionality to lodge online applications regarding dependency claims was also implemented on 20 April 2020.

Online services to facilitate lodgement of settlement and common law related documents were implemented in June 2020.

COVID-19 impacted on the availability of IT, frontline and external resources for development and testing of the various elements of online arbitration services.

Online arbitration services were progressed as a priority to facilitate remote document lodgement for all disputes and to ensure essential functionality was available to stakeholders as soon as possible.

Enhanced functionality and website appearance work was completed later in consultation with online service users.



## Our future outlook

Our strategic initiative for 2020/21 is:

**Table 7: 2020/21 Strategic initiative**

Goal	Initiative
Strategic Scheme Management	<i>Development of a new workers' compensation and injury management Act.</i>







## Our legislation

The following legislation enables WorkCover WA in the performance of its functions:

- *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 state and federal legislation impacting on its activities.**

# Section 2

## Our people

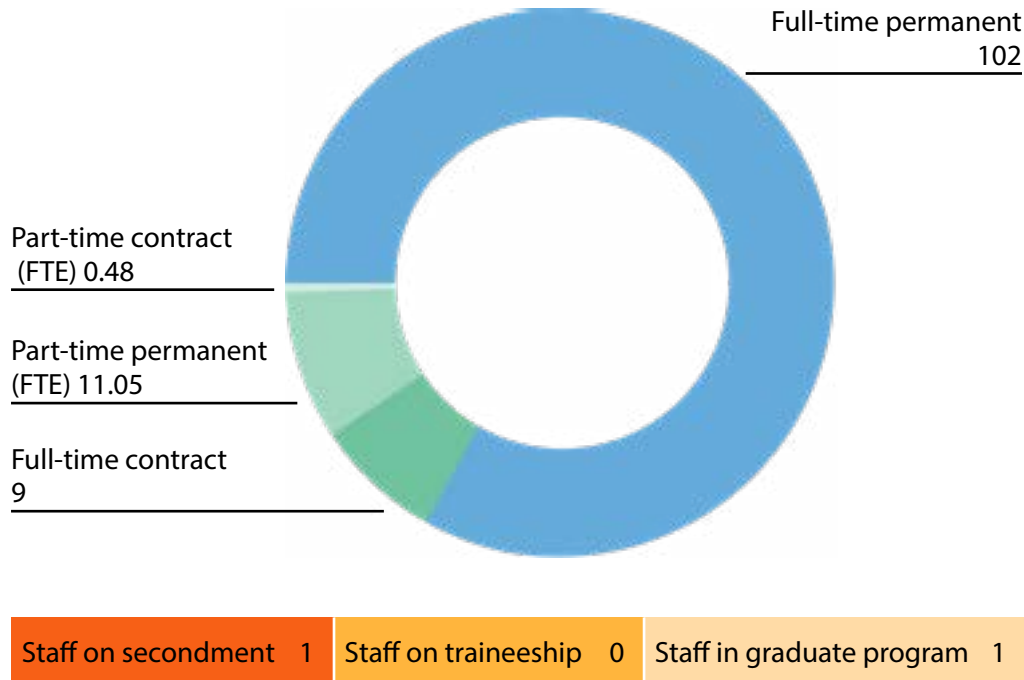
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## Workforce profile

Figure 3 summarises WorkCover WA's 2019/20 workforce profile. Our complete full-time equivalent (FTE) profile is provided on page 87 in *Section 6: Disclosures and legal compliance*.

**Figure 3: Staff by FTE**



The Public Sector Commission's Minimum Obligatory Information Requirements (MOIR) process requires government agencies to provide human resource 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 2019/20 WorkCover WA completed this reporting within the designated timeframes.

## Strategic Workforce and Diversity Plan 2018-22

WorkCover WA's *Strategic Workforce and Diversity Plan 2018-22* is aligned with sector wide priorities established by the Public Sector Commission. During 2019/20 the following initiatives included:

- supporting employment opportunities across diverse groups
- assisting employees adapt to the challenges of working from home associated with COVID-19
- implementing wellbeing and resilience strategies to support employees impacted by COVID-19
- preparing of a *Future of Work* discussion paper
- drafting a *Digital Change Plan*
- supporting opportunities for women to access senior roles within the agency.



## Workforce capability review – future of work

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

3: People, Culture and Systems

**This initiative is aligned with the Government Goal**

**Future jobs and skills:** grow and diversify the economy, create jobs and support skills development.

*This project identified strategies to ensure WorkCover WA can meet future internal and external stakeholder needs with regards to recruitment, retention and staff training and development.*

A *Future of Work Framework* was developed and merged with the *Strategic Workforce and Diversity Plan 2018-22* to ensure future of work arrangements are considered when WorkCover WA projects are scoped. WorkCover WA is also in the early stages of progressing strategies such as digital HR and HR analytics.

In recognition of the need to manage workforce risks in professional roles within the dispute resolution division, the *Conciliation and Arbitration Services Workforce Plan 2020-25* was developed. The plan includes strategies in:

- building diversity in the workforce through planned recruitment and providing opportunities for women and people of diverse backgrounds to gain experience and work in leadership roles in Conciliation and Arbitration Services
- growing talent by providing professional development opportunities, identifying career pathways for legally qualified staff and cross skilling the workforce in support roles for optimum flexibility
- delivering results through ensuring the workforce is flexible and adaptable to technology changes and ensuring knowledge is transferred when professional staff transition to retirement.



## Staff capability and development

WorkCover WA invests in building the capability of staff through the performance pathway process, which identifies strategies for professional development and growth.

### Staff training

In 2019/20, staff attended external training in:

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

Staff attended internal training 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)
- application and interview preparation.

**Table 8: Total hours of general staff training in 2019/20**

Training hours in total	1,219
Training hours per staff member	9.5

### Online learning

Staff have access to a library of learning and development resources as part of their professional development program. Access to online training provides a 'learn as the need arises' approach to staff learning. Staff completed:

- 383 online courses
- 583 hours of online training.

### Graduate program

The 2019/20 Graduate program sought one graduate to perform a dedicated role within the agency compatible with their qualifications.

The graduate commenced in November 2019 in the Human Resources branch, and in addition to the responsibility of their position, is participating in the Graduate program, sponsored and facilitated by the Public Sector Commission.

The graduate recruited in 2018/19 in the Finance team successfully completed the Graduate program in December 2019 and has been engaged on a contract basis.

## Review of employment procedures

A review of the employment procedures was undertaken in November 2019. Minor procedural changes were made.

## Equality and inclusion

### This initiative is aligned with the WorkCover WA strategic goal

3: People, Culture and Systems

### This initiative is aligned with the Government Goal

**Strong communities:** safe communities and supported families.

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

## Disability Access and Inclusion Plan

Through the implementation of a *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. The plan was reviewed in 2019/20 and additional initiatives included are:

- training of staff in the use of the Vision Australia Document Accessibility Toolbar, as well as accessibility improvements of WorkCover WA's frequently used forms
- implementing recommendations from the building access audit.

## Reconciliation Strategy

WorkCover WA has a *Reconciliation Strategy* to raise awareness about the culture and values of Aboriginal Australians. Initiatives completed in 2019/20 include:

- employing of an Aboriginal trainee and the successful completion of the traineeship
- promoting and celebrating NAIDOC Week and National Reconciliation Week
- monitoring of actions by the Equity and Diversity Committee
- engaging with Aboriginal businesses on the procurement of goods and services.

## Safety, health and wellbeing

### This initiative is aligned with the WorkCover WA strategic goal

3: People, Culture and Systems

### This initiative is aligned with the Government Goal

**Strong communities:** safe communities and supported families.

*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

Our *Occupational Safety and Health Management Plan 2018-20* ensures a systematic and consistent approach is adopted towards OSH management, and allows greater transparency and accountability in its management of OSH.

The Human Resources branch and the OSH Committee share responsibility for improving and maintaining positive OSH outcomes. The following objectives were achieved:

- 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.

To ensure a hazard free environment and compliance with relevant legislation, the agency's four elected OSH representatives conducted quarterly inspections of the WorkCover WA premises in 2019/20.

In 2019/20 the OSH Committee undertook a holistic review of the OSH Risk Register and will provide feedback to the Risk Management Review Group on identified risks, control measures in place and staff perception of risk management by the agency.

The OSH Committee prepared and published an *OSH Commitment Statement* which confirms WorkCover WA's commitment to maintaining high standards of occupational safety and health.

The OSH Committee assisted the agency to manage COVID-19 through the provision of feedback, OSH inspections and by promoting good hygiene, physical distancing and safe and productive working from home arrangements.

## Health and wellness

WorkCover WA provides a health and wellness program which supports and contributes to the health and wellbeing of staff. The program will continue into 2020-22 with a new *Health and Wellness Action Plan* now in place.

The agency maintained its "Recognised Healthy Workplace" Silver accreditation in 2019/20, with a range of wellness initiatives including:

- introducing a weekly exercise program as part of the agency *COVID-19 Health and Wellness Strategy*
- publishing of Good News Bulletins as part of the agency *COVID-19 Health and Wellness Strategy*
- facilitating healthy heart checks, skin cancer screenings and flu vaccinations
- providing free on-site gym facilities
- supplying healthy snack stations
- conducting a health and wellness survey.

Following the survey, the health and wellness program recognised:

- 97% of participants wanting to improve their overall health and wellbeing
- 88% of participants indicated sufficient health and wellness information is available within the workplace
- the majority of participants valued the Lunch 'n' Learn sessions
- all participants are aware of the fresh fruit and health food stations.

# Section 3

## Governance

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## 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 planning, reporting and governance activities, and draws from a number of sources to ensure relevant documents and plans are aligned with organisational and government goals. It also links service areas and projects to the vision, purpose and objectives of WorkCover WA.

### Delegation of authority

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

### Committees

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

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

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

- documented terms of reference 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.

### Audit and Risk Management Committee

The Audit and Risk Management Committee provides independent assurance and assistance to the Board on WorkCover WA's *Risk, Control and Compliance Framework* and its external accountability responsibilities. The Committee is chaired by a member of the Board and met three times during 2019/20.

### Costs Committee

The Costs Committee is an independent committee established under the Act reporting directly to the Minister for Mines and Petroleum; Energy; Industrial Relations. It is authorised to make, amend or revoke a determination fixing maximum costs for legal and registered agent services. The Committee was not required to meet during 2019/20.

### Workplace Consultative Committees

Workplace consultative committees, chaired by a member of the Corporate Executive, offer avenues for staff to engage with senior management about policy and operational matters. The committees include staff members with relevant skills, knowledge or insights from across the agency. Minutes of internal committee meetings are tabled at Corporate Executive meetings and are published on the intranet.



## Equity and Diversity Committee

The Equity and Diversity Committee develops and maintains a workplace culture supportive of equal employment opportunity and diversity principles to ensure all staff are treated with fairness, dignity and respect.

This includes developing initiatives to raise staff awareness and understanding about equity, diversity and employment strategies.

The Committee met quarterly in 2019/20 and is pleased to report WorkCover WA has surpassed the public sector target in most diversity areas and has attained the following participation rates:

- 50% of women in tier 2 and 3 management positions
- 6.2% employees with disability
- 2.3% indigenous employees
- 16.3% culturally diverse background employees
- 3.9% youth employees.

Equity and diversity is a standing agenda item at all Corporate Executive meetings.

## Emergency Planning Committee

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

The Committee met twice during 2019/20 and reviewed and updated the Emergency Response Procedure and Guide to include information about managing large visitor numbers and visitor mobility challenges.

A planned evacuation was conducted in a timely and efficient manner and in accordance with the *Emergency Response Procedure and Guide*. There were no unplanned evacuations in 2019/20.

## Joint Consultative Committee

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

The Committee consists of the CEO, WorkCover WA's elected union delegates and senior management representatives, and meets quarterly, or as required. The Committee met formally on one occasion in 2019/20 and consulted more broadly out of session on matters including:

- *'Christmas/New Year reduced services' Period Plan*
- *COVID-19 Safety Plan*
- *Working from Home Arrangements Policy*
- *IT Policy Manual*
- *OSH Manual*
- *OSH Management Plan*
- *OSH Policy*
- *WorkCover WA Code of Conduct*
- *Freedom of Information Policy*
- *Family and Domestic Violence Guidelines.*

## Occupational Safety and Health Committee

The Occupational Safety and Health Committee facilitates consultation and cooperation across WorkCover WA and in 2019/20 examined issues affecting the health and wellbeing of staff which included:

- a holistic review of the OSH Risk Register which provides feedback to the Risk Management Review Group regarding identified risks, control measures in place and staff perception of risk management by the agency
- assisting the agency to manage COVID-19 with OSH representatives conducting inspections, promoting and monitoring good hygiene, physical distancing and safe and productive working from home
- supporting Human Resources to promote and coordinate an interactive OSH forum for all staff regarding resilience.

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 (OBM) structure. The Committee also ensures the agency complies with government directives, guidelines and legislation in developing, implementing and monitoring organisational performance outcomes.

The Committee is chaired by the CEO and consists of the Corporate Executive and senior officers. The Committee meets quarterly and met three times in 2019/20. A fourth meeting was conducted out-of-session.

The Committee has integrated the agency's Key Performance Indicators 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 'Best Practice Top 20 Small Agencies' for the management and reporting of its finances and KPIs.

## 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 Group comprises staff with risk management obligations, and is responsible for:

- identifying, monitoring and reviewing strategic and operational risks
- encouraging and promoting greater awareness and understanding of risk management
- providing guidance on risk management.

During 2019/20, the Group met quarterly and continued to facilitate the growth of risk management knowledge, awareness and adoption across the agency. This was achieved through:

- overseeing changes to risks and controls within the risk management register
- reporting against Key Risk Indicators linked to the *Risk Strategy and Appetite Statement*
- ensuring risk owners monitor and review risks in accordance with set schedules
- reviewing risks during COVID-19 and altering working arrangements
- reporting regularly to the Corporate Executive, the Audit and Risk Management Committee and the Board.

## Customer service

### Customer Service Charter

The *Customer Service Charter* outlines our commitment to our customers and the service they can expect to receive when dealing with WorkCover WA. The *Customer Service Charter* is supported by the *Customer First Feedback Policy* and managed through an online Customer First Feedback system.

### Customer First Feedback

WorkCover WA recognises feedback from customers is the most immediate and effective measurement of public perception of its performance. In 2019/20, the agency received five compliments, three complaints and three suggestions through the Customer First Feedback system.

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 Commission 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 feedback is reported regularly to the Corporate Executive to identify trends and implement positive change. 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.

### Complaints against service providers

WorkCover WA places great importance on investigation of complaints about service providers who participate in the scheme. Management of these complaints during 2019/20 is detailed in *Section 5: Agency performance*.

## 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.

### Public Interest Disclosure

The *Public Interest Disclosure Act 2003* facilitates the disclosure of sensitive, public interest information and provides protection for those who disclose and those who are the subject of disclosures. The agency publishes information about making a public interest disclosure.

There were no public interest disclosures in 2019/20.



## Freedom of Information

The *Freedom of Information Act 1992* gives a general right of access to documents held by state and local government agencies. The agency publishes a *Freedom of Information Statement* outlining the process for dealing with and responding to freedom of information requests.

There were 130 freedom of information requests in 2019/20 with the majority of requests being for claims records.

## Communication policies

WorkCover WA publishes policies which govern internal and external communications and ensures staff are made aware of these policies. Communications policies are supported by the *Freedom of Information Policy*, *Records Management Policy* and *Code of Conduct*.

In 2019/20 a governance schedule ensured each policy was periodically reviewed for adequacy, currency and effectiveness including:

- *External Data Release Policy*
- *Dealing with Unreasonable or Threatening Customer Behaviour Procedure*
- *Disclosure of Personal Information Policy and Procedure*
- *Insurer Liability Procedure*.

## Risk management policies

### Enterprise Risk Management Framework

WorkCover WA anticipates and mitigates risks to the agency and the sustainability of the scheme through an *Enterprise Risk Management Framework*. The framework guides WorkCover WA's approach to managing risk.

In 2019/20, the agency continued to enhance its risk management maturity levels through the ongoing measurement and monitoring of Key Risk Indicators.

Other risk management policies and procedures reviewed regularly include:

- business continuity plans, procedures and enactments
- performance against the *Good Governance Guide* for agencies
- the *OSH Policy and OSH Procedures*, *OSH Management Plan* and *OSH Risk and Legal Register*
- 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 *Conflicts of Interest Register*.

Policies and procedures are reviewed on an annual or biennial basis.

# Performance Management Framework

## Outcome Based Management Structure

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

Table 9 outlines the WorkCover WA Outcome Based Management structure, including the Agency Desired Outcome and Agency Services.

**Table 9: WorkCover WA Outcome Based Management Structure**

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





## State 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
- participating in whole of government workforce management initiatives aimed at achieving operational efficiencies.

### **Future jobs and skills: grow and diversify the economy, create jobs and support skills development**

- 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 seminars to develop skills in workers' compensation, claims and injury management
- providing professional development opportunities for WorkCover WA staff to undertake new tasks and roles to ensure 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
- ensuring an appropriate level of compensation and support for dependants of workers fatally injured at work.



## Better places: a quality environment with liveable and affordable communities and vibrant regions

- educating regional workers and employers about workers' compensation and injury management
- conducting regional compliance inspections
- monitoring workers' compensation costs and regulating compliance to ensure the business expense of workers' compensation insurance is proportionate to the risk for employers.

## Shared responsibilities with other agencies

WorkCover WA does not share any responsibilities under the Act with other agencies.

## How we measure our performance

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



### Service 1: Scheme Regulation

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



### Service 2: Scheme Services

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

## 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.

There were no changes to the Outcome Based Management Structure or KPIs in 2019/20.

Refer to *Section 7: Key Performance Indicators* on page 103 for full KPI information.

**Table 10: WorkCover WA's KPIs**

### Key Effectiveness Indicators

- |     |  |
|-----|--|
| 1.1 | Number of non-compliance events identified as a result of a claim on the General Account |
| 1.2 | Proportion of conciliations completed within eight weeks                                 |
| 1.3 | Proportion of disputes resolved within six months  |

### Key Efficiency Indicators

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

## Public sector reform

WorkCover WA has contributed to the following public sector reforms:

### A strong economy

Cost effective business processes were implemented to ensure workers' compensation entitlements, recommended premium rates and service cost scales are updated for equitability. Recommended premium rates remain low in the 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. Developing stakeholder understanding of their rights and obligations ensures workers have a positive workers' compensation experience.

### 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. There is also appropriate support and compensation for dependants of workers fatally injured at work.

Safeguards for injured workers occur by ensuring employers have workers' compensation insurance. Broader regulatory approaches were implemented to ensure an appropriate level of service is provided to injured workers.

## A liveable environment

Regional employers and workers have access to all WorkCover WA education, training both in-person and online, with the opportunity to participate in dispute resolution at WorkCover WA using video conferencing and telephone link facilities.

### Aboriginal wellbeing

*A Reconciliation Strategy* to raise awareness about the culture and values of Aboriginal Australians is a key workplace initiative which focuses on recruiting Aboriginal Australians under the age of 25. It also increases engagement with Aboriginal businesses on the procurement of goods and services.

### Regional prosperity

Regional visits ensure employers in the regions can continue to operate and grow their businesses without being financially impacted by a workers' compensation claim.

# Section 4

## Scheme performance

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## Open and transparent reporting

WorkCover WA closely monitors the performance of all aspects of the Western Australian workers' compensation scheme. Understanding scheme trends through the collection and analysis of data ensures the ongoing stability of the scheme and early detection of emerging issues.

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

During 2019/20, the agency published the following reports:

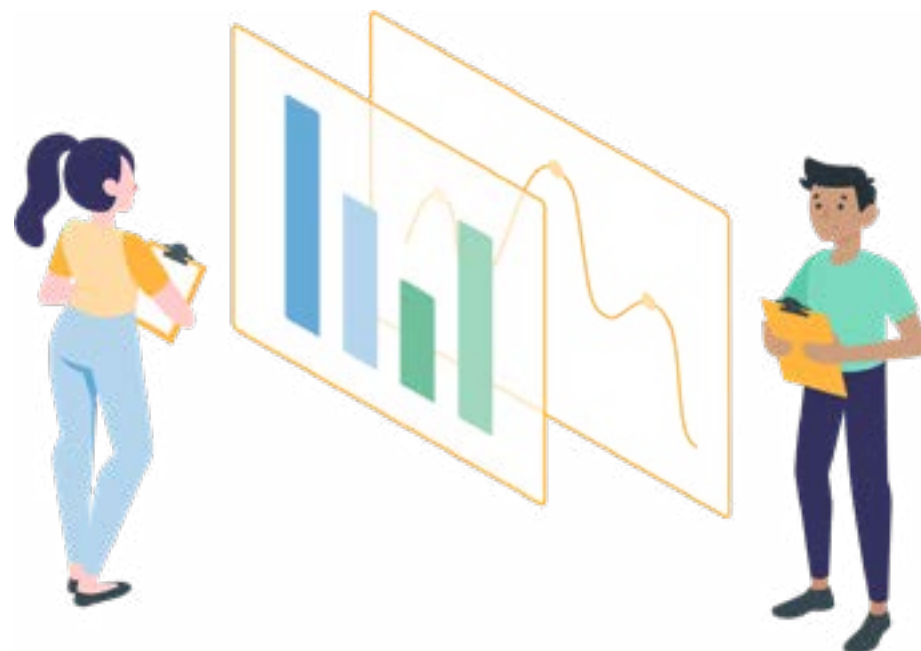
- *Claims Experience Status Report*
- *Conciliation and Arbitration Services Status Report*
- *Foot Injury Claims Statistical Note*
- *Hand Injury Claims Statistical Note*
- *Industry Benchmark Report*
- *Industry-Specific Statistical Reports (Construction, Health care and social assistance, Manufacturing 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)*
- *Stress-related Claims Statistical Note*
- *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 'Reports and statistics' page at [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au).

## Comparative overview

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

- the third lowest standardised average premium rate of the Australian jurisdictions
- around 78% of scheme costs expended on services and payments for claimants, on par with the national average
- approximately 84% of claim disputes resolved within six months, above the national average of 81%
- a disputation rate of 4.2%, the third lowest of the Australian jurisdictions and below the Australian average of 5.0%.



## Scheme performance report

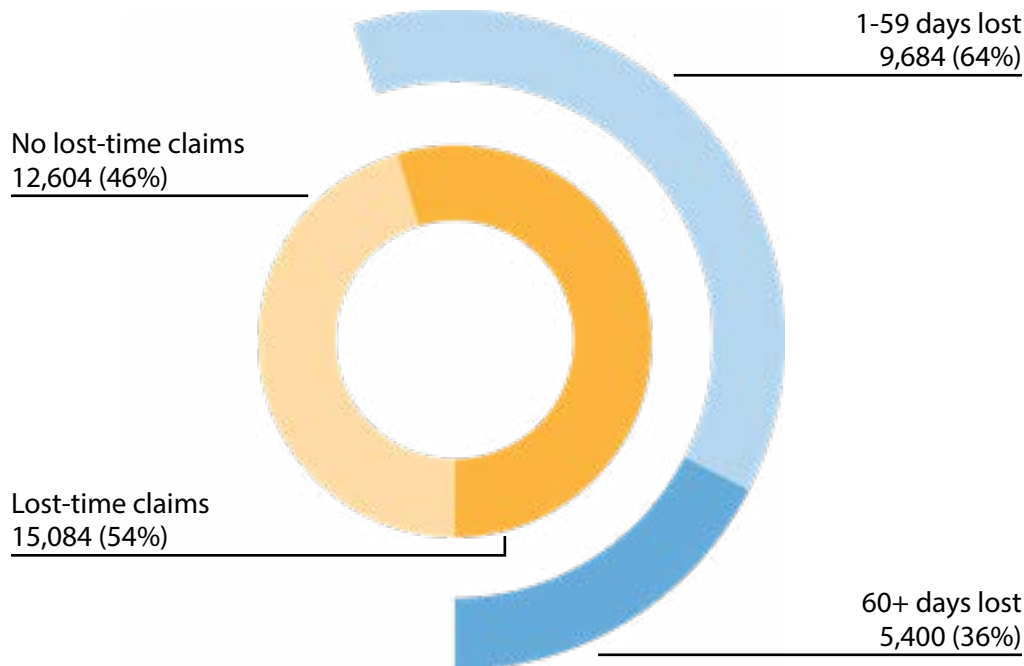
Due to the nature of the processes involved in the capture, verification and analysis of claims data, information relating to time away from work (lost-time) as a result of a workers' compensation claim is only available one year retrospectively. As a result, some information from 2019/20 was unavailable at the time of publishing this report and in line with established practice has been reported on information for 2018/19.

### Claim numbers

In 2018/19, 27,688 claims were lodged. Of these, 46% had no lost time and 54% involved at least one day or shift off work (lost-time claims). Of all lost-time claims lodged in 2018/19, 36% had 60 or more days or shifts lost (long duration claims).

Further information on scheme performance is available from [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au) under 'Resources – Reports and statistics'.

**Figure 4: Claim numbers 2018/19**

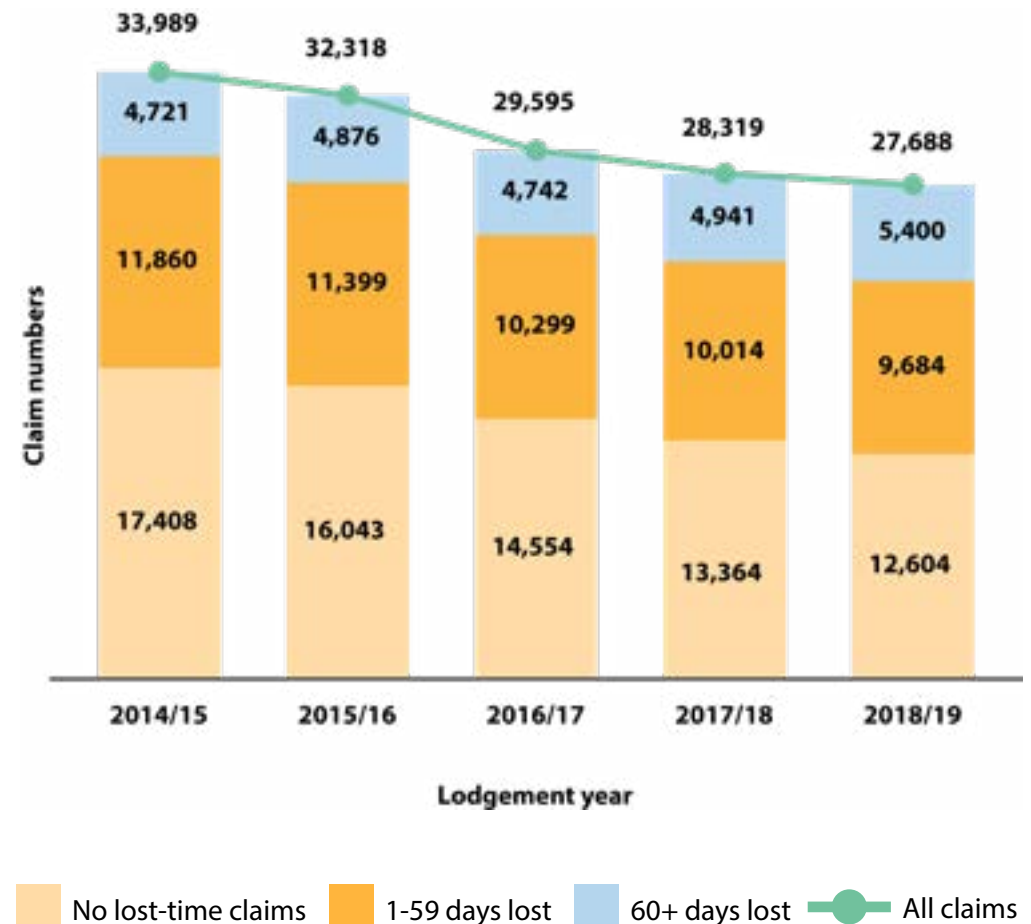


### Claim trends

From 2014/15 to 2018/19, the annual number of claims lodged in the scheme decreased by 18.5% from 33,989 to 27,688.

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.

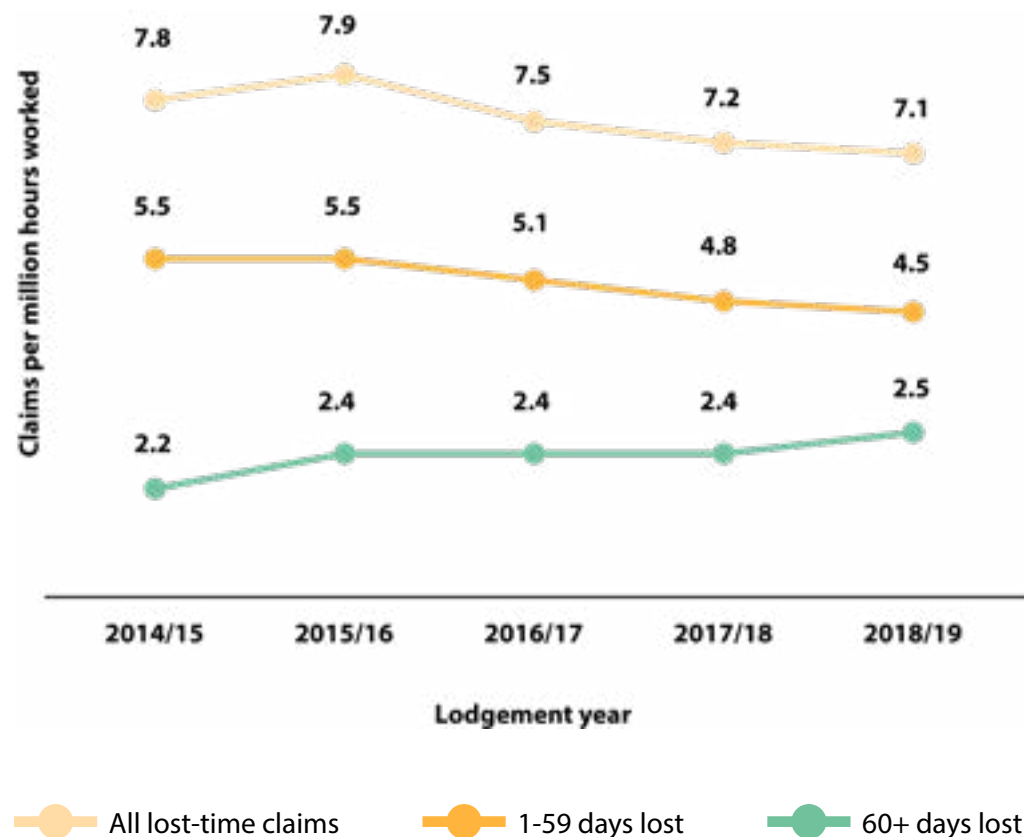
**Figure 5: Claim trends**



## Frequency rates

The frequency rate, which is the number of lost-time claims per million hours worked, decreased by 8.6% between 2014/15 and 2018/19.

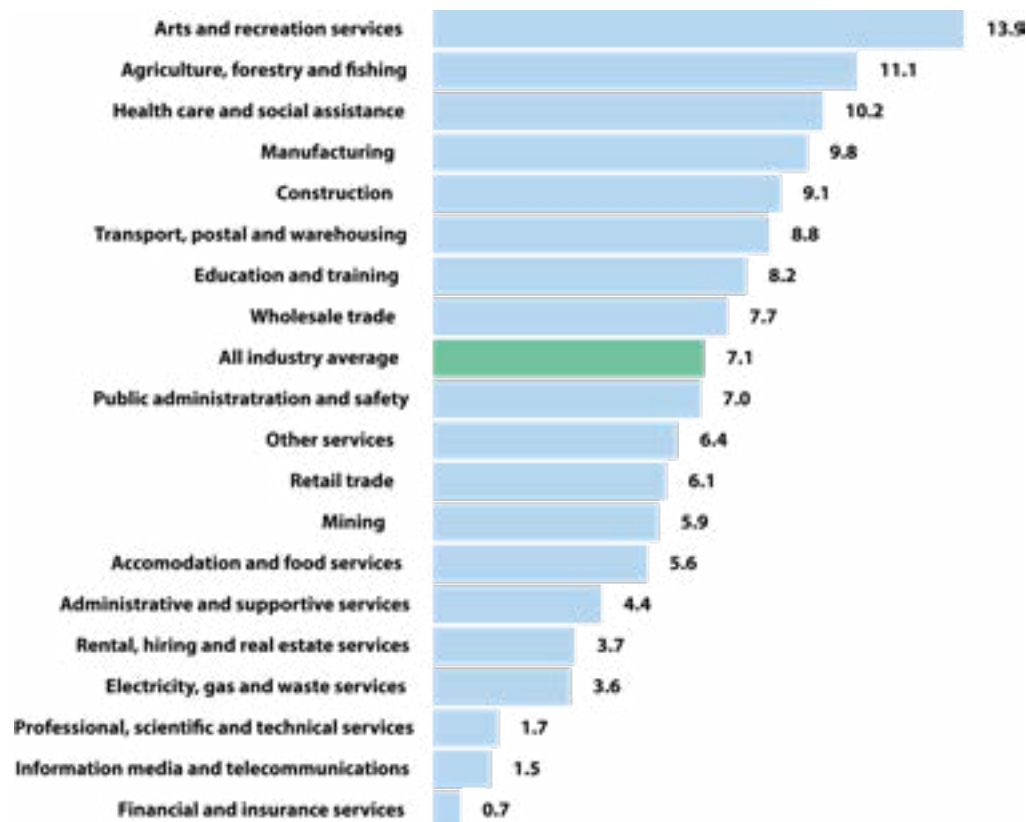
Figure 6: Frequency rates 2014/15 - 2018/19



## Frequency of lost-time claims by industry

In 2018/19, the industries with the highest lost-time claim frequencies were Arts and recreation services, followed by Agriculture, forestry and fishing, Health care and social assistance, and Manufacturing.

Figure 7: Frequency of lost-time claims by industry 2018/19

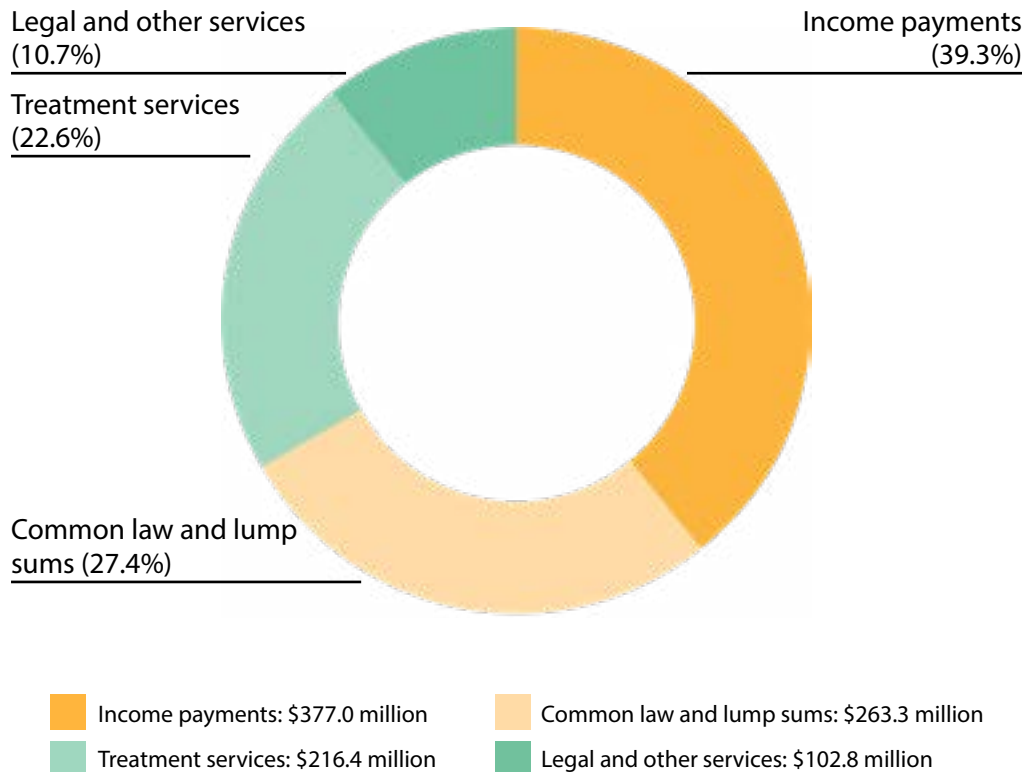




## Scheme payments

During 2019/20, 66.7% of scheme payments were paid directly to workers in the form of income payment and common law and lump sum payouts, while 22.6% of payments were made for treatment services, such as medical, allied health and workplace rehabilitation services. The remaining 10.7% were related to legal and other services.

**Figure 8: Scheme payments 2019/20**



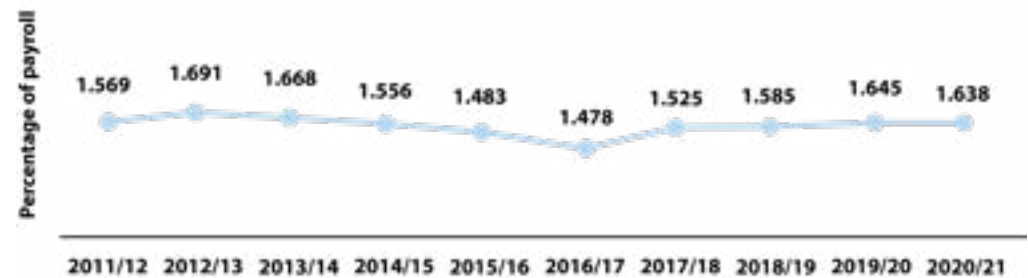
## Average recommended premium rates

WorkCover WA publishes annual recommended premium rates for workers' compensation insurance for each industry. The average recommended premium rate for 2020/21 represents a decrease of 0.4% on the previous rate, from 1.645% to 1.638% of total wages.

Recommended premium rates are developed with the assistance of the scheme actuary. In 2019/20 the scheme actuary was PricewaterhouseCoopers Consulting.

The 0.4% decrease for the 2020/21 average recommended premium rate is driven by a reduction in claim numbers, changes in average claim costs, market interest rates and projected earned wages. Average recommended premium rates vary from year-to-year to ensure the scheme is fully funded. The State's average recommended premium rates are low by national standards.

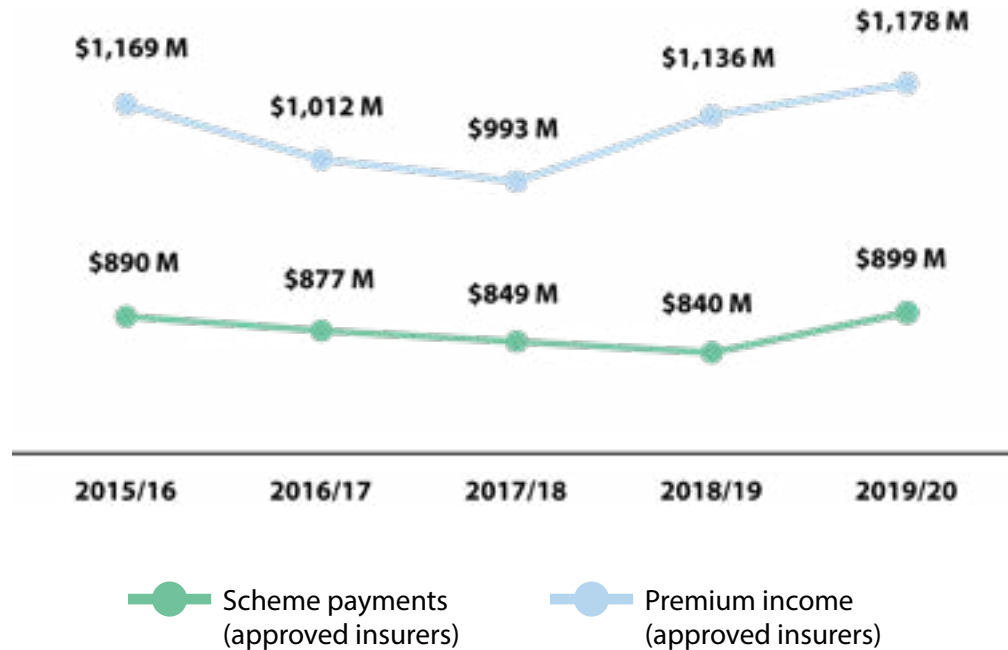
**Figure 9: WA average recommended premium rates**



## Scheme payments and premium income

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

**Figure 10: Scheme payments and premium income**

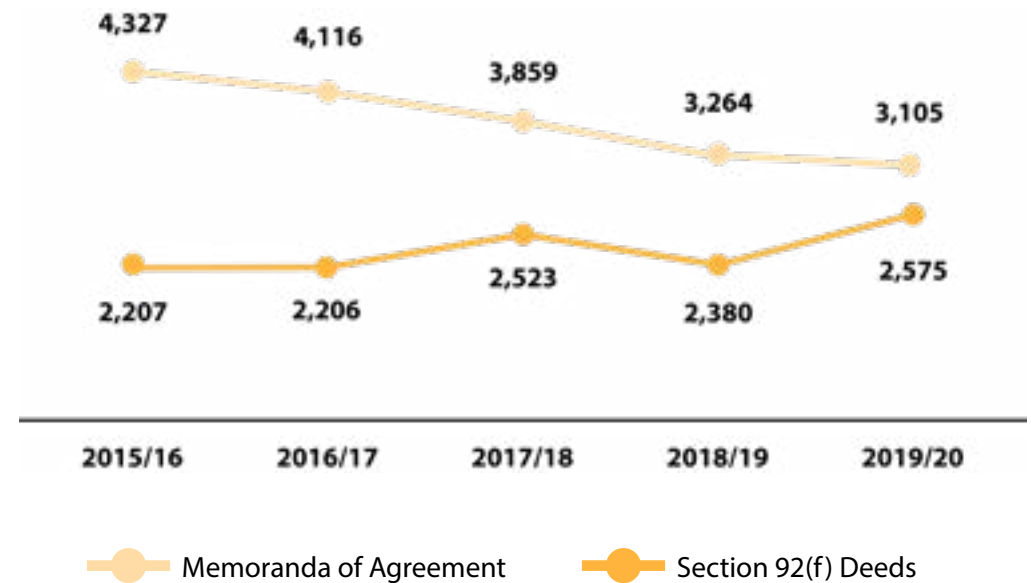


## Settlements

Settlement of workers' compensation claims may occur in a number of ways in the 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 in the District Court for common law damages relating to workplace injuries.

The number of section 92(f) Deed settlements has increased between 2015/16 and 2019/20. However, the number of Memoranda of Agreement decreased significantly during this time.

**Figure 11: Number of settlements**



# Section 5

## Agency performance

52 Service 1: Scheme Regulation

69 Service 2: Scheme Services





## Service 1: Scheme Regulation

*Regulation of scheme participants for compliance with legislative requirements.*

### Workers' Compensation Regulatory Framework

The *Workers' Compensation Regulatory Framework* approved by the Board is the foundation of all activities undertaken by WorkCover WA's Regulatory Services division.

The framework ensures regulatory activities are aligned to Government and agency strategies and are continuously improved. The framework outlines WorkCover WA's regulatory vision, principles, objectives, strategies and expected outcomes. It also formalises tools used to regulate stakeholders, including advice and education activities, and enforcement and compliance initiatives.



## Regulating employers

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

**Better places:** a quality environment with liveable and affordable communities and vibrant regions.

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

**Table 11: 2019/20 Compliance outcomes**

Compliance activity	Total number
Investigations	2,264
Letters of caution sent	161
Infringement notices issued	363
Prosecutions completed	59
Enquiries into lapsed or expired policies	4,332
Enquiries into policy cancellations	4,501

During 2019/20, employer compliance activities included:

- enquiring into expired and lapsed policies
- assessing policy cancellation requests
- investigating suspected:
  - breaches of an employer's requirement to hold workers' compensation insurance
  - failure to lodge an injured worker's claim with an insurer
  - late or irregular weekly payments to injured workers
  - contravening a requirement made by an inspector
  - failure to comply with a decision of a dispute resolution authority
  - fraud
- educating stakeholders and identifying non-compliance in targeted areas (refer to page 57 for further information)
- visiting regional Western Australia to conduct regular compliance visits (refer to page 55 for further information).

WorkCover WA's regulation of employers is also demonstrated through the following agency's effectiveness KPI.

**Table 12: 2019/20 KPI effectiveness indicator related to employer compliance**

Description	2019/20 Target/Result	Reference
<b>1.1</b> Number of non-compliance events identified as a result of a claim on the General Account	6 – Target* 0 – Result	110 - 111

\* The target represents an estimate of two uninsured claims per 10,000 claims.

## WorkCover WA investigation model

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

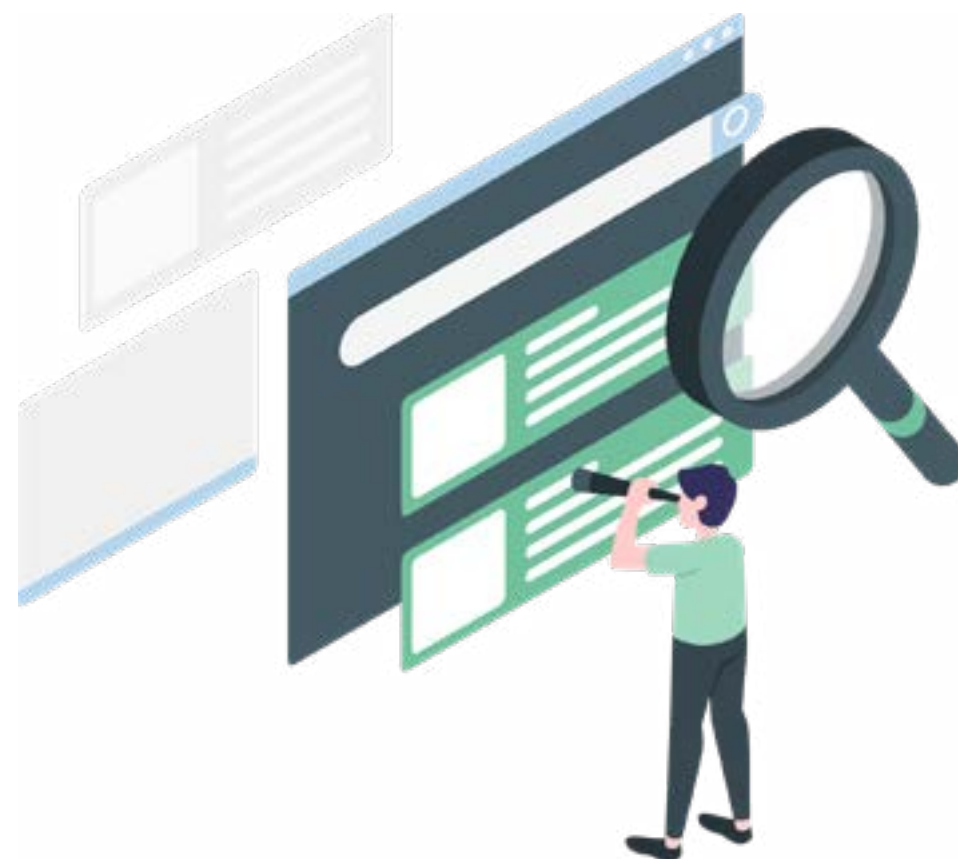
*This project involved simplification of the WorkCover WA investigation model to provide consistency in decision making and streamlined processes. This resulted in better service delivery, and a doubling of investigations in the last financial year. These numbers were maintained in 2019/20.*

The administrative investigations model adopted in 2017/18 continues to improve performance with many efficiencies now embedded into core business.

WorkCover WA continues to refine the investigation model by targeting non-compliance by matching data with State and Federal Government agencies. In this financial year an automated process has been progressed to upload and process Australian Taxation Office and State Department of Finance data. The data matching process enables high risk potential breaches to be identified and investigated.

### Identification of ABNs for policy holders without an ABN

To support the range of data matching strategies, an initiative was undertaken to ensure all policies in the WorkCover WA database had an Australian Business Number (ABN) recorded. The project successfully identified ABN details for almost all policyholders.



## Regional plan

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*Regions in Western Australia are regularly visited by WorkCover WA to ensure workers, employers and service providers are aware of their rights and obligations under the Act. Scheme participants who understand their respective roles leads to better outcomes for all parties involved in the claim and injury management process. This in turn can positively impact the environment they live in and the people around them.*

WorkCover WA aims to ensure all employers, irrespective of where they are located, comply with their legislative obligations.

To ensure our presence in the regional areas of Western Australia, a regional plan is developed and maintained each year.

In 2019/20, WorkCover WA expanded its regional compliance and educational activities beyond regional hubs and into smaller towns and outlying regions. Due to COVID-19 intrastate travel restrictions, some scheduled visits were postponed.



## Regional activity

In 2019/20 five visits were conducted and well received by employers, insurers, insurance brokers, workers and medical service providers. Regional activities included workplace compliance inspections, educational seminars and meetings with stakeholders.

Significant planning was involved in each regional visit to ensure WorkCover WA officers were able to conduct meaningful and effective compliance and educational activities. Ahead of each visit, we:

- notified key stakeholders WorkCover WA would be visiting the region to undertake compliance inspections and education
- reminded employers of their obligations under the Act, as well as the penalties for non-compliance
- advised employers to check they had a valid *Certificate of Currency* available for inspection
- arranged meetings and presentations to answer questions or concerns.

Using intelligence from various internal and external sources, WorkCover WA was able to target potential non-compliant employers in the region being visited.

Our Facebook page was a significant contributor in notifying stakeholders visits were being undertaken. Up to 1,600 people were reached over a seven-day period leading up to a visit, including industry groups, local government agencies, businesses and medical service providers.

### Gascoyne

In July 2019, officers conducted a compliance visit to the Gascoyne region. The townships of Exmouth, Coral Bay, Denham and the City of Carnarvon were visited. Of the 238 inspections, 208 employers were insured, 18 businesses were no longer employing, and 12 businesses had closed.

Following the Gascoyne visit, concerns were raised regarding levels of non-compliance in the vegetable and fruit growing industries in the Carnarvon area. Plantation owner details were obtained which resulted in 118 potential employers identified and contacted by letter in September 2019. Due to travel restrictions associated with COVID-19, this initiative was placed on hold and will be progressed in 2020/21.

### Pilbara

In July 2019, officers conducted a compliance and education visit in the Pilbara region and inspected workplaces in Port Hedland, South Hedland and Dampier.

Prior to conducting the visit, 38 potential non-compliant employers were identified using data matching and other sources. Confirmed breaches resulted in the issue of one letter of caution, two infringement notices and the prosecution of one employer.

### South West

In September 2019, officers conducted a regional compliance and education visit to Bunbury. Nineteen field inspections were conducted which resulted in 11 employers requiring further investigation. All 11 employers were issued infringement notices.

In October 2019, officers conducted a compliance and education visit to Margaret River.

Thirty-seven field inspections were conducted which resulted in 15 employers requiring further investigation. Six employers received infringement notices and one business was issued with a caution.

The remaining eight employers investigated were either not employing, were working directors where insurance is optional, or were no longer operating.

Educational information was provided to the Margaret River Markets for distribution to employing stall holders.



## Targeted regulatory education

WorkCover WA's *Education Plan* aims to raise agency awareness and stakeholder knowledge of their respective roles, rights and responsibilities.

### Industry campaigns and stakeholder engagement

#### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

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

**Strong communities:** safe communities and supported families.

*Industry campaigns ensure employers in high-risk industries are aware of their obligations. This results in a positive claims process and a timely, sustainable recovery and return to work, which has positive effects on the workplace, injured workers and their families.*

Industry campaigns are planned using claims and premium data, and with consideration to the best way for reaching employers, brokers and industry representatives with key messages.

## Horticultural industry campaign

In late 2019, an increase in non-compliance in the horticultural industry in the Gascoyne and Pilbara regions was identified. Non-compliance was attributed to the increased use of casual contract labour and growers failing to understand their legal insurance obligations.

An educational campaign was implemented in early 2020 and included advertisements in industry magazines and other media. In addition, the Department of Primary Industries and Regional Development provided key messages to officers in the West Kimberley, Carnarvon and Kununurra.

Posts were published on our Facebook and Twitter accounts. The posts were promoted through Facebook targeted at users living in the Gascoyne and Pilbara.

### Gascoyne

In July 2019, meetings were held with stakeholders in the Shires of Exmouth, Shark Bay and Carnarvon. Officers visited Shire Councils, the Small Business Development Corporation, a hospital, a medical centre and the Carnarvon Service Aboriginal Corporation.

### Pilbara

In July 2019, officers visited the Pilbara region and met with medical and dental practices, pharmacies, the Royal Flying Doctor Service and local government agencies.

### South West

In September 2019, officers ran an educational seminar at the Bunbury-Geographe Chamber of Commerce and Industry. Officers also met with medical practices, insurance brokers and the Fair Work Ombudsman.

### Indian Ocean Territories

A compliance and education visit to Christmas Island planned for May 2020 was postponed due to COVID-19.

## General practitioner engagement

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

1: Strategic Scheme Management

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

**Strong communities:** safe communities and supported families.

*General practitioners who are aware of their scheme role and responsibilities are better able to assist injured workers with their initial assessment and provision of the First Certificate of Capacity, as well as support during the worker's recovery. This is essential in ensuring a quick and sustainable return to work, and has positive effects on the injured worker, their family and the employer.*



## General practitioner education campaigns

All regional visits conducted in 2019/20 included direct engagement with medical centres and GPs, either through meetings or delivery of information packs. Where GPs were unable to meet with WorkCover WA officers, practice managers and senior medical staff were encouraged to pass on key messages. GPs responded positively to the opportunity to increase their knowledge and understanding of the scheme.

### Margaret River

In October 2019, officers held an information session for GPs at the Margaret River Surgery. Information packs were delivered to other GPs and hospitals in the area. Facebook and Twitter were used to communicate the upcoming visit to stakeholders.

### Busselton

In December 2019, officers visited Busselton and met with GPs, hearing service providers, insurance brokers and local government agencies. Educational resources were provided.

### Bunbury

In February 2020, officers met with a GP and allied health provider practice in Bunbury. Education was provided on the claims process, worker entitlements and medical treatment.

## Approved medical specialist engagement

Approved medical specialists are trained in the use of the *WorkCover WA Guidelines for the Evaluation of Permanent Impairment* and meet WorkCover WA's eligibility criteria. In 2019/20, one training session was held resulting in the designation of seven approved medical specialists.

## Regulating service providers

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*WorkCover WA conducts regulatory activity each year to ensure service providers are delivering an appropriate standard of service and comply with their obligations under the Act. This results in better support and services for injured workers and employers and ensures outcomes are transparent and fair.*

To ensure primary stakeholders receive a positive workers' compensation experience, the following scheme service providers must be approved by WorkCover WA:

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

Principles and standards guide service expectations and a range of tools are utilised to regulate, measure and report on service provider performance. In 2019/20, this included:

- performance reviews of approved insurers and self-insurers to measure compliance and identify service improvements
- audits of approved insurers and self-insurers to evaluate processes and address systemic issues
- reviews of approved insurers and self-insurers to assess practices and make improvement recommendations
- approval, renewal and reinstatement of workplace rehabilitation providers and registered agents to ensure practices are contemporary and fit for purpose
- assessment of allegations and investigation of complaints to enable informed actions to be taken
- building the capacity of stakeholders and service providers to educate and inform on best practice service provision
- reports detailing the results of reviews, audits and examinations to highlight areas of risk and ensure transparency and accountability.

**Table 13: Approved and monitored service providers**

Type of service provider	Number of service providers regulated by WorkCover WA as at 30/6/2020*
Insurers	7
Self-insurers	24
Registered agents	227
Workplace rehabilitation providers	51
Audiometric officers, audiologists and audiometrists	511
Approved medical specialists	271
<b>Total</b>	<b>1,091</b>

\*Reflects the total number of approved service providers in the scheme as at 30 June 2020.

## Service Provider Regulatory Framework

The objective of the *Service Provider Regulatory Framework* is to align existing policies and processes into a cycle of continuous improvement. Implementation of the framework has resulted in greater organisational consistency and regulatory continuity. During 2019/20 the framework was used to effectively regulate service providers by:

- articulating performance standards
- incorporating contemporary monitoring approaches
- proposing a range of regulatory and compliance responses.

At the core of the framework is an increased focus on linking regulatory activities to risk. In 2019/20, WorkCover WA worked with service providers to navigate and respond to the impact of COVID-19 on scheme performance by:

- examining risk assessments
- analysing risk-based approaches
- evaluating the regulatory response model
- providing more practical and direct specialist advice
- creating a more comprehensive approach to strengthen practices.

A structural re-alignment enabled the Regulatory Services division to shape the way the agency responds to the new regulatory and risk models by:

- implementing a portfolio approach to stakeholder regulation
- a comprehensive and cyclical approach to audits and reviews.

## Data and intelligence hub

The *Regulation Oversight Governance Enforcement Response (ROGER)* data intelligence hub was developed to receive, assess and respond to breaches of the Act, regulations and guidelines. *ROGER* has proven to be an effective tool for regulating service standards. We will continue to review how we gather intelligence from within the agency to ensure *ROGER* remains relevant and meaningful.



## 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 Insurance
Guild Insurance
Insurance Australia (CGU Workers' Compensation and WFI Insurance)
QBE Insurance
Zurich Australian Insurance
Insurance Commission of WA*
<i>*insurance covering WA State Government workers</i>

### WorkCover WA approved self-insurers

Alcoa of Australia Limited
Australia and New Zealand Bank Ltd
BHP Group Limited
Bluescope Steel Limited
BP Australia Group Pty Ltd
Brambles Ltd
Brickworks Limited
Cockburn Cement Ltd
Coles Group Limited
CSR Limited
Healius Ltd
Holcim (Australia) Holdings Pty Ltd
Infrabuild Trading Pty Ltd
Inghams Enterprises Pty Ltd
ISS Facility Services Australia Limited
Metcash Trading Limited
Myer Holdings Pty Ltd
South32 Limited
St John of God Health Care Inc
Wesfarmers Limited
Western Australian Local Government Association
Westpac Banking Corporation
Woodside Energy Ltd
Woolworths Group Limited

*Competitive Foods ceased to be a self-insurer as of March 2020.*

## Development of new standards and performance indicators for service providers

### *Insurer and Self-Insurer Principles and Standards of Practice*

In collaboration with a reference group of industry stakeholders and service providers, WorkCover WA developed the *Insurer and Self-insurer Principles and Standards of Practice (Principles and Standards)*.

The *Principles and Standards* are a timely response to findings across a number of jurisdictions which highlighted changing community expectations regarding the role of regulators and the entities they oversee.

The *Principles and Standards* aim to ensure insurers and self-insurers provide fair and equitable services to workers and employers, through the decisions they make and the actions they take.

The *Principles and Standards* provide a cohesive set of service expectations to assist insurers and self-insurers with providing high quality services and effective experiences.

The principles are guiding statements applicable to all aspects of the workers' compensation experience and are to be referenced when an issue is not directly covered by the standards.

**Figure 12: Principles and Standards of Practice: the principles**

<b>Principle 1</b> Transparent and Timely	Decisions and processes made by insurers and self-insurers must be fair, timely, transparent, efficient and, where practicable, informal.
<b>Principle 2</b> Reasonable and Active	Insurers and self-insurers must take reasonable and proactive steps to be informed before decisions are made, and must not delay decisions once sufficient information is obtained.
<b>Principle 3</b> Regular and Responsive	Regular and responsive communication must underpin the delivery of workers' compensation services, particularly where sensitive and complex issues exist.
<b>Principle 4</b> Viable and Accountable	Insurer and self-insurer processes, practices and systems should support the long term viability, accountability and performance of the workers' compensation scheme.

The standards articulate six priority areas which have the greatest potential to impact on workers and employers.

**Figure 13: Principles and Standards of Practice: the priority areas**



Performance indicators enable WorkCover WA to assess and monitor the extent to which insurers and self-insurers comply with the principles and standards to achieve positive outcomes.

**Figure 14: Principles and Standards of Practice: the performance indicators**



Over the coming year, WorkCover WA expects insurers and self-insurers will introduce, improve and implement controls to ensure the *Principles and Standards* are serving the purpose of maximising the workers' compensation experience for workers and employers.

WorkCover WA will be transparent in holding insurers and self-insurers accountable to the community for their performance against the service standards.

## Insurers

### Approved insurer annual performance review

The performance of insurers is reviewed annually by WorkCover WA. The annual report provided to the Board assesses insurer performance against the following six categories:

- service delivery and claims management
- settlements and disputes
- data submission
- audit results
- advice and assistance
- continuous improvement.

The key observations from the annual review were:

- a resourcing decrease of 5.4% in FTE across all insurers
- a reduction in claim numbers with 25,084 in 2018/19 compared with 25,387 in 2017/18
- an increase in applications to charge premiums above the recommended rate
- claim settlement rates increased
- insurers were partially successful in improving in a range of priority areas identified in the previous year.

## Self-insurers

### Approved self-insurers annual performance review

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

The sufficiency of financial undertakings provided by self-insurers is reviewed annually by WorkCover WA. This review includes an analysis of the claims experience and the actuarially assessed level of outstanding claim liabilities for each self-insurer.

The annual review assessed each self-insurer against the following five categories:

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

The key observations from the self-insurer annual performance review were:

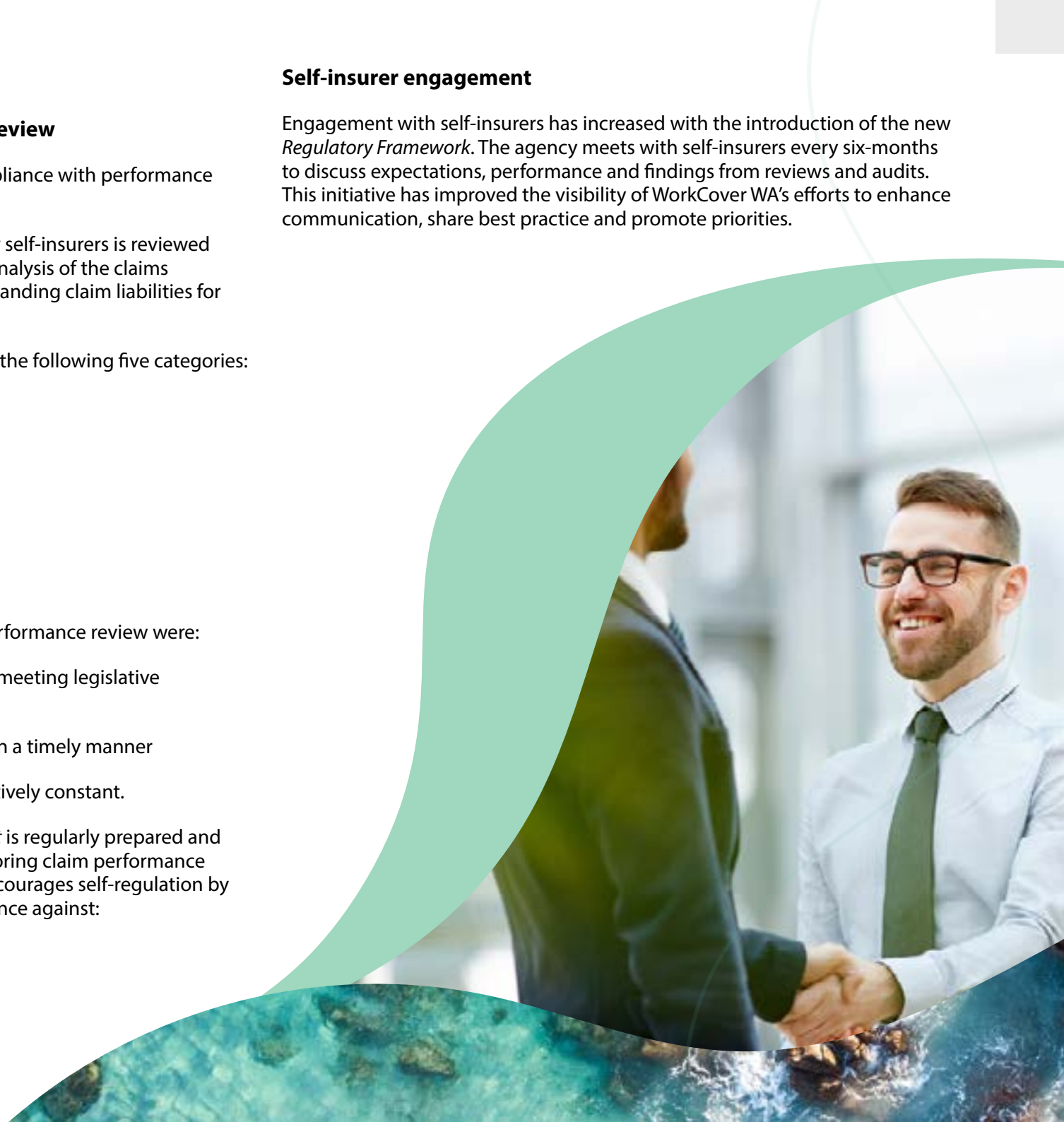
- self-insurers had improved performance in meeting legislative timeframes
- self-insurers were resolving more disputes in a timely manner
- the settlement rate of claims remained relatively constant.

A *Self-Insurer Claims Management Performance Report* is regularly prepared and distributed to ensure self-insurers are actively monitoring claim performance and identifying areas of improvement. The report encourages self-regulation by encouraging self-insurers to compare their performance against:

- legislative requirements
- performance indicators
- the performance of other self-insurers.

## Self-insurer engagement

Engagement with self-insurers has increased with the introduction of the new *Regulatory Framework*. The agency meets with self-insurers every six-months to discuss expectations, performance and findings from reviews and audits. This initiative has improved the visibility of WorkCover WA's efforts to enhance communication, share best practice and promote priorities.





## Annual performance review

### Audits

WorkCover WA's systemic audits use a topic identification and selection process which integrates risk, materiality and coverage to establish priorities. The topic selection is the basis for gathering and analysing evidence to determine the scope, lines of inquiry, criteria and availability and reliability of audit evidence. In 2019/20, three systemic audits were conducted, each related to pended claims.

### Systemic audit of pended claims by approved insurers

One of the principal aims of the workers' compensation scheme is to achieve the rehabilitation and return to work of injured workers as early as possible, taking into account the nature and severity of the injury. Returning injured workers back to work in a timely, safe and sustainable way has financial, social, psychological and physical benefits, as well as positive outcomes for the employer and the scheme.

Claims are 'pended' where a decision on liability cannot be made within the timeframes specified in the Act. When a claim is pended for an extended period, there can be detrimental impacts on the worker.

WorkCover WA reviewed claims which were pended for more than 50 days after lodgment with the insurer. The 50 day benchmark reflects:

- an initial 14 days to notify an injured worker if their claim is accepted, denied or pended by the insurer for more time to make a decision
- a further 10 days if a decision was not able to be made
- a further 26 days to administratively process the claim.

The audit found that while long term pended claims have the potential to have a significant impact on the worker, there is no evidence pended claims are a systemic issue in Western Australia. It was found over a five year period, 130,837 claims were opened and 0.7% of claims were pended for longer than 50 days before a decision on liability was made.

### Systemic audit of pended claims by approved self-insurers

A review of self-insurer claims pended for more than 50 days revealed they account for only 0.6% of total self-insurer claims. Of the long-term pended claims, some claims data had been incorrectly submitted and claims had in fact been finalised.

### Targeted review of insurer pended claims greater than 1,000 days

A detailed analysis of 38 claims found to have been pended for longer than 1,000 days was undertaken.

In 75% of cases, the claim was initially accepted, and the pended status related to an alleged recurrence or aggravation of injury. In most cases, it was found workers had received entitlements and return to work outcomes in accordance with the Act, and treatment expenses had continued to be paid under the initial claim.

In all cases, the review indicated the pended status could be more properly described as 'disallowed' (in dispute). This finding suggests long term pended claims are not a systemic issue in the Western Australian scheme.

## Investigation of complaints against approved service providers

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

WorkCover WA encourages and expects 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, injury management and claims management services to employers and injured workers.

In 2019/20, WorkCover WA investigated 22 complaints against approved insurers, compared with 13 the previous year. Four of these complaints were substantiated.

One unsubstantiated complaint against a self-insurer was investigated in 2019/20, compared to no complaints in 2018/19.

### Registered agents

Parties to conciliation and arbitration proceedings may be represented by registered agents.

In 2019/20 there were 238 registered agent approvals, of which four were independent registered agents.

There were no complaints against registered agents in 2019/20.

### 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.

In 2019/20 there were 51 approved workplace rehabilitation providers.

There were two investigations into complaints against workplace rehabilitation providers in 2019/20. Neither complaint was substantiated.

## 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.

In 2019/20, there were 554 approved audiometric officers, audiologists and audiometrists operating in the scheme.

There were no complaints against approved audiometric officers, audiologists or audiometrists in 2019/20.

### Approved medical specialists

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

In 2019/20, WorkCover WA designated seven new approved medical specialists and, as at 30 June 2020, there were 271 operating in the scheme.

In 2019/20, there was one investigation into a complaint against an approved medical specialist which was substantiated. Appropriate enforcement action was taken.

**Table 14: Complaints against service providers\***

Type of service provider	2016/17	2017/18	2018/19	2019/20
Insurers	4	5	13	22
Self-insurers	0	1	0	1
Registered agents	2	2	0	0
Workplace rehabilitation providers	0	0	0	2
Audiometric officers, audiologists and audiometrists	0	0	0	0
Approved medical specialists	2	0	0	1
Total complaints	8	8	13	26

\*Includes substantiated and unsubstantiated.

## Improving scheme performance

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*WorkCover WA aims to improve scheme performance by ensuring there is a high level of understanding and management of issues impacting the scheme and scheme participants. These activities positively impact the quality of service delivered by scheme stakeholders and the experience of injured workers who rely on the scheme.*

In line with statutory requirements, WorkCover WA annually prescribes the following:

- 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 scheme.

## Silicosis support

Research in Australia and overseas found workers in the engineered stone benchtop industry can be exposed to levels of respirable crystalline silica which may result in a lung disease known as silicosis. To make a claim for compensation, workers are required to obtain a *Certificate of Capacity* from a doctor with a provisional diagnosis of silicosis. In order to relieve the financial burden on workers and expedite the process, an interim arrangement was made with insurers to pay for medical tests prior to accepting a claim. To date the number of claims is very low and the arrangement is subject to ongoing review.

## 75% loadings

WorkCover WA annually fixes the recommended premium rate applicable to an employer's industry. Insurers may propose to 'load' this rate based on an employer's individual risk profile and claims experience. The proposed premium can be appealed by employers if the loading is over the set limit and premium loadings greater than 75% must be approved by the Board before charging.

In 2018/19, the Regulatory Services division introduced a comprehensive guide to applying for and appealing premiums greater than 75%. Following release of the *Assessment of Premium Rates and Industry Classifications: Loading and Appeal Policy*, 75% loading application procedures were implemented to streamline the process.

## Review of Medical Fees and Regulatory Framework

This divisional project involved a comprehensive review of medical fees and services. In May 2020, the Board determined to defer this project until the new Act is implemented, and relevant work completed in other jurisdictions. While this project has been deferred, considerable data analysis and jurisdictional comparisons have been completed and will be used in the future.

## Business processes and standard operating procedures

This divisional project aimed to continue the work piloted in 2018/19. Resource constraints and a decision not to renew supporting software resulted in the project being discontinued. Alternative approaches have been adopted to facilitate recording of business processes and standard operating procedures.

## Legislative review and amendments

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*Progressing legislative reform results in improvement, modernisation, clarification and simplification of key issues and processes within the scheme, leading to more efficient service delivery and better support and return to work outcomes for injured workers and their families.*

## Development of new workers' compensation Act

Significant progress on the drafting of the new workers' compensation Act occurred in 2019/20. An exposure Bill is well advanced with stakeholder consultation expected to commence in 2020/21. More information about development of the new workers' compensation Act is available on page 24.

## Orthopaedic Services Claims Advisory Review Panel

In 2019/20, the Policy and Legislation branch worked with the Australian Orthopaedic Association Western Australia (AOA WA) on the development and launch of an Orthopaedic Services Claims Advisory Review Panel (OSCARP).

OSCARP is an industry led initiative established to assess surgery proposals or quotes in relation to the application of MBS item numbers and descriptors with a view to providing informed, non-binding recommendations to insurers and surgeons.

Following an initial six-month trial period, the AOA WA is currently considering options for the future of the OSCARP initiative.

## Amendments to the Conciliation and Arbitration Rules

As part of the transition to online conciliation and arbitration services, the Policy and Legislation branch progressed amendments to the following:

- *Workers' Compensation and Injury Management Conciliation Rules 2011*
- *Workers' Compensation and Injury Management Arbitration Rules 2011*
- *Workers' Compensation and Injury Management Regulations 1982.*

The amendments provide for mandatory electronic lodgement of conciliation and arbitration applications and certain other documents by injured workers, law firms, insurers and registered agents.



## Service 2: Scheme Services

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

### Resolving disputes

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

1: Strategic Scheme Management

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

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*WorkCover WA provides services to resolve disputes related to workers' compensation matters. Projects and initiatives outlined in this section reflect efforts to maintain a high level of service delivery to ensure disputes are resolved in a fair, cost effective and timely manner.*

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

- minimise costs to parties to disputes
- facilitate final and appropriate agreements between parties in relation to disputes (conciliation)
- enable disputes not resolved by conciliation to be determined with as little formality and technicality as practicable (arbitration).

In addition to assisting the resolution of disputes by conciliation, the WorkCover WA Conciliation Service is responsible for recording settlement agreements finalising workers' compensation claims (i.e. registration of Memoranda of Agreement and Common law settlement deeds) and processing of documents submitted in relation to common law elections.



## Dependency Claims

In 2019/20, 22 dependency claims for workplace fatalities were lodged with the Arbitration Service of which 10 were finalised within three months of acceptance. There are currently 10 active dependency claims before the Arbitration Service which were lodged in the last quarter of 2019/2020 and the resolution of these is progressing.

## Digital First – Conciliation Online

As part of WorkCover WA's *Digital First Strategy*, online lodgement services were implemented for conciliation in August 2019.

The online conciliation services have provided an efficient and effective means of document lodgement and communication. During COVID-19, Conciliation Services were able to operate largely uninterrupted due to the online service capability to provide the following remote services:

- lodgement of applications for conciliation and supporting information
- document exchange between the Conciliation Service and parties to a dispute
- related activities, such as conference scheduling and issuing notices.

The online conciliation registry services have been well received by stakeholders and feedback has been consistently positive.

The user-friendly platform provides up-to-date dispute information to all parties. Online services have provided the necessary flexibility and reliability to conciliation service stakeholders and staff to enable conciliation services to be delivered remotely during COVID-19.

## Digital First – Arbitration and Settlements Online

This project was a part of strategic initiatives to provide a suite of online services related to arbitration, settlements and common law elections. The project was a continuation of WorkCover WA's *Digital First Strategy* and built on functionality made available to stakeholders in August 2019.

Online arbitration registry services became available on 20 April 2020. Parties to a dispute are now able to conduct administrative transactions related to disputes via the WorkCover WA Online portal at both conciliation and arbitration stages. Functionality to lodge online applications regarding dependency claims was also implemented in April 2020.

Online services to facilitate lodgement of settlement and common law related documents were implemented in June 2020.

COVID-19 impacted on the availability of IT, frontline and external resources for development and testing of the various elements of online services. Despite this it was determined that online arbitration services should be progressed as a priority to facilitate remote document lodgement for all disputes and this was fast tracked to ensure essential functionality was available to stakeholders as soon as possible.

Enhanced functionality and website appearance work was completed later in consultation with online service users.

## 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 not resolved by conciliation according to their substantial merits.

The following tables illustrate WorkCover WA's achievement of these objectives, including numbers of applications accepted and cases completed. In Table 16, KPI effectiveness indicator 1.2 relates to the Conciliation Service and 1.3 to the Conciliation Service and Arbitration Service combined.

**Table 15: 2019/20 Conciliation and Arbitration Services applications and cases\***

Conciliation applications accepted	2,023
Conciliation cases completed	2,045
Arbitration applications accepted	636
Arbitration cases completed	588

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

**Table 16: 2019/20 KPI effectiveness indicators related to the Conciliation and Arbitration Services**

Description	2019/20 Target/Result	Reference
<b>1.2</b> Proportion of conciliations completed within eight weeks	97.0% - Target	112 - 113
	96.6% - Result	
<b>1.3</b> Proportion of disputes resolved within six months	90.0% - Target	114 - 115
	85.6% - Result	

## Dispute Services User 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.

In 2019/20, the Group met five times. Four of those were regular quarterly meetings, and one meeting was an emergency meeting held to discuss issues relating to COVID-19, including document lodgment and telehealth options.

In 2019/20 the Group discussed and considered:

- conciliation online module feedback
- dispute resolution statistics and trends
- termination day notices
- representatives' authority to settle matters
- arbitration, common law and settlements online module
- proposed legislative amendments
- alternative methods of document lodgment and acceptance of telehealth reports in response to COVID-19.

## Pre-arbitration conferences

Pre-arbitration conferences are held on a voluntary basis in the majority of arbitration cases once 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 2019/20, 228 pre-arbitration conferences were held, with 91% of these disputes resolving without the need for formal arbitration.

## CAS paper-light transition

The aim of this initiative was to review internal processes relating to assessing and recording settlements with an aim to increase efficiency and reduce reliance on paper files. In 2019/20 there were 3,105 Memoranda of Agreement registered and 2,575 Deeds. Each of these has its own file which incurs storage costs, and existing practices meant that each file generated paper by way of letters, checklists and photocopies which required printing, filing and other handling.

Challenges related mainly to resourcing constraints, including the redirection of IT resources to urgently implement online arbitration services and facilitating a transition of agency staff to working from home during the acute stages of COVID-19 in early 2020. As a result, the initiative was partially completed in 2019/20 and will be finalised early in 2020/21.

## Conciliation Officer Development Program

The Conciliation Officer Development Program is designed to develop a pool of suitably skilled WorkCover WA staff to perform the role of a Conciliation Officer. The Program gradually builds skills and knowledge over a 13-week period as a result of practical involvement in the management of disputes. Program participants observe conciliation conferences, learn statutory interpretation and application, interact with Conciliation Officers, receive mentoring from the Senior Conciliation Officer, undertake case management activities, liaise with the parties to a dispute and conduct supervised conciliation conferences.

Participants are selected based on their knowledge and understanding of workers' compensation legislation, claim entitlements and case management, communication skills and other relevant work experience.

In 2019/20 one WorkCover WA staff member successfully completed the Program and has been designated as a Conciliation Officer by the CEO under the *Workers' Compensation and Injury Management Act 1981*.



## Education and information

### This initiative is aligned with the WorkCover WA strategic goal

1: Strategic Scheme Management

### This scheme service is aligned with Government Goals

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*Providing education and information is a WorkCover WA service aimed at establishing and increasing stakeholder knowledge of rights and responsibilities under the Act. This section outlines educational services provided by the agency in 2019/20 to ensure employers are aware of their legal obligations, service providers are aware of their role in the scheme, 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 provides education, advice and assistance to stakeholders utilising a range of print and digital media.

### WorkCover WA education videos

Our online animated video series provides an overview of important scheme processes intended to support workers and employers through their workers' compensation experience. The series has been particularly successful at simplifying complex processes, equipping stakeholders with the knowledge and understanding they need to navigate through the claims process.

**Table 17: Education video views in 2019/20**

Video title	2019/20 views
Return to work	1,517
Injured workers: what are my entitlements	1,310
Making a claim	1,179
Options to finalise my claim: a video for injured workers	1,083
Return to work: employer guide	1,039
Workers' compensation insurance for contractors and subcontractors: a guide for employers	948
Workers' compensation insurance: a guide for employers	903
Case conferences	804
Noise induced hearing loss	722
Dispute resolution: what happens if there's a dispute	562
Certificates of Capacity: guidance for doctors	485
Workers' compensation insurance: a guide for brokers	451
Making a claim (Chinese-Mandarin)	102

## 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 2019/20, the *Workers' Compensation and Injury Management: A Guide for Workers* was the most downloaded publication and the most requested publication for mailout, comprising 72% of all orders.

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



**Table 18: Top five publications mailed in 2019/20**

Publication	Number mailed
<i>Workers' Compensation and Injury Management: A Guide for Workers</i>	4,166
<i>Workers' Compensation Claim Form</i>	397
<i>Workers' Compensation: A Guide for Employers</i>	324
<i>Injury Management: A Guide for Employers</i>	304
<i>A Technical Note on Contractors and Workers' Compensation</i>	104

**Table 19: Top five publications downloaded in 2019/20**

Publication	Number downloaded	Translated versions downloaded
<i>Workers' Compensation Claim Form</i>	8,106	-
<i>First Certificate of Capacity</i>	2,206	-
<i>Workers' Compensation and Injury Management: A Guide for Workers</i>	1,889	12
<i>A Technical Note on Contractors and Sub-contractors</i>	1,423	-
<i>Worker's Compensation: A Guide for Employers</i>	1,419	47

## WorkCover WA website

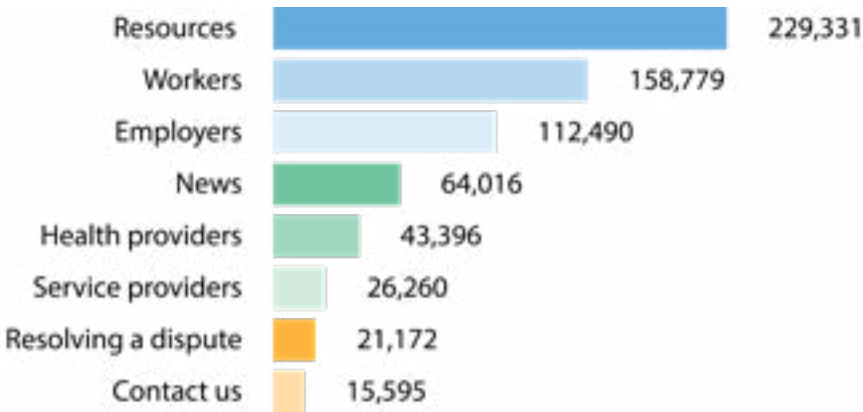
WorkCover WA's website is the primary means of connecting with stakeholders and sharing information about roles and responsibilities in the scheme. Stakeholders are encouraged to subscribe to Latest News updates from WorkCover WA. In 2019/20, the agency sent 27 Latest News articles to 1,383 website subscribers, and a total of 125,887 publications, forms, reports and other resources were downloaded.

In December 2019, WorkCover WA achieved consistency with *WA Digital Services Policy and Website Standard* by amalgamating the WorkCover WA conference website.

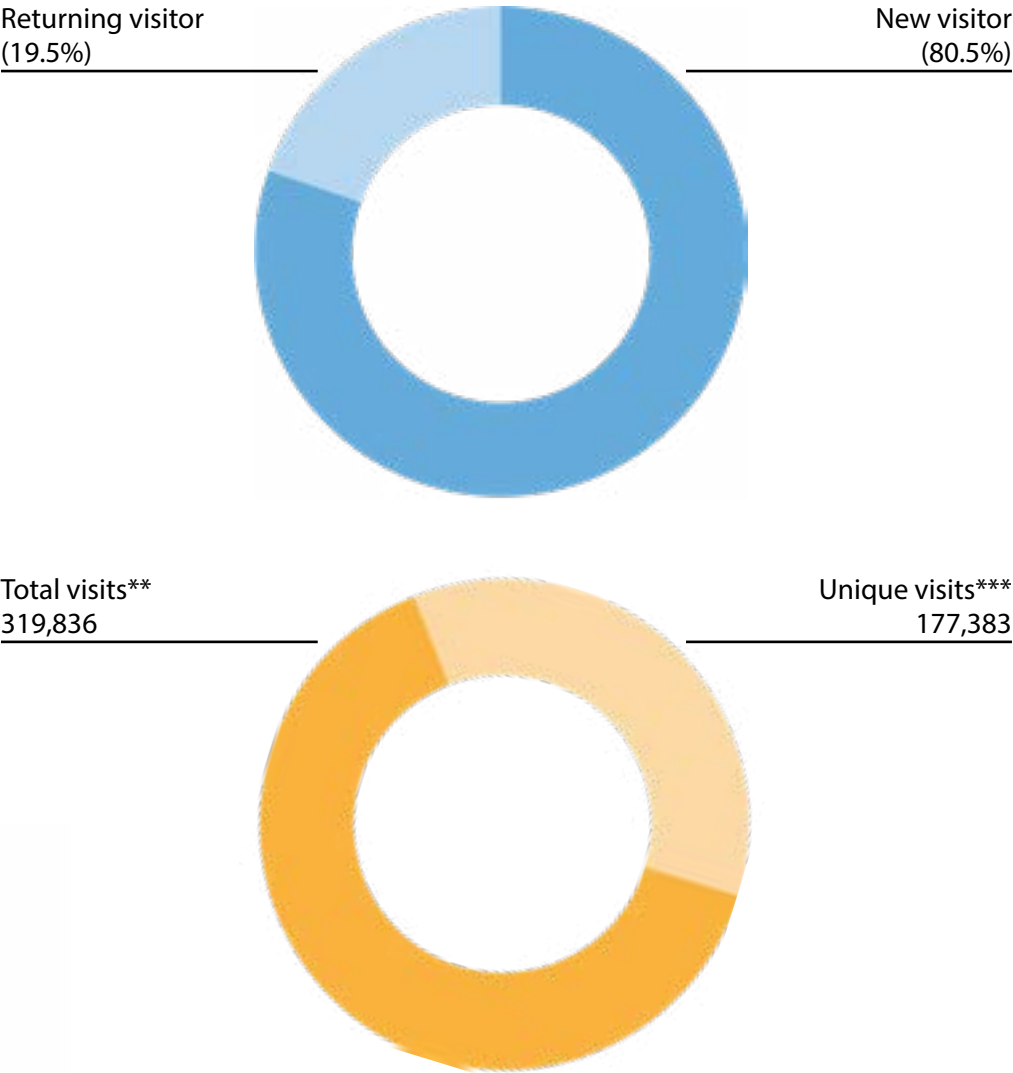
**Table 20: Top three website downloads 2019/20**

<i>Indexation of Workers' Compensation Payments 2019/20</i>	11,298
<i>Workers' Compensation Claim Form</i>	8,106
<i>Recommended Premium Rates 2019/20</i>	5,306

**Figure 15: WorkCover WA website channel views 2019/20**



**Figure 16: Website visits 2019/20**



**\*\*Total visits** are the total number of people who visited the website in 2019/20 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 2019/20 and does not include when a user has visited the website more than once.

## Language accessibility

The website is a valuable resource for non-English speaking stakeholders with information available in the following languages:

Amharic	Croatian	Korean	Serbian
Arabic	English	Macedonian	Tigrina
Burmese	Italian	Malay	Vietnamese
Mandarin	Khmer	Persian (Farsi)	



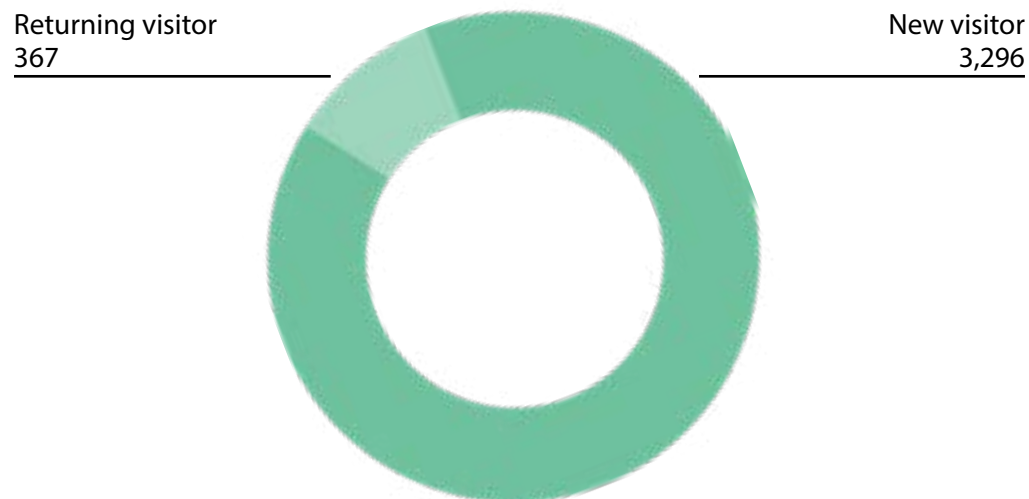
## gpsupport website

gpsupport is an online resource for general practitioners and medical practice staff. General practitioners play a key role in the worker's injury management, recovery and return to work journey. The website provides information covering:

- injury management strategies
- the health benefits of work
- certificates of capacity.

Visits to *gpsupport* increased by 28% after the website link was given greater prominence on the WorkCover WA website and included on the general practitioner medical fees page. Direct referrals to *gpsupport* from the WorkCover WA website increased by 13%.

**Figure 17: *gpsupport* website visits 2019/20**





## Social media

### Twitter

WorkCover WA uses Twitter to connect with stakeholders and the general public. 'Tweets' are clear and concise and direct followers to the website for more information about trending topics.

In 2019/20, WorkCover WA posted 61 'tweets' and Twitter followers increased from 526 to 571.

### Facebook

WorkCover WA's Facebook page continues to become more effective as an information source and communications channel, particularly with the number of followers increasing and the use of Facebook promotion. In particular, regional stakeholders engage with us through our Facebook page.

In 2019/20, WorkCover WA's Facebook page likes increased from 194 to 255. A post notifying followers about an upcoming compliance visit to the Gascoyne region reached 1,279 people.

## Advice and Assistance

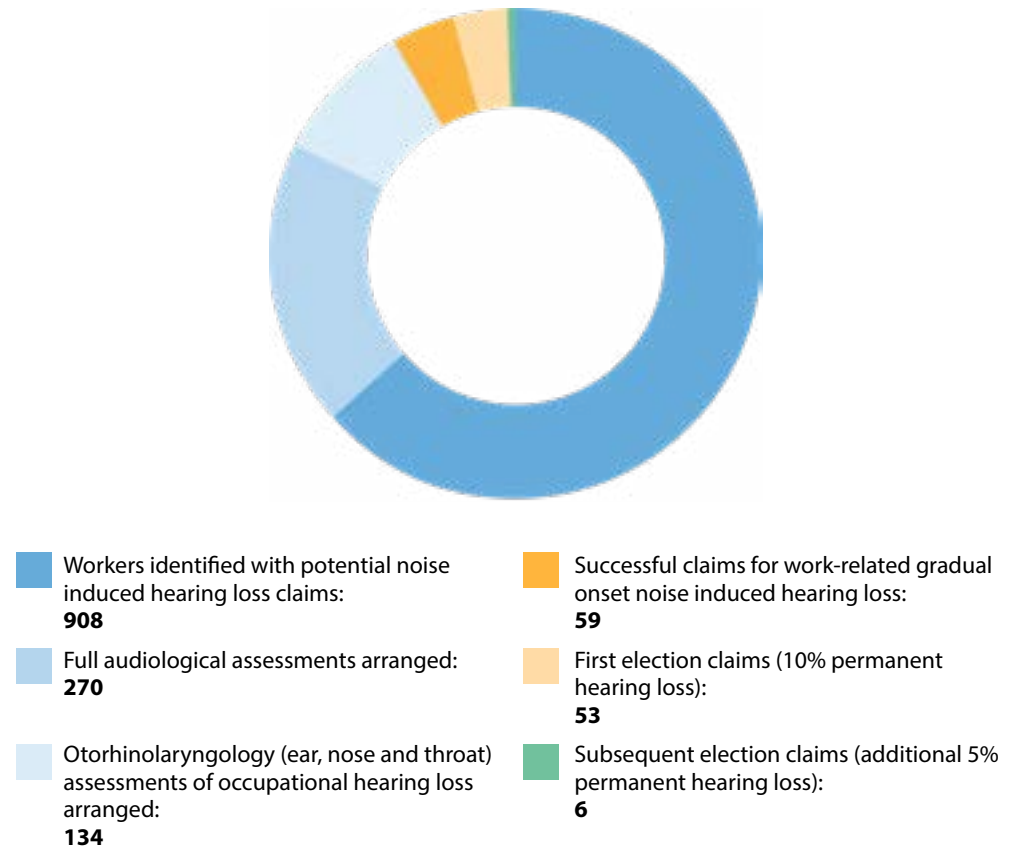
WorkCover WA's Advice and Assistance team is the agency's frontline service for workers, employers and other stakeholders requiring immediate guidance on matters related to their workers' compensation and injury management experience.

In 2019/20, the team responded to 19,062 enquiries by email, letter, phone, live chat and in person. Requests were received from a broad cross section of stakeholders and covered topics such as claims process, injury management, return to work, weekly compensation rates and entitlements, workplace rehabilitation entitlements and dispute resolution.

## Noise induced hearing loss

In 2019/20, WorkCover WA provided advice and guidance to workers and employers about noise induced hearing loss, testing and the claims process.

**Figure 18: Involvement in noise induced hearing loss in 2019/20**



## Training and seminars

In 2019/20, WorkCover WA delivered a range of events in the form of seminars, information sessions and presentations. Events inform stakeholders and the general public about their rights, obligations and responsibilities with regards to workers' compensation and injury management.

### 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 scheme. The seminars offer attendees the opportunity to ask questions and discuss concerns with the Corporate Executive.

Three seminars were held in 2019/20 with a total attendance of 171. The seminar due to be held in May 2020 was cancelled due to COVID-19.

Feedback received from seminar attendees included:

*"Very informative and great time management. I was able to chat and get advice from WorkCover WA during the break which was wonderful too."* – **Employer**

*"Great content, very informative."* – **Health provider**

*"Very informative. Just the right amount of information for the time."* – **Insurer**

#### Self-Insurer seminar

In July 2019, WorkCover WA hosted a seminar for self-insurers to discuss the new *Regulatory Framework* and Conciliation Online service. During the seminar, the 23 attendees met their portfolio managers from WorkCover WA's Regulation branch.

## Presentations on request

In 2019/20, WorkCover WA delivered two tailored presentations to stakeholders at their request. COVID-19 had an impact on the number of presentations we were able to deliver.

### Edith Cowan University

In October 2019, a lecture was delivered to second and third year Business School students enrolled in the Introduction to Occupational Safety and Health unit. Topics addressed included the *Workers' Compensation and Injury Management Act 1981* and injury management roles.

In March 2020, a presentation was given to Occupational Therapy students covering the workers' compensation scheme, WorkCover WA, injury management and the role of workplace rehabilitation providers.

In March 2020, a lecture was also delivered online to third year occupational safety and health, business, human resources and allied health students enrolled in the Workers' Compensation and Injury Management unit. The presentation covered:

- the interaction between occupational safety and health and workers' compensation
- workers' compensation claim processes and the roles of different scheme participants
- claim entitlements and return to work.

Two further lectures were cancelled due to COVID-19.

### Workplace rehabilitation provider

In February 2020, a seminar was given educating insurers, insurance brokers and health care providers on the emerging trends of Australia's future workforce. WorkCover WA provided a review of the current state of the workers' compensation scheme in WA, including current issues and future developments.

## External seminars

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

### ARPA WA seminar

In August 2019, WorkCover WA presented at a seminar hosted by the Australian Rehabilitation Providers Association (ARPA) and participated in a panel discussion with insurer and self-insurer representatives. The presentation provided an introduction and overview of the dispute resolution process and covered common issues requiring arbitration.

### Australian Lawyers Alliance seminar

In September 2019, the Registrar presented at a seminar hosted by the Australian Lawyers Alliance (ALA). The presentation provided a summary of key issues, trends, practices and procedures within the Arbitration Service. The audience was comprised largely of plaintiff lawyers and the presentation was well received.

### Early intervention forum

In October 2019, WorkCover WA participated in a panel discussion regarding the effect of early intervention on claim outcomes. Panellists included medical specialists, rehabilitation providers, occupational safety and health representatives and lawyers. The forum was attended by employers, insurers, brokers and workplace rehabilitation providers.

## Collaboration

WorkCover WA collaborates with external parties who contribute to the effective management of the 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 Providers* and the 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's ongoing work on a *National Strategy for Silicosis* and *National Certificates of Capacity* as well as participating in HWCA's engagement with the Commonwealth Attorney General's Department's new First Responder Mental Health initiative.

With 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.

While the number of silicosis claims remains low in Western Australia, WorkCover WA has maintained an ongoing dialogue with national counterparts to ensure a collaborative approach is taken to address concerning numbers of silicosis claims experienced by other jurisdictions.

WorkCover WA also published a fact sheet to outline the 'fast-tracked' process for workers needing to make a compensation claim for silicosis and clarify insurer obligations to make certain payments when a claim is lodged. The fact sheet is available at: <https://www.workcover.wa.gov.au/wp-content/uploads/2019/07/Silicosis-Fact-Sheet-July-2019.pdf>

### **Australian Taxation Office (ATO)**

WorkCover WA has continued to work with the ATO in 2019/20 to identify potential employer compliance breaches through data matching. A quarterly report of employers deducting PAYG for the first time 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.

### **Safe Work Australia - Strategic Issues Group – Workers' Compensation**

The Safe Work Australia Strategic Issues Group – Workers' Compensation (SIG-WC) is a tri-partite group comprising senior officials from workers' compensation jurisdictions, Safe Work Australia and union and employer representatives. SIG-WC assists Safe Work Australia in performing its functions with regards to workers' compensation matters.

In 2019/20, WorkCover WA attended the quarterly SIG-WC meetings and assisted with the National Return to Work Survey, the *Comparison of Workers' Compensation Arrangements in New Zealand and Australia Report* and the development of a *National Return to Work Strategy*.

The *National Return to Work Strategy* has since been endorsed by Safe Work Australia and the Minister for Industrial Relations and is a national strategy to drive and leverage national action to improve return to work outcomes for workers with a work-related injury or illness.

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

### **Personal Injury Education Foundation**

WorkCover WA is a member of the Board of the Personal Injury Education Foundation. In 2019/20, WorkCover WA participated in the development of PIEF's Learning and Development Community of Practice and Young Leaders in Personal Injury Management Forum. Meetings have been held to discuss industry training requirements and best practice. PIEF has developed a plan for online interactive workshops to replace face-to-face professional development during COVID-19.

### **State collaboration**

#### **Commission for Occupational Safety and Health**

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

#### **Edith Cowan University**

WorkCover WA sponsored and presented the undergraduate WorkCover WA Workers' Compensation Award at the Edith Cowan University School of Medical and Health Sciences Awards Ceremony in February 2020. The award recognised the undergraduate student from the Bachelor of Health Science course with the highest final grade for the Workplace Compensation and Injury Management unit.

The award winner was presented with a complimentary ticket to the WorkCover WA Conference to be held in 2021.

#### **Injury Management Advisors Group**

The Injury Management Advisors' Group consists of injury management advisors from approved insurers, the Insurance Commission of WA, the Local Government Insurance Scheme 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 2019/20, the Group provided input regarding fees for private hospitals and to OSCARP about surgery item codes and feedback on WorkCover WA's *Insurer and Self-Insurer Principles and Standards of Practice*.

WorkCover WA participated in three meetings held in 2019/20.

### Public Sector Safety and Injury Management Steering Committee

WorkCover WA is a member of the Public Sector Safety and Injury Management Steering Committee, which consists of representatives from the Department of Mines, Industry Regulation and Safety, RiskCover, the Public Sector Commission and relevant unions. The Committee's responsibilities include arranging presentations for public sector workplace health and safety staff on injury management and return to work topics.

### National Insurance Brokers Association

WorkCover WA has collaborated with the National Insurance Brokers Association to develop an online education package for insurance brokers. The package is expected to be launched in September 2020.

### Department of Finance

A Memorandum of Understanding has been established with the Department of Finance to provide WorkCover WA with access to state payroll tax data. The data will assist with compliance activities.

## Significant issues impacting the agency

### Responding to COVID-19

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

1: Strategic Scheme Management

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

**Sustainable finances:** responsible financial management and better service delivery.

**Strong communities:** safe communities and supported families.

*WorkCover WA provides services related to workers' compensation matters. Projects and initiatives outlined in this section reflect efforts to maintain a high level of service delivery during COVID-19.*

The impact of COVID-19 on our agency and scheme stakeholders was unprecedented and unpredicted. WorkCover WA responded by encouraging a flexible and practical approach to navigating the different challenges being faced by our scheme participants. Usual service levels and quality were maintained throughout the period, communication was prioritised and in consultation with stakeholders, various measures were adopted to limit the impact of COVID-19 on the workers' compensation experience.

These included:

- ensuring employers became and remained insured against the costs of a workers' compensation claim
- providing extensions of time to pay penalties
- reducing investigative activity
- responding promptly to instances where employers failed to pay workers
- encouraging mid-term policy premium adjustment relief
- assisting workers and employers to manage return to work programs

- encouraging the use of telehealth consultations where appropriate
- fast-tracking the availability of online registry services for arbitration, allowing online lodgement of arbitration and dependency claim documents
- facilitating and managing remote conciliation and arbitration hearings and conferences and online registry processes.

## Strategic management of the scheme

There are a number of current and future technological, demographical and economic challenges faced by the 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.

Since February 2020, the effects of COVID-19 have also impacted the workforce and economic environment in Western Australia, with a likely flow on effect on the scheme.

WorkCover WA's strategic initiatives aim to proactively and strategically address scheme challenges on a short and long term basis.

## Information technology initiatives

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

1: Strategic Scheme Management

2: Digital Transformation

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

**Sustainable finances:** responsible financial management and better service delivery.

*In an increasingly digital environment, WorkCover WA acknowledges the importance of ensuring systems and information technology within the agency operate effectively and efficiently and align 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 2018-21

The WorkCover WA *IT Plan 2018-21* was approved by the Corporate Executive and Board in 2018. The plan addresses the ongoing Digital First initiative and the strategic goal of implementing digital services for stakeholders. Key features include:

- commencement of transition to cloud-based services
- ongoing technology refresh projects to maintain a contemporary application development environment.

The plan underwent another review in May 2020 which resulted in adjustments to the timing of some initiatives. WorkCover WA will be focusing on progressing various cloud transition activities in 2020/21.

## Information technology projects

### Email system replacement

The purpose of this project was to replace WorkCover WA's ageing email system with Microsoft's latest cloud email system, Exchange Online, whilst minimising business/end-user disruption. WorkCover WA's Microsoft Office productivity suite was also replaced with Microsoft's Office 365.

This was the first full cloud migration implemented by the agency and enabled WorkCover WA to decommission three on-premise email servers. The new platform has been used to support staff working from home and in the office during COVID-19. The ability to access email from any device and communicate online has enhanced our ability to manage working from home arrangements and keep in touch with staff.

### Security audits

To identify and respond to security risks to our IT environment, security audits are conducted. In 2019/20 two internal IT security audits were carried out.

### KPMG IT general controls – service desk

In October 2019, KPMG carried out an internal audit focusing on general IT controls. The objective of this audit was to consider the adequacy of IT general controls as they relate to the IT Service Desk. The report identified one performance improvement opportunity and no audit findings.

### Wireless penetration testing

In February 2020, a wireless penetration testing audit was conducted. The result of this internal audit was that WorkCover WA's wireless network was found to be properly secured and adhered to industry best practice, with the exception of a number of minor misconfigurations, which have been addressed and resolved.

## Core business systems technology refresh

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

The project focused on upgrading the underlying technology for WorkCover WA Online to the latest version and was completed successfully within budget.

A similar project is planned for 2020/21, focusing on improvements to integration of core business systems to the Electronic Document and Records Management System.

### Cloud infrastructure feasibility and options

Support for WorkCover WA's current system hardware infrastructure expires in 2022. A cloud infrastructure feasibility and options project was undertaken in 2019/20 to investigate high-level replacement options and determine feasibility of moving WorkCover WA system components to a cloud environment.

This project provides clarity for the future of WorkCover WA's system infrastructure and will inform a series of cloud transition projects commencing in 2020/21.

### Permanent Impairment Processing System

The Permanent Impairment Processing System was a legacy system not aligned to WorkCover WA's future *IT Strategy* and technology platform and was due for replacement.

The main benefit realised by this project is delivery of a single and consistent core business system and integrated with the WorkCover WA Online system.

### IT security projects

In February 2020, WorkCover WA undertook a project to explore options for further information security for WorkCover WA devices including desktops, laptops and servers.

The project was completed ahead of schedule and the improvements to information security management will be realised as part of the implementation stage to be completed by July 2020.



### **Multi-factor authentication and password blacklisting for WorkCover WA Online**

Additionally, a project was undertaken to further enhance IT security as mandated for the whole of WA Government by the Office of Digital Government and to ensure IT security best practice. These controls were implemented in the WorkCover WA Online system.

### **Replacement of Board Members Online**

The purpose of this project was to investigate options to replace the Board Members Online portal and provide a recommendation for a replacement cloud-based option. The BMO system, built and managed in-house, had been in operation since 2005.

The project has delivered a secure and user-friendly system which was able to be used effectively in the remote working conditions imposed as a result of COVID-19.



# Section 6

## Disclosures and legal compliance

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- 102 Government policy requirements



## 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 2019/20 year of 1.05% 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, 49 potential claims on the General Account were investigated compared with 76 last year.

There were no new accepted uninsured claims this financial year with payments from the General Account and two continuing claims from previous financial years. The net cost of new claims including common law claims was \$108,877 and ongoing claims net costs amounted to \$4,373,653.

At 30 June 2020, the total outstanding debt from uninsured employers was approximately \$4,482,530. Recovery action against these employers is 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 2019/20 were nil.

Payments for claims under the Acts of Terrorism Act for 2019/20 were nil.

**Table 21: Claim payments and receipts for Supplementation Fund for 2019/20**

Item	HIH Insurance Group(\$)	Non-HIH Insurance (\$)
Value of outstanding claims in Western Australia	490,376	Nil
Received from liquidators in 2019/20	2,447,483	Nil
Claim payments for 2019/20	1,335,136	38,143

## Debts and investments

At 30 June 2020, there were 117 outstanding debtors resulting from fines and penalties awarded under the Act, with debts outstanding of \$1,356,455. In 2019/2020, the weighted average rate of return on General Account investments was 1.81%.

**Table 22: Actual results vs budget results**

Item	2019/20 Target \$000	2019/20 Actual \$000	Variation \$000
Total Revenue (sourced from Statement of Comprehensive Income)	21,808	23,801	1,993
Total Expenses (Sourced from Statement of Comprehensive Income)	23,858	22,734	(1,124)
Total Equity (sourced from Statement of Financial Position)	101,702	101,569	(133)
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows)	(1,388)	11,295	12,683
Approved full-time equivalent (FTE) staff level	127.64	123.20	4.44

## 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 Sector CSA Agreement 2019*.

WorkCover WA's staffing arrangements at 30 June 2020 compared with previous years is listed in the table below.

**Table 23: WorkCover WA staffing arrangements**

Employment type	2017	2018	2019	2020
Full-time permanent	98	95	102	102
Full-time contract	15	14	14	9
Part-time measured on an FTE basis	17.28	12.98	10.79	11.53
Total	130.28	121.98	126.79	122.53
Staff on secondment	4	4	0	1
Staff on traineeship	1	0	1	0
Staff in Graduate Program	2	1	1	1

## Internal workers' compensation claims

There were two workers' compensation claims made by WorkCover WA staff in 2019/20.

## Board remuneration

In accordance with the Act, the Chair and WorkCover WA 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 24: WorkCover WA Board remuneration**

Position	Name	Type of remuneration	Period of membership	Gross/actual remuneration (including superannuation)
<b>Chair (former)</b>	Greg Joyce (Retired as Board Chair – Effective 3 January 2020)	Board Payment	01/07/2019 to 03/01/2020	\$17,045
<b>Chair</b>	Sharryn Jackson	Board Payment	04/01/2020 to 30/06/2020	\$17,045
<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>	Peta Libby	Board Payment	01/07/2019 to 30/06/2020	\$17,821
<b>Member</b>	Owen Whittle	Board Payment	01/07/2019 to 30/06/2020	-
<b>Member</b>	Victoria Wilmot	Board Payment	01/07/2019 to 30/06/2020	\$17,821
<b>Member</b>	Llewellyn Jones	Board Payment	04/01/2020 to 30/06/2020	\$8,910
<b>Member</b>	Steven Burns (Tenure completed – Effective 3 January 2020. Replaced by Llewellyn Jones)	Board Payment	01/07/2019 to 03/01/2020	\$8,910
<b>Total</b>				<b>\$87,552</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 the Audit and Risk Management Committee are either members of the Board or employed in the public sector, no remuneration is paid.

### Costs Committee

The Costs Committee was not required to convene in 2019/20.

## Capital works projects

WorkCover WA's expenditure on capital works for 2019/20 is outlined in the table below.

**Table 25: 2019/20 Capital works expenditure**

Capital works projects	2019/20 \$000
Digital First - Conciliation Online Services Project	75
Digital First - Arbitration and Settlements Online	472

## Advertising

Section 175ZE of the *Electorate Act 1907* requires the publication of the details of certain classes of expenditure in an Agency's annual report. Expenditure during 2019/20 included advertising for job vacancies and regional visits, promoting public awareness of the *Workers' Compensation and Injury Management Act 1981* and conducting surveys.

**Table 26: 2019/20 Advertising expenditure**

Type	Organisation	2019/20 (\$)
Direct mail organisations	Campaign Monitor	497
Market research organisations	Survey Monkey	288
Media advertising organisations	Dowd Publications Pty Ltd	1,320
	Initiative Media Australia Pty Ltd	1,543
	Facebook	133
<b>Total</b>		<b>3,781</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.

**Table 27: Statement of comprehensive Income**

	2020 \$000	2021 \$000
<b>INCOME</b>		
<b>Revenue</b>		
Insurer contributions	18,723	19,519
Interest revenue	2,289	1,123
Other revenue	796	948
<b>Total Revenue</b>	<b>21,808</b>	<b>21,590</b>
<b>Gains</b>		
Decrease in claims liability	1,691	1,440
<b>Total Gains</b>	<b>1,691</b>	<b>1,440</b>
<b>Total Income</b>	<b>23,499</b>	<b>23,030</b>
<b>EXPENSES</b>		
Employee benefits expense	14,816	15,480
Supplies and services	2,983	3,147
Depreciation and amortisation expense	1,076	1,109
Accommodation expenses	524	530
Grants and subsidies	35	35
Claims expense	2,690	2,825
Loss on disposal of non-current assets	-	17
Other expenses	1,734	1,558
<b>Total Expenses</b>	<b>23,858</b>	<b>24,701</b>
Profit / (Loss) before grants and subsidies from State Government	(359)	(1,671)
Services received free of charge	170	170
<b>Profit / (Loss) for the period</b>	<b>(189)</b>	<b>(1,501)</b>

**Table 28: Statement of financial position**

	2020 \$000	2021 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,115	230
Restricted cash and cash equivalents	87,731	86,844
Receivables	1,158	1,237
Other assets	83	251
Other financial assets	18,779	19,482
<b>Total Current Assets</b>	<b>108,866</b>	<b>108,044</b>
<b>Non-Current Assets</b>		
Property, plant, equipment & vehicles	17,688	17,296
Right-of-use assets	62	91
Intangible assets	1,836	2,369
<b>Total Non-Current Assets</b>	<b>19,586</b>	<b>19,756</b>
<b>Total Assets</b>	<b>128,452</b>	<b>127,800</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	799	809
Lease liabilities	4	31
Employee related provisions	3,547	3,067
Claims provisions	3,325	4,392
<b>Total Current Liabilities</b>	<b>7,675</b>	<b>8,299</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	58	65
Employee related provisions	5,308	5,593
Claims provisions	13,709	16,089
<b>Total Non-Current Liabilities</b>	<b>19,075</b>	<b>21,747</b>
<b>Total Liabilities</b>	<b>26,750</b>	<b>30,046</b>
<b>NET ASSETS</b>	<b>101,702</b>	<b>97,754</b>
<b>EQUITY</b>		
Reserves	14,467	14,580
Retained earnings	87,235	83,174
<b>Total Equity</b>	<b>101,702</b>	<b>97,754</b>

**Table 29: Statement of cash flows**

	2020 \$000	2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Insurer contributions	18,723	19,519
Provision of services	11	10
Interest received	2,289	1,123
GST receipts on sales	4	4
GST receipts from taxation authority	457	442
Other receipts	785	938
<b>Payments</b>		
Workers' Compensation claim payments	(2,690)	(2,825)
Employee benefits	(14,711)	(15,425)
Supplies and services	(2,813)	(2,979)
Accommodation	(524)	(530)
Grants and subsidies	(35)	(35)
GST payments on purchases	(461)	(446)
Other payments	(1,654)	(1,495)
<b>Net cash used in operating activities</b>	<b>(619)</b>	<b>(1,699)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Payments</b>		
Purchase of non-current physical assets	(761)	(1,422)
<b>Net cash used in investing activities</b>	<b>(761)</b>	<b>(1,422)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Payments</b>		
Principal element of lease payment	(8)	(9)
<b>Net cash used in financing activities</b>	<b>(8)</b>	<b>(9)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,388)</b>	<b>(3,130)</b>
Cash and cash equivalents at the beginning of the period	109,013	109,686
<b>Cash and cash equivalent at the end of the period</b>	<b>107,625</b>	<b>106,556</b>

## Ministerial directives

No Ministerial directives were received during the financial year.

## Governance disclosures

### Public Sector Commission's Integrity Strategy 2020/23

The Public Sector Commission *Integrity Strategy* for public authorities was introduced in December 2019 along with its supporting snapshot tool. WorkCover WA has provided written commitment to the Public Sector Commissioner on implementing the strategy and in 2019/20 used the self-assessment snapshot tool to evaluate our approach and performance.

The assessment shows positive results. In 2019/20 the agency focussed on actions to advance across the four key areas for improvement and has further plans for 2020/21 including:

- strategies to promote and measure agency leadership commitment to the strategy
- an assessment of prevention approaches in place and robust review schedules
- implementation of a strategy to raise awareness of agency values (commencing with integrity) through engagement of staff and consideration of integrity at all levels
- intranet articles to raise awareness of integrity issues, reporting responsibilities and highlighting mechanisms in place for reporting breaches
- rotational, targeted, ongoing integrity training for positions of trust
- regular review schedule for all agency risks
- behavioural controls audit scheduled for 2020/21
- annual refresher of Accountable and Ethical Decision-Making Training for 2020/21.

## Board policies

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

## Board responsibilities

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

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

The Board's governance responsibilities include:

- setting the agency's strategic direction
- establishing goals for WorkCover WA and monitoring achievement against these goals to optimise the agency's performance
- ensuring compliance with statutory requirements
- approving Corporate Executive recommendations
- making recommendations to the Minister, where appropriate
- giving effect to Ministerial directives
- managing strategic risk.



## Conflicts of interest

In accordance with Treasurer's Instruction 903 (14) (iii), senior officers and members of the WorkCover WA Board declared any potential conflict of interest held in existing or proposed contracts with WorkCover WA. A centrally maintained, whole of agency conflict of interest register is also completed by staff when appropriate.

## Unauthorised use of credit cards

Officers of WorkCover WA hold corporate credit cards where their functions warrant usage. There was no use of credit cards for unauthorised purposes during the financial year 2019/20.

## Chief Executive Officer Performance Agreement

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

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

## Governance Framework

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

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

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

To contribute to the effectiveness of the Board and meet specific legislative obligations, an Audit and Risk Management Committee, Costs Committee and Medical Committee are established. These committees provide objective administration and advice on discrete elements of the scheme. The Board has currently suspended the operations of the Medical Committee, pending outcomes of the legislative review process.

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.

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

To facilitate governance requirements across the agency, a *Corporate Governance Task List* is maintained that lists all key planning, budgeting, reporting and governance activities, as well as proposed meeting schedules, responsible divisions and officers, and all due dates.

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

To ensure ongoing good governance performance, WorkCover WA conducted its annual compliance review in May 2020 using the Public Sector Commission's *Good Governance Guide* for public sector agencies.

The review is conducted in the fourth 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 *Good Governance Guide*. This year's review also tested agency performance against the Public Sector Commission's recently released *Integrity Strategy for Public Authorities 2020-23* using its related Snapshot Tool. The review assessed current performance and highlighted initiatives already instigated aimed at improving and promoting good integrity behaviours, continuing to reduce misconduct risks and identifying any gaps to be addressed.

This annual assessment provides senior management with assurance the agency's accountability requirements are being met and sufficiently reported in the annual report. The 2020 review identified one significant procedure document requiring review, two instances of old and outdated information on the agency website and consolidation of meeting minutes as well as minor suggested enhancements to the annual report.

WorkCover WA has been acknowledged by the Institute of Public Administration Australia WA (IPAA WA) multiple times for an ongoing commitment to good corporate governance.

### Applying the Good Governance Guide

The following checklist references the sections within this report that highlight how WorkCover WA applies the nine principles of the *Good Governance Guide* in practice and complies with relevant requirements.

**Table 30: Public Sector Commission's Good Governance Guide Checklist**

<b>1. Government and public sector relationship</b>	<b>1.1</b>	<ul style="list-style-type: none"> <li>• Our legislation (p. 28)</li> <li>• CEO Performance Agreement (p. 93)</li> </ul>
	<b>1.2</b>	<ul style="list-style-type: none"> <li>• Communications Protocol (p. 39)</li> <li>• Board Governance Policy: official communication (p. 39)</li> </ul>
	<b>1.3</b>	<ul style="list-style-type: none"> <li>• Ministerial Correspondence (p. 39)</li> <li>• Joint Consultative Committee (p. 37)</li> </ul>
<b>2. Management and oversight</b>	<b>2.1</b>	<ul style="list-style-type: none"> <li>• Delegation of authority (p. 36)</li> <li>• Our leadership (p. 19)</li> <li>• Governance disclosures (p. 92)</li> </ul>
	<b>2.2</b>	<ul style="list-style-type: none"> <li>• Delegation of authority (p. 36)</li> <li>• Governance disclosures (p. 92)</li> <li>• Committees (p. 36)</li> </ul>
	<b>2.3</b>	<ul style="list-style-type: none"> <li>• Delivery of 2019/20 Strategic initiatives (p. 14)</li> <li>• Our strategic plan (p. 22)</li> <li>• Strategic initiatives report (p. 24)</li> <li>• Our future outlook (p. 27)</li> </ul>
	<b>2.4</b>	<ul style="list-style-type: none"> <li>• Our strategic plan (p. 22)</li> <li>• Our future outlook (p. 27)</li> </ul>
	<b>2.5</b>	<ul style="list-style-type: none"> <li>• Delegation of authority (p. 36)</li> </ul>
	<b>2.6</b>	<ul style="list-style-type: none"> <li>• Our scorecard (p. 12)</li> </ul>
<b>3. Organisational structure</b>	<b>3.1</b>	<ul style="list-style-type: none"> <li>• Our organisational structure (p. 17)</li> <li>• Our people (p. 29)</li> <li>• Staff capability and development (p. 32)</li> </ul>
	<b>3.2</b>	<ul style="list-style-type: none"> <li>• Our organisational structure (p. 17)</li> </ul>
	<b>3.3</b>	<ul style="list-style-type: none"> <li>• 2019/20 performance snapshot (p. 12)</li> <li>• Section 7: Key Performance Indicators (p. 103)</li> </ul>

<b>4. Operations</b>	<b>4.1</b>	<ul style="list-style-type: none"> <li>Governance (p. 35)</li> <li>Risk management policies (p. 40)</li> </ul>	<b>7. Finance</b>	<b>7.1</b>	<ul style="list-style-type: none"> <li>Our finances (p. 11)</li> <li>Report on funds management (p. 86)</li> </ul>
	<b>4.2</b>	<ul style="list-style-type: none"> <li>Our strategic plan (p. 22)</li> <li>Business planning (p. 23)</li> <li>Performance Management Framework (p. 41)</li> <li>Significant issues impacting the agency (p. 81)</li> </ul>		<b>7.2</b>	<ul style="list-style-type: none"> <li>Audit and Risk Management Committee (p. 96)</li> <li>Risk Management Review Group (p. 38)</li> <li>Enterprise Risk Management Framework (p. 40)</li> </ul>
	<b>4.3</b>	<ul style="list-style-type: none"> <li>Significant issues impacting the agency (p. 81)</li> <li>Scheme Regulation (p. 52)</li> <li>Resolving disputes (p. 69)</li> <li>Information technology projects (p. 83)</li> </ul>		<b>7.3</b>	<ul style="list-style-type: none"> <li>Section 8: Financial statement and notes (p. 125)</li> </ul>
	<b>4.4</b>	<ul style="list-style-type: none"> <li>Section 5: Agency performance (p. 51)</li> <li>Electronic Document Records Management System (p. 101)</li> <li>Information technology projects (p. 83)</li> </ul>		<b>7.4</b>	<ul style="list-style-type: none"> <li>Report on funds management (p. 86)</li> <li>Other financial disclosures (p. 87)</li> <li>Section 8: Financial statement and notes (p. 125)</li> </ul>
	<b>4.5</b>	<ul style="list-style-type: none"> <li>Section 7: Key Performance Indicators (p. 103)</li> <li>Section 5: Agency performance (p. 51)</li> </ul>		<b>7.5</b>	<ul style="list-style-type: none"> <li>Section 7: Key Performance Indicators (p. 103)</li> <li>Section 8: Financial statements and notes (p. 125)</li> </ul>
	<b>4.6</b>	<ul style="list-style-type: none"> <li>Audit and Risk Management Committee (p. 96)</li> <li>Section 7: Key Performance Indicators (p. 103)</li> </ul>	<b>8. Communication</b>	<b>8.1</b>	<ul style="list-style-type: none"> <li>Customer service (p. 39)</li> <li>Communications policies (p. 40)</li> </ul>
<b>5. Ethics and integrity</b>	<b>5.1</b>	<ul style="list-style-type: none"> <li>Our values (p. 5)</li> <li>Public Sector standards and ethical codes (p. 100)</li> </ul>		<b>8.2</b>	<ul style="list-style-type: none"> <li>Communications policies (p. 40)</li> </ul>
	<b>5.2</b>	<ul style="list-style-type: none"> <li>Conflicts of interest (p. 93)</li> <li>WorkCover WA Code of Conduct (p. 100)</li> <li>Risk management policies (p. 40)</li> </ul>		<b>8.3</b>	<ul style="list-style-type: none"> <li>Communications policies (p. 40)</li> </ul>
	<b>5.3</b>	<ul style="list-style-type: none"> <li>Public Sector standards and ethical codes (p. 100)</li> <li>Customer service (p. 39)</li> </ul>		<b>8.4</b>	<ul style="list-style-type: none"> <li>Recordkeeping Plan (p. 101)</li> <li>Communications policies (p. 40)</li> </ul>
	<b>5.4</b>	<ul style="list-style-type: none"> <li>Public Interest Disclosure (p. 39)</li> </ul>		<b>8.5</b>	<ul style="list-style-type: none"> <li>Recordkeeping Plan (p. 101)</li> <li>Communications policies (p. 40)</li> </ul>
	<b>5.5</b>	<ul style="list-style-type: none"> <li>Legal compliance (p. 99)</li> </ul>	<b>9. Risk management</b>	<b>9.1</b>	<ul style="list-style-type: none"> <li>Risk Management Review Group (p. 38)</li> <li>Risk management policies (p. 40)</li> <li>Occupational Safety and Health Management Plan (p. 34)</li> </ul>
<b>6. People</b>	<b>6.1</b>	<ul style="list-style-type: none"> <li>Staff capability and development (p. 32)</li> <li>Equality and inclusion (p. 33)</li> </ul>		<b>9.2</b>	<ul style="list-style-type: none"> <li>Risk management policies (p. 40)</li> <li>Risk Management Review Group (p. 38)</li> </ul>
	<b>6.2</b>	<ul style="list-style-type: none"> <li>Strategic Workforce and Diversity Plan 2018-2022 (p. 30)</li> <li>Equity and Diversity Committee (p. 37)</li> <li>Equality and inclusion (p. 33)</li> </ul>		<b>9.3</b>	<ul style="list-style-type: none"> <li>Audit and Risk Management Committee (p. 36)</li> <li>Risk Management Review Group (p. 38)</li> </ul>
	<b>6.3</b>	<ul style="list-style-type: none"> <li>Strategic Workforce and Diversity Plan 2018-2022 (p. 30)</li> <li>Equality and inclusion (p. 33)</li> </ul>		<b>9.4</b>	<ul style="list-style-type: none"> <li>Audit and Risk Management Committee (p. 36)</li> <li>Occupational safety and health and injury management performance (p. 102)</li> </ul>
	<b>6.4</b>	<ul style="list-style-type: none"> <li>Public Sector standards and ethical codes (p. 100)</li> </ul>			
	<b>6.5</b>	<ul style="list-style-type: none"> <li>Staff capability and development (p. 32)</li> <li>Joint Consultative Committee (p. 37)</li> </ul>			

## 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 the outcome of internal audits and monitors the progress of audit recommendations
- provides stewardship by promoting discussion with internal and external auditors to ensure effective systems and policies are in place.

**Table 31: 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)	3	3
Greg Joyce (Retired effective 3 January 2020)	2	2
Sharryn Jackson (Member as of 4 January 2020)	1	1
Chris White	3	3
Owen Whittle (Member as of 4 January 2020)	1	1
Steven Burns (Tenure completed 3 January 2020. Replaced by Owen Whittle)	2	2

### Costs Committee

The Costs Committee is empowered under section 271 of the Act to make, amend or revoke a determination fixing maximum costs for legal services and registered agent services provided in WorkCover WA's Conciliation and Arbitration Services.

The Costs Committee was not required to convene in 2019/20.



## Industrial Diseases Medical Panel

Industrial Diseases Medical Panels (IDMP) are convened to determine prescribed questions in relation to asbestos-related diseases. Claims for industrial diseases compensation in relation to pneumoconiosis (including silicosis), 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 comprises physicians who specialise in diseases of the chest or occupational diseases. The panel operates independently and WorkCover WA provides administrative support and funding.

Due to circumstances arising from COVID-19, IDMPs were held successfully via teleconferencing with the worker in absentia. In light of this success, WorkCover WA saw an increasing acceptance of this new way of working. Telehealth offers increased access and improved choice for individuals and medical practitioners, particularly those in regional or remote locations. Telehealth options will be explored as a permanent solution for IDMPs post COVID-19.

During the financial year, the IDMP convened on 24 occasions and made 28 determinations. Of those determinations, six were silicosis (four from the engineered stone industry and two from the mining industry).

**Table 32: Industrial Diseases Medical Panel members**

2019/20 Chairs (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
Dr E Lee**	

\*Dr P Psaila-Savona retired in September 2019. \*\*Dr E Lee was appointed as Chairperson in December 2019.





**Table 33: Number of Industrial Diseases Medical Panel applications**

Applications	2015/16	2016/17	2017/18	2018/19	2019/20
New	35	29	45	52	43
Reviewed	0	10	4	5	0
<b>Total</b>	<b>35</b>	<b>39</b>	<b>49</b>	<b>57</b>	<b>43</b>

**Table 34: Number of diseases determinations**

Disease	2015/16	2016/17	2017/18	2018/19	2019/20
Pneumoconiosis	14	17	37	40	18
Pneumoconiosis & Diffuse Pleural Fibrosis	8	9	1	2	1
Pneumoconiosis & Lung Cancer	0	0	0	0	0
Pneumoconiosis, Diffuse Pleural Fibrosis & Lung Cancer	2	0	0	0	0
Diffuse Pleural Fibrosis	7	0	3	1	4
Mesothelioma	3	1	1	0	3
Lung Cancer	2	3	3	6	1
Sub total	36	30	45	49	27
Determinations where disease not present or disease present but a 0% level of impairment	9	4	5	1	1
<b>Total</b>	<b>45</b>	<b>34</b>	<b>50</b>	<b>50</b>	<b>28</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 aimed at adding value and improving the operations of the agency. Tasks undertaken by the Internal Audit Function assist the agency to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit at WorkCover WA includes the Internal Audit Manager, consultants and contractors, engaged to conduct this function on behalf of the agency through a co-sourced arrangement managed by the Internal Audit Manager. An independent Audit and Risk Management Committee appointed by the Board is utilised. To maintain independence, the Internal Audit Manager reports directly to the Audit and Risk Management Committee for the audit function and to 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 work at WorkCover WA is risk-based and encompasses both financial and non-financial operations of the agency. Internal audit aims to work with and support external audit as required and reduce duplication of effort as appropriate.

In 2019/20 WorkCover WA conducted five internal audits and two external audits. The five internal audits identified four audit findings and three process improvement opportunities. There were no findings identified by the two external audits with the agency receiving a clear audit opinion.

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 or detailed requests for extensions.

During the year as part of its monitoring of the audit program, WorkCover WA introduced quarterly reporting of internal audit performance measures to the Audit and Risk Management Committee and the Board. The measures cover all aspects of the function including planning and oversight and both agency and contractor performance.

The 2019/20 audit program was suspended in late March 2020 due to the impacts of COVID-19 and social distancing constraints. Planned audit activity not completed during 2019/20 has been rescheduled for 2020/21 with the carry-over of allocated audit hours.





## 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 *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*.

All new staff are required to complete Accountable and Ethical Decision Making (AEDM) as part of their induction program. The next AEDM refresher training is scheduled for 2020/21. 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 2019/20.

### WorkCover WA Code of Conduct

There was one breach of the *WorkCover WA Code of Conduct* identified in 2019/20. The matter was addressed and closed in 2019/20.

### Public Sector Commissioner's Instruction Employment Standard

There were no breaches of standard claims against the *Employment Standard* in 2019/20.

### Grievance Resolution Standard

There were no breaches of standard claims against the *Grievance Resolution Standard* in 2019/20.

## 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 33 under 'Equality and inclusion' in *Section 2: Our People*.

## 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*. 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 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. Our plan was approved in 2015 and is currently undergoing review, due for completion by October 2020.

**Table 35: WorkCover WA record figures**

Record type	2017/18	2018/19	2019/20
Documents created	198,423	151,156	228,146
Files created	14,653	16,586	21,239
Storage boxes created	989	2,731	2,953

An agency wide survey was conducted in November 2019 with a return rate of approximately 74%. From this survey over 87% of WorkCover WA staff recognize the importance of proper recordkeeping across a range of work activities. Findings from this survey will be utilised to develop targeted training and learning opportunities.

### Recordkeeping Plan review 2019/20

This project aligns to WorkCover WA's *Strategic Plan 2018-2021: Achieve efficiencies through customer focused technology and innovation*.

The *State Records Act 2000* provides for the creation, capture, storage, retrieval and disposal of State records. Section 19 of the *State Records Act 2000* requires that every government organisation must have a plan that has been approved by the State Records Commission.

In conjunction with the plan, a review of WorkCover WA's functional Retention & Disposal Schedule will also be undertaken which sets out categories of records and appropriate retention and disposal periods.

Under the *State Records Act*, agencies are required to review and report on their *Recordkeeping Plan* (RKP) within five years of approval. An RKP Maturity Assessment was completed and submitted to the State Records Office with approval received in March 2020.

## Electronic Document Records Management System

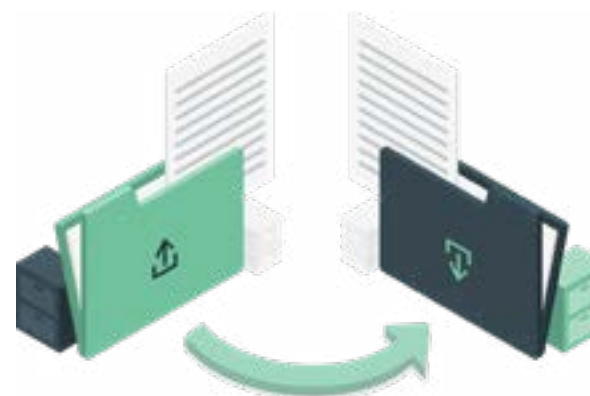
WorkCover WA is committed to best practice recordkeeping to ensure effective and efficient use of information and maintains compliance with the *State Records Act 2000*.

### Transition of offsite records storage

In 2019/20, the agency completed a project to transition to a new offsite records storage service provider and to improve data about its hard copy records.

As part of the project the transition of physical boxes to the new storage provider has been completed with a total of 10,793 boxes transferred. Reconciliation activities are continuing to ensure records transported are updated within our Electronic Document Records Management System (EDRMS).

The new service provides robust reporting tools to assist WorkCover WA in reducing the amount of records stored offsite.



## 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 2: Our People* on page 33.

### 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 36. 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 2019/20, 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 36: 2019/20 OSH performance data**

OSH indicator	2015/16	2016/17	2017/18	2018/19	2019/20 Target	2019/20 Actual
Number of fatalities	0	0	0	0	0	0
Lost-time injury/disease incidence rate*	0	0	0.74%	0	0	0.76%
Lost-time injury/disease severity rate**	0	0	0	0	0	0
% injured workers returned to work within 13 weeks	N/A***	N/A***	100%	N/A***	N/A***	100%
% injured workers returned to work within 26 weeks	N/A***	N/A***	100%	N/A***	N/A***	100%
% managers trained in OSH and injury management responsibilities	100%	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.

\*\*The proportion of lost-time injuries/diseases resulting in 60 or more days off work. \*\*\*Not applicable – no lost-time injuries were recorded in 2015/16, 2016/17, 2018/19 and 2019/20.

# Section 7

## Key Performance Indicators

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## 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 2020.



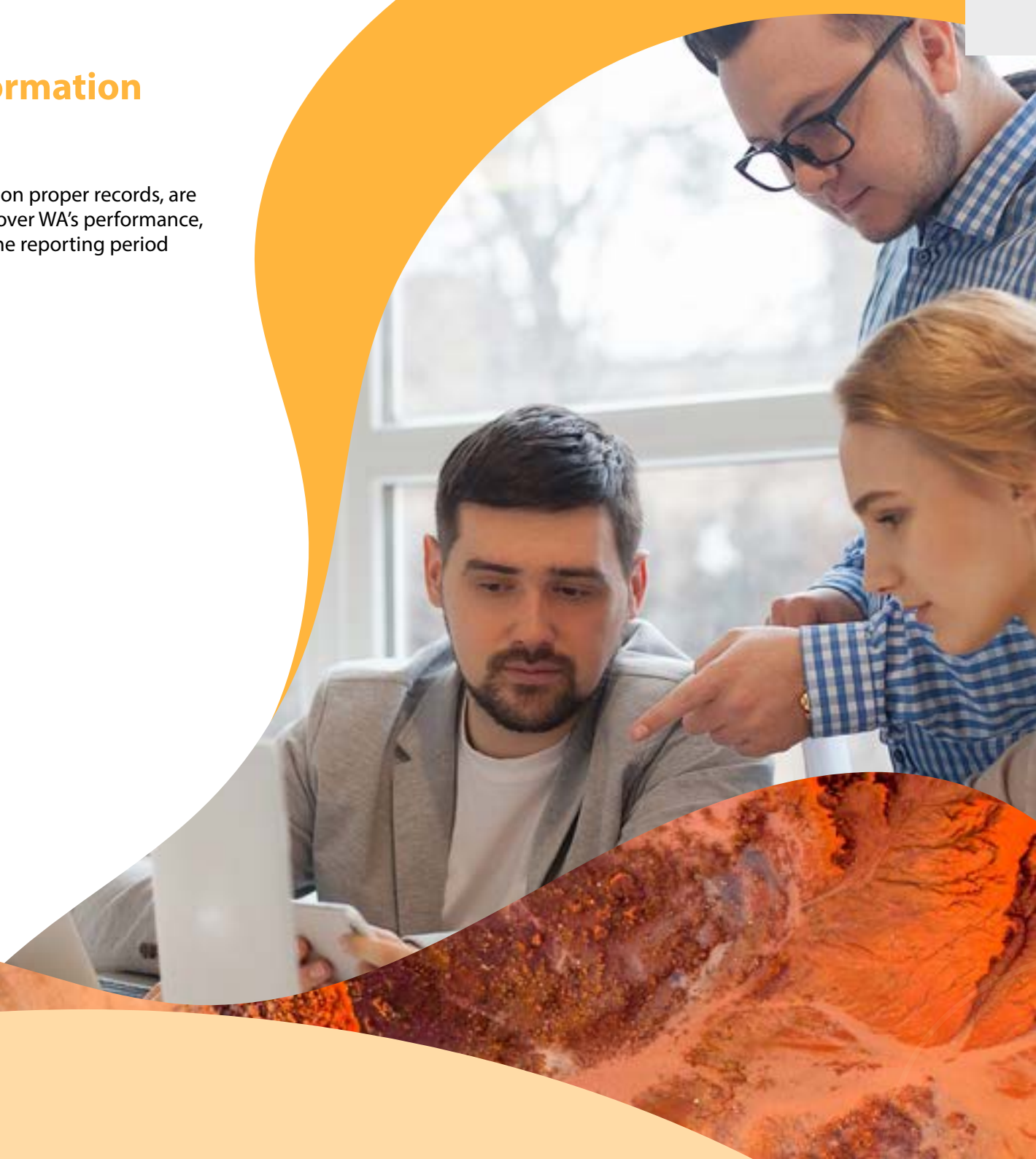
**Sharryn Jackson**  
Chair  
WorkCover WA

14 August 2020



**Chris White**  
Chief Executive Officer  
WorkCover WA

14 August 2020





## 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 (KPIs) 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 table shows the OBM Structure.

**Table 37: WorkCover WA Outcome Based Management Structure**

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

## Review of 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 2019/20 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 the audit opinion included in the Independent Auditor's Report published in *Section 8: Financial statements and notes*.



# Key Performance Indicators

**Table 38: WorkCover WA's Key Performance Indicators and their relationship with the Agency's Outcome Based Management Structure**

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

## Summary of Key Performance Indicators

**Table 39: Key Performance Indicators of Effectiveness**

No.	Indicator	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
1.1	The number of non-compliance events identified as a result of a claim on the General Account	9	2	4	8	0	6
1.2	The proportion of conciliations completed within eight weeks	96.2%	97.1%	96.7%	96.9%	96.6%	97.0%
1.3	The proportion of disputes resolved within six months	86.8%	87.9%	84.1%	84.1%	85.6%	90.0%

**Table 40: Key Performance Indicators of Efficiency<sup>1</sup>**

No.	Indicators	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
1.1	Average cost per employer compliance activity	\$281	\$251	\$261	\$277	\$350	\$293
1.2	Average cost per approved and monitored service provider	\$3,472	\$3,177	\$3,522	\$2,634	\$2,614	\$2,920
1.3	Average cost per client contact to provide information and advice	\$106	\$110	\$75	\$56	\$85	\$68
2.1	Average cost to complete a conciliation	\$2,095	\$2,208	\$2,353	\$2,084	\$2,202	\$2,150
2.2	Average cost to complete an arbitration	\$10,084	\$9,587	\$8,579	\$8,319	\$9,162	\$8,856
2.3	Average cost to process a Memorandum of Agreement	\$339	\$341	\$348	\$424	\$505	\$476

<sup>1</sup>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

Indicator 1.1	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
The number of non-compliance events identified as a result of a claim on the General Account	9	2	4	8	0	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"*.

While there is ongoing claims activity against the General Account, for the purpose of this indicator, claims are only counted in the year the first payment is made to a worker. 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 32,239 in 2015/16, 29,552 in 2016/17, 28,227 in 2017/18, and the mid-year prediction for 2018/19 27,367<sup>2</sup>). Using the same methodology of two uninsured claims per 10,000 claims, the target for 2019/20 was maintained at six.

The information to inform this indicator is derived from two Agency information systems. The total number of claims is reported from 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.

<sup>2</sup> The figures quoted are those available at the time of setting the target in April 2019 and the figures for the year two years previous is used, due to this being lag data. 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.



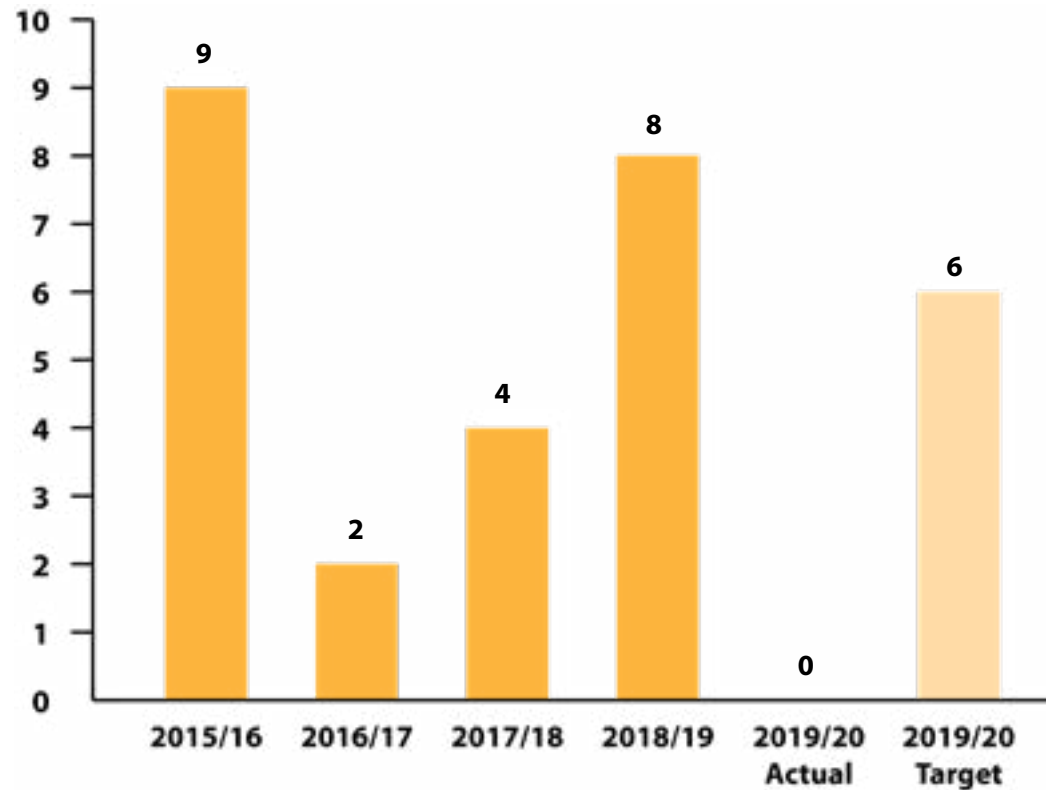
## Analysis

In 2019/20 there were no non-compliance events resulting in a claim paid from the General Account. This is six less than the target and eight less than 2018/19. The number of uninsured claims against the General Account continues to remain low in the context of approximately 27,000 insured claims for the year.

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.

This indicator was not impacted by the COVID-19 pandemic.

**Figure 19: New claims on the General Account**



## Indicator 1.2

### The proportion of conciliations completed within eight weeks

Indicator 1.2	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
The proportion of conciliations completed within eight weeks	96.2%	97.1%	96.7%	96.9%	96.6%	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's target and performance.



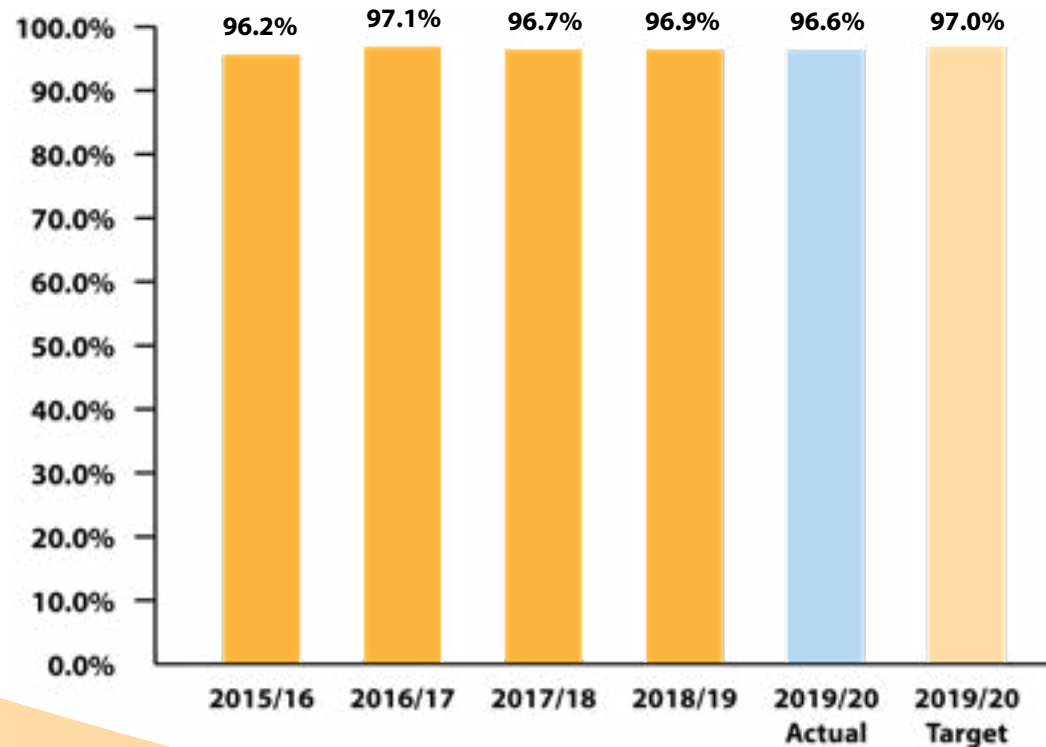
## Analysis

In 2019/20 96.6 percent of conciliations were completed within the eight-week statutory timeframe. This is consistent with the target of 97.0 percent and the outcome for 2018/19. The eight-week timeframe for completing conciliation is a statutory requirement.

This indicator was not impacted by the COVID-19 pandemic. The agency was able to introduce telephone conferencing and working from home arrangements to ensure conciliation services were maintained.

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 2019/20 of the matters not completed within the initial eight weeks, all but two cases were completed within the extended timeframe. In both cases the Certificate of Outcome was issued within two days of the extension timeframe.

**Figure 20: Proportion of conciliations completed within eight weeks**



## Indicator 1.3

### The proportion of disputes resolved within six months

Indicator 1.3	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
The proportion of disputes resolved within six months	86.8%	87.9%	84.1%	84.1%	85.6%	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:

- a. is timely
- b. is accessible, approachable and professional
- c. minimises costs to parties to disputes
- d. in the case of conciliation, leads to final and appropriate agreements between parties in relation to disputes
- e. 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's target and performance.

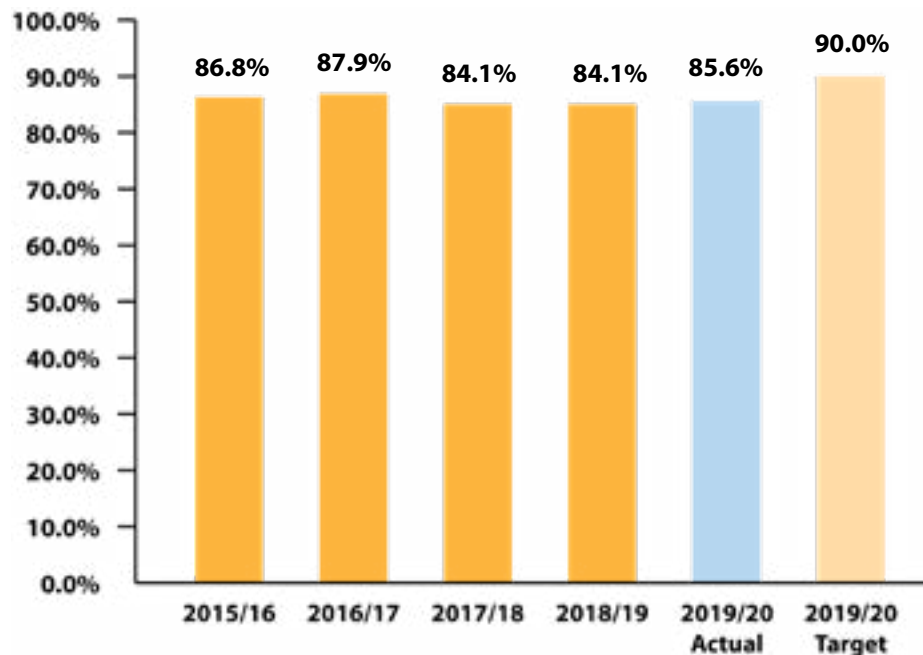
## Analysis

In 2019/20, 85.6 percent of all disputes were resolved within six months. This is 4.4 percentage points less than the target of 90.0 percent and 1.5 percentage points more than the 2018/19 result.

This indicator was not impacted by the COVID-19 pandemic. The agency was able to introduce telephone hearings and working from home arrangements to ensure arbitration services were maintained. In 2019/20 an increase in the percentage of disputes resolved within six months were achieved with an additional full-time arbitration resource and a continued focus on case management. The costs of providing this additional resource are reflected in Efficiency KPI 2.2.

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 2017/18 national average for disputes resolved within six months was 81.3 percent.

**Figure 21: 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.

## 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 determines overheads and allocates costs across the agency's divisions and six efficiency KPIs and is reviewed for accuracy at least 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 2019/20 this represents 9.4 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 on the following pages measure the costs of providing these activities.





## Indicator 1.1

### Average cost per employer compliance activity

Indicator 1.1	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
Average cost per employer compliance activity	\$281	\$251	\$261	\$277	\$350	\$293

### 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 2018/19 performance and allowing for full staff resources.

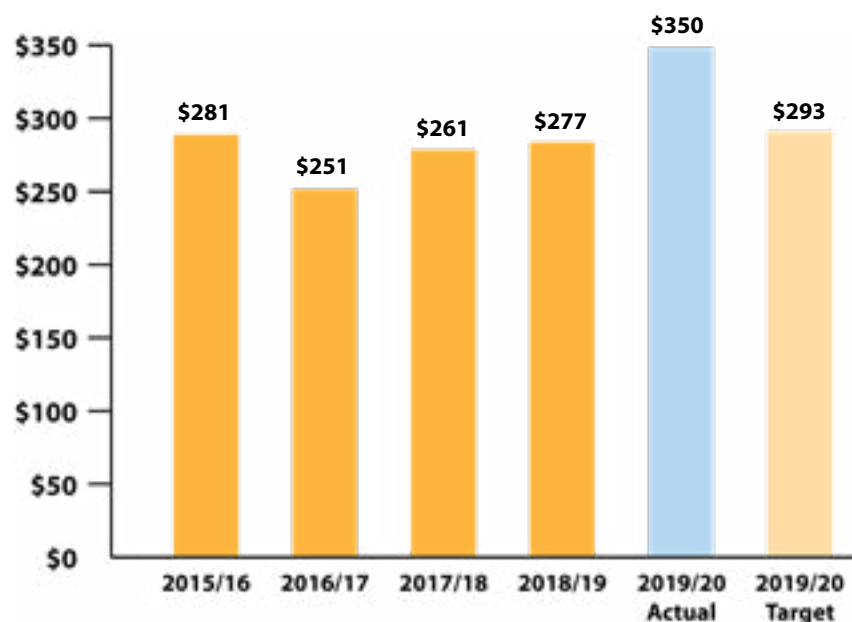
### Analysis

In 2019/20 the average cost per employer compliance activity was \$350. This is 19.5 percent more than the target of \$293 and 26.4 percent more than in 2018/19.

This indicator was impacted by the COVID-19 pandemic due to a reduction in finalised compliance activity in the second half of the year as a direct consequence of business closures and lockdowns across the state.

A reallocation of support staff resources across the Regulatory Services division commencing in 2019/20 also impacted on this outcome.

**Figure 22: Cost per employer compliance activity**



## Indicator 1.2

### Average cost per approved and monitored service provider

Indicator 1.2	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
Average cost per approved and monitored service provider	\$3,472	\$3,177	\$3,522	\$2,634	\$2,614	\$2,920

### 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.

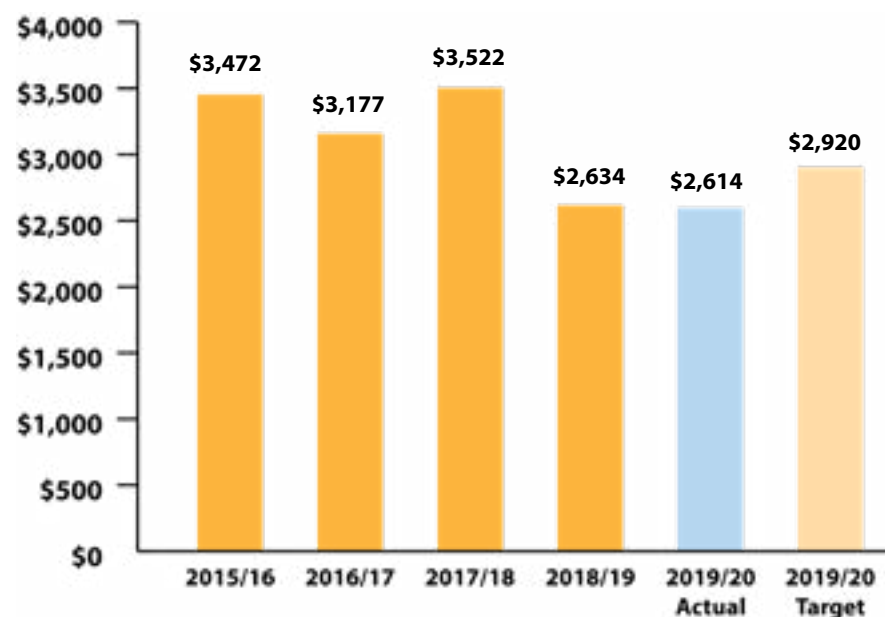
The target for this indicator was determined by dividing the approved budget for these activities by the estimated total number of approved and monitored service providers. The predicted number of service providers used for the target was based on the 2018/19 estimated performance and recent trends. The number of service providers is measured as of 30 June each year.

### Analysis

In 2019/20 the average cost per approved and monitored service provider was \$2,614. This is 10.5 percent less than the target of \$2,920 but consistent with the performance in 2018/19.

This indicator was not impacted by the COVID-19 pandemic. The variance to target is predominantly due to a marginal increase in the number of service providers registered on 30 June 2020, which have been managed with less staff resources.

**Figure 23: Average cost per approved and monitored service provider**



## Indicator 1.3

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

Indicator 1.3	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
Average cost per client contact to provide information and advice	\$106	\$110	\$75	\$56	\$85	\$68

## 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 2018/19 performance and previous financial year trends.

## Analysis

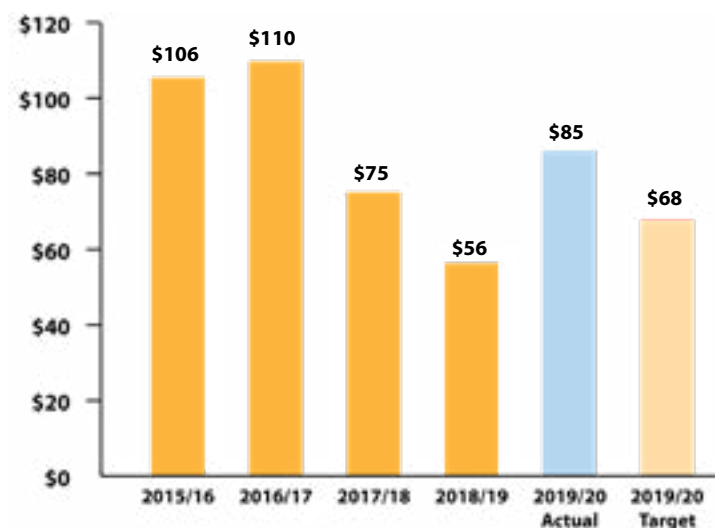
In 2019/20 the average cost per client contact to provide information and advice was \$85. This is 25 percent higher than the target of \$68 and 51.8 percent higher than in 2018/19.

This indicator was impacted by the COVID-19 pandemic due to a significant reduction in information requests in the last quarter of the year. The agency implemented working from home arrangements and other process changes to enable continued provision of advice and assistance services.

Overall in 2019/20 the Advice and Assistance Unit (AAU) responded to 19,062 requests with reduced resources. This is 7.7 percent reduction on the previous year.

A reallocation of support staff resources across the Regulatory Services Division commencing in 2019/20 also impacted on this indicator.

**Figure 24: 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 common law elections, extensions and settlements by Deed.



## Indicator 2.1

### Average cost to complete a conciliation

Indicator 2.1	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
Average cost to complete a conciliation	\$2,095	\$2,208	\$2,353	\$2,084	\$2,202	\$2,150

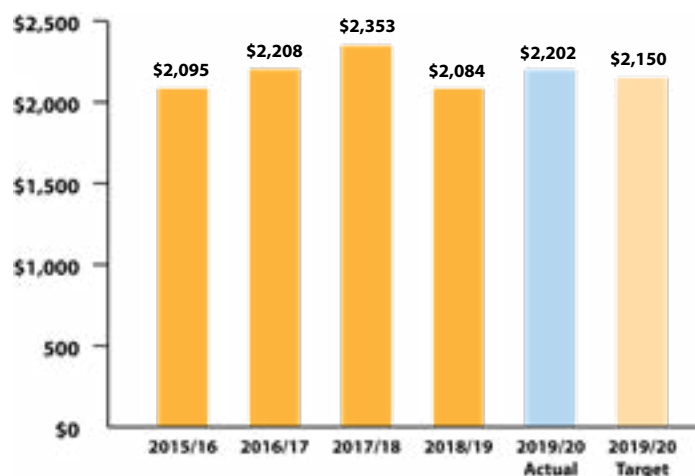
## Description

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 2019/20 is based on the performance for 2018/19 and current trends.

**Figure 25: Average cost to complete a conciliation**



## Analysis

In 2019/20 the average cost to complete a conciliation was \$2,202. This is 2.4 percent more than the target of \$2,150 and 5.7 percent more than 2018/19.

This indicator was not impacted by the COVID-19 pandemic. The agency was able to introduce telephone conferencing and working from home arrangements to ensure conciliation services were maintained.

The number of conciliations completed for the year is consistent with that expected varying by only -2.6 percent and just 1.6 percent less than in 2018/19, further indicating a stabilisation in the number of conciliation applications being received each year.

A cost increase from the previous year in providing this service is due to an additional resource working on the transition of the service to an online platform in line with the Government's Digital WA *Information and Communications Technology Strategy*.

## Indicator 2.2

### Average cost to complete an arbitration

Indicator 2.2	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
Average cost to complete an arbitration	\$10,084	\$9,587	\$8,579	\$8,319	\$9,162	\$8,856

### 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 the 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 data for this indicator is extracted directly from the 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 arbitrations completed for the year. The estimated number of arbitrations is consistent with the 2018/19 target figures.

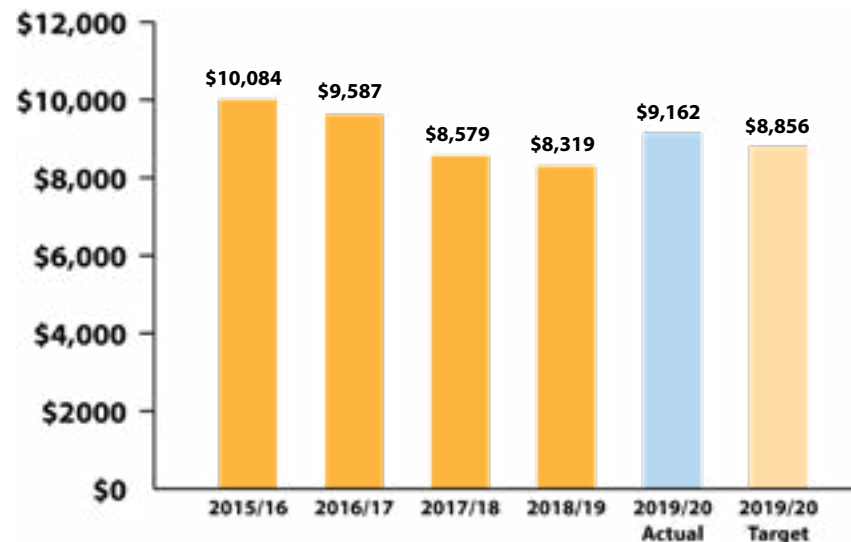
### Analysis

In 2019/20 the average cost to complete an arbitration was \$9,162. This is 3.5 percent higher than the predicted target of \$8,856 and 10.1 percent higher than the outcome for 2018/19.

This indicator was not impacted by the COVID-19 pandemic. The agency was able to introduce telephone conferencing and working from home arrangements to ensure arbitration services were maintained.

The increased cost of providing this service is predominantly due to an additional staff resource which has assisted in reducing arbitration timeframes as reflected in the Effectiveness KPI 1.3.

**Figure 26: Average cost to complete an arbitration**



## Indicator 2.3

### Average cost to process a Memorandum of Agreement

Indicator 2.3	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target
Average cost to process a Memorandum of Agreement	\$339	\$341	\$348	\$424	\$505	\$476

## 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 of 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 2018/19 performance and the stabilising of a previous continual upward movement in the number of MoAs being presented.

## Analysis

The average cost to process a MoA for 2019/20 was \$505. This is 6.1 percent more than the target of \$476 and 19.1 percent more than the outcome in 2018/19.

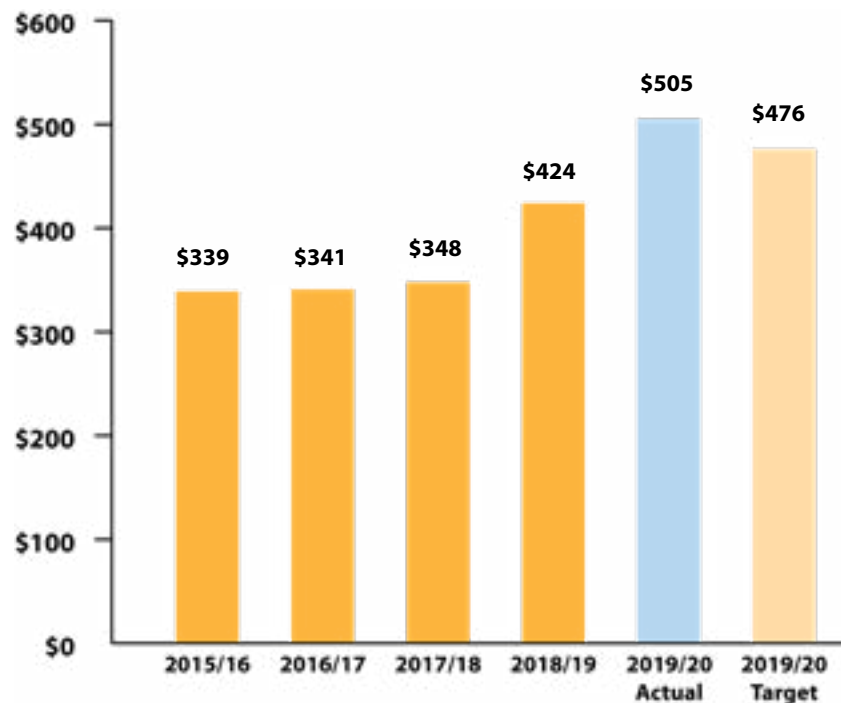
This indicator was not impacted by the COVID-19 pandemic. The agency was able to implement working from home arrangements and other process changes to ensure registry services were maintained.

The number of MoAs processed in 2019/20 is 11.3 percent less than the predicted target and 4.9 percent less than the number processed in 2018/19.

The higher individual MoA processing costs compared to the previous year are a direct result of the lower number of MoAs being lodged and an increased resource allocation reflected through overheads with a previous agency underspend due to vacancies being filled during 2019/20.

The number of MoAs lodged each year depends on the external claims management environment and a 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 four years reflecting the reduction in overall workers' compensation claim numbers over the preceding six-year period and an industry trend towards settlement by Deed rather than MoA.

**Figure 27: Average cost to complete a Memorandum of Agreement**





# Section 8

## Financial statements and notes

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# Certification of financial statements

**For the reporting period ended 30 June 2020**

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 2020 and the financial position as at 30 June 2020.

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.



**Sharryn Jackson**  
*Chair*

WorkCover Western Australia Authority

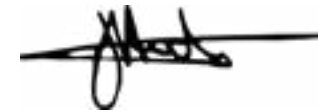
**14 August 2020**



**Chris White**  
*Chief Executive Officer*

WorkCover Western Australia Authority

**14 August 2020**



**John Hull**  
*Chief Finance Officer*

WorkCover Western Australia Authority

**14 August 2020**

## Independent Audit Opinion



Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY  
Report on the financial statements

### Conclusion

I have audited the financial statements of the WorkCover Western Australia Authority which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the WorkCover Western Australia Authority for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the Financial Management Act 2005 and the Treasurer's Instructions.

#### Basis for opinion

conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility 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 entity'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.

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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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.austob.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.austob.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

### Report on controls

### Conclusion

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

My opinion has been formed on the basis of the matters outlined in this report

In my opinion, in all material respects, the controls exercised by the WorkCover Western Australia Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

### 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 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.

Page 2 of 4

#### Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

#### Report on the key performance indicators

##### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the WorkCover Western Australia Authority are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

##### 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 entity'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 ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the Auditor General Act 2006 and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2020 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 contact the entity to confirm the information contained in the 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  
14 August 2020



## Statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$000	2019 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Insurer contributions	3.1	18,723	17,392
Interest revenue	3.2	1,197	2,421
Other revenue	3.3	1,852	1,544
Employers' Indemnity Supplementation Fund	3.4	2,029	44
<b>Total Revenue</b>		<b>23,801</b>	<b>21,401</b>
<b>Gains</b>			
Decrease in claims liability	3.6	3,081	-
Gain on disposal of non-current assets	4.4	7	-
<b>Total Gains</b>		<b>3,088</b>	<b>-</b>
<b>Total Income</b>		<b>26,889</b>	<b>21,401</b>
<b>EXPENSES</b>			
Employee benefits expense	4.1(a)	14,391	13,085
Supplies and services	4.5	2,947	3,060
Depreciation and amortisation expense	5.1,5.2,5.3	1,196	982
Accommodation expenses	4.5	907	695
Grants and subsidies	4.2	35	-
Claims expense	4.3(a)	1,872	6,256
Loss on disposal of non-current assets	4.4	-	9
Other expenses	4.5	1,386	1,584
<b>Total Expenses</b>		<b>22,734</b>	<b>25,671</b>
Profit/(Loss) before grants and subsidies from State Government		4,155	(4,270)
Services received free of charge	3.5	271	197
<b>Profit/(Loss) for the period</b>		<b>4,426</b>	<b>(4,073)</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)	(155)	(570)
Changes in asset revaluation surplus	9.10	(368)	113
<b>Total other comprehensive income</b>		<b>(523)</b>	<b>(457)</b>
<b>Total comprehensive income for the period</b>		<b>3,903</b>	<b>(4,530)</b>

The statement of comprehensive income should be read in conjunction with the accompanying notes.

## Statement of financial position

As at 30 June 2020

	Notes	2020 \$000	2019 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.1	22,654	8,739
Restricted cash and cash equivalents	7.1	85,074	87,694
Receivables	6.1	1,028	1,357
Other assets	6.2	189	251
Other financial assets	7.2	6,419	14,944
<b>Total Current Assets</b>		<b>115,364</b>	<b>112,985</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	5.1	16,252	17,131
Right-of-use assets	5.2	13	-
Intangible assets	5.3	2,353	2,510
<b>Total Non-Current Assets</b>		<b>18,618</b>	<b>19,641</b>
<b>Total Assets</b>		<b>133,982</b>	<b>132,626</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6.3	835	658
Lease liabilities	7.3	3	-
Employee related provisions	4.1(b)	3,349	3,067
Claims provisions	4.3(b)	3,604	5,502
<b>Total Current Liabilities</b>		<b>7,791</b>	<b>9,227</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	7.3	10	-
Employee related provisions	4.1(b)	5,655	5,593
Claims provisions	4.3(b)	18,957	20,140
<b>Total Non-Current Liabilities</b>		<b>24,622</b>	<b>25,733</b>
<b>Total Liabilities</b>		<b>32,413</b>	<b>34,960</b>
<b>Net Assets</b>		<b>101,569</b>	<b>97,666</b>
<b>EQUITY</b>			
Reserves	9.10	14,212	14,580
Retained earnings		87,357	83,086
<b>Total Equity</b>		<b>101,569</b>	<b>97,666</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 2020

	Notes	Reserves \$000	Retained earnings \$000	Total equity \$000
<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	9.10	113	(570)	(457)
<b>Total comprehensive income for the period</b>		<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>
<b>Balance at 1 July 2019</b>		<b>14,580</b>	<b>83,086</b>	<b>97,666</b>
Initial application of AASB 16	9.2	-	-	-
Initial application of AASB 15/1058	9.2	-	-	-
<b>Restated balance at 1 July 2019</b>		<b>14,580</b>	<b>83,086</b>	<b>97,666</b>
Profit/(Loss)		-	4,426	4,426
Other comprehensive income		(368)	(155)	(523)
<b>Total comprehensive income for the period</b>	9.10	<b>(368)</b>	<b>4,271</b>	<b>3,903</b>
<b>Balance at 30 June 2020</b>		<b>14,212</b>	<b>87,357</b>	<b>101,569</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 2020

	Notes	2020 \$000	2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Supplementation Fund receipts		2,031	44
Insurer contributions		18,752	17,372
Provision of services		9	9
Interest received		1,661	2,468
GST receipts on sales		14	69
GST receipts from taxation authority		343	379
Other receipts		2,041	1,021
<b>Payments</b>			
Workers' Compensation claim payments		(1,854)	(2,481)
Employee benefits		(14,161)	(14,265)
Supplies and services		(2,626)	(3,142)
Accommodation		(859)	(758)
Grants and subsidies		(35)	-
GST payments on purchases		(394)	(432)
Other payments		(1,626)	(1,250)
<b>Net cash provided by/(used in) operating activities</b>		<b>3,296</b>	<b>(966)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of non-current physical assets	4.4	31	33
Proceeds from the maturity of term deposits		8,525	3,080
<b>Payments</b>			
Purchase of non-current physical assets		(554)	(496)
Investments in term deposits		-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>8,002</b>	<b>2,617</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Principal elements of lease (2019 – finance lease) payments		(3)	-
<b>Net cash provided by/(used in) Financing activities</b>		<b>(3)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,295</b>	<b>1,651</b>
Cash and cash equivalents at the beginning of the period		96,433	94,782
<b>Cash and cash equivalents at the end of the period</b>	7.1	<b>107,728</b>	<b>96,433</b>

The statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the year ended 30 June 2020

## 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 14 August 2020.

## 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* (TIs)
- 3) Australian Accounting Standards (AAS) - Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

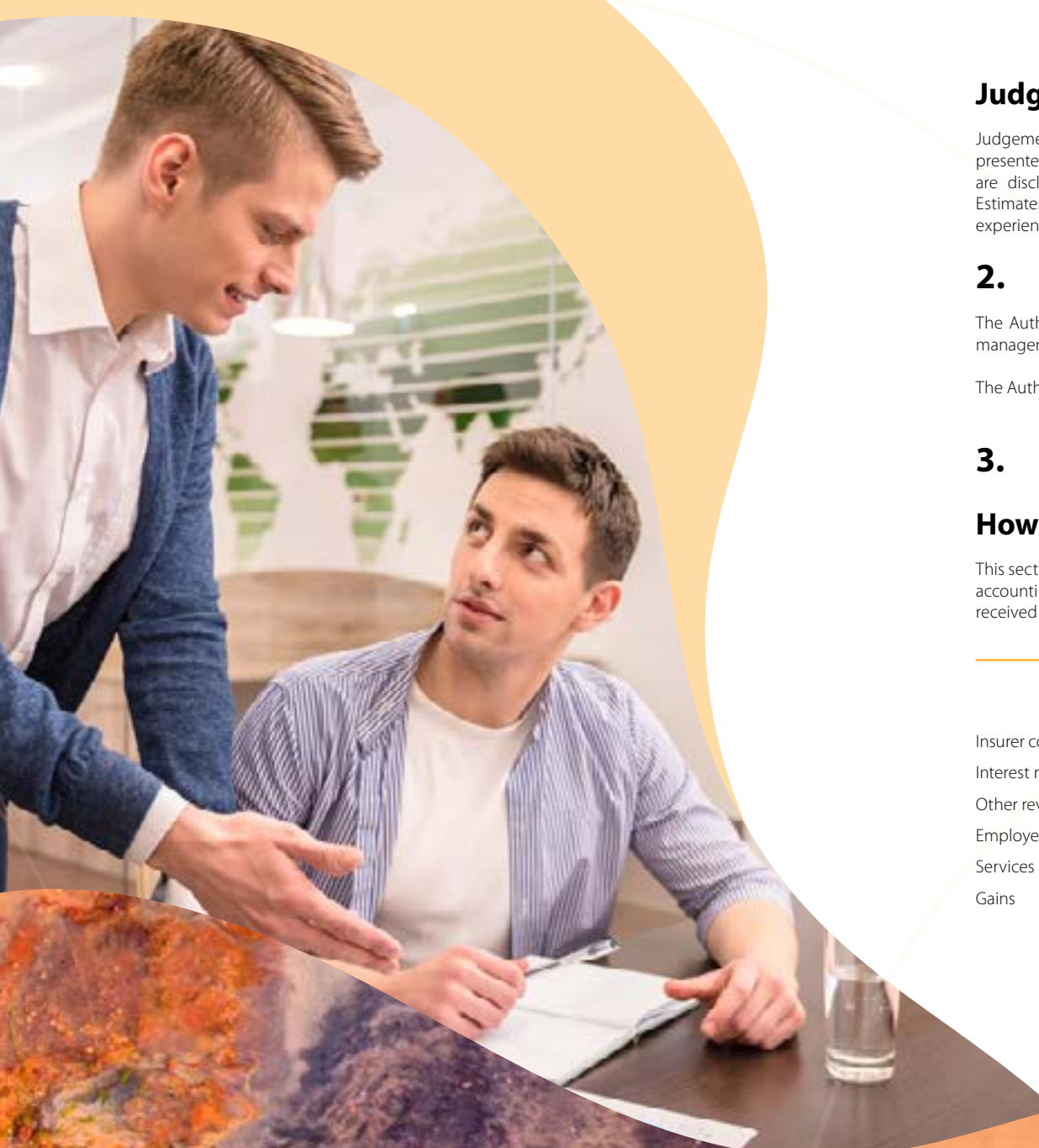
The *Financial Management Act 2006* and the *Treasurer's Instructions* take precedence over AASs. Several AASs are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, 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

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

The Authority's objectives are stated in "Our purpose".

## 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	2020 \$000	2019 \$000
Insurer contributions	3.1	18,723	17,392
Interest revenue	3.2	1,197	2,421
Other revenue	3.3	1,852	1,544
Employers' Indemnity Supplementation Fund	3.4	2,029	44
Services received free of charge	3.5	271	197
Gains	3.6,4.4	3,088	-



### 3.1 Insurer contributions

	Notes	2020 \$000	2019 \$000
Insurer contributions		18,723	17,392

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.

Insurers and Self Insurers are required to make annual contributions to the General Account in accordance with the provisions of Section 109 of the Act.

Revenue is recognised when the amount becomes payable by insurers and self-insurers.

The application of the new revenue standards from 1 July 2019 has had no impact on the treatment of insurer contributions.

### 3.2 Interest revenue

General Account	376	609
Employers' Indemnity Supplementation Fund (see note 4.3(b)(ii))	821	1,812
	<b>1,197</b>	<b>2,421</b>

Revenue is derived from the payment of interest on cash investments held at various financial institutions and Department of Treasury.

Revenue is recognised as the interest accrues.

The application of new revenue standards from 1 July 2019 has had no impact on the treatment of interest revenue.

### 3.3 Other revenue

<b>General Account</b>		
Recoveries, recoups and other <sup>(a)</sup>	656	334
Avoided premiums, Fines and Infringements	1,196	1,210
	<b>1,852</b>	<b>1,544</b>

(a) Other is mainly comprised of contributions received for the Executive Vehicle Scheme, revenue for Indian Ocean Territories and recoveries from uninsured employers.

WorkCover WA regulates employers' compliance with their obligations under the *Workers' Compensation and Injury Management Act 1981* (the Act). Breaches of the Act are liable for a letter of caution, infringement notice or criminal prosecution. Infringement notices are issued with a modified penalty as specified in WorkCover WA regulations (Infringement). If an employer does not hold the required insurance cover it can be prosecuted through the Magistrates Court and penalised up to \$5,000 for each worker employed. Additionally, an amount equal to the total of any avoided insurance premium payments which would have been payable during the period of 5 years before the conviction may also be payable (Avoided Premiums and Fines).

Recoveries from uninsured employers is recognised as revenue on receipt of the monies.

Revenue from infringements are recognised on receipt of payment. The revenue from Avoided premiums and Fines are recognised when the court order is issued.

The application of new revenue standards from 1 July 2019 has had no impact on the treatment of other revenue.

### 3.4 Employers' indemnity supplementation fund

	Notes	2020 \$000	2019 \$000
Recoveries		2,029	44
		<b>2,029</b>	<b>44</b>

The Supplementation Fund is managed in accordance with the *Employers' Indemnity Supplementation Fund Act 1980*, and operates to administer workers compensation claims relating to 'Failed' insurance companies such as HIH Insurance Group.

Liquidator recoveries received from the winding-up of the HIH Insurance Group reflect the pro-rata entitlement of WorkCover WA on the assets of the HIH Insurance Group.

Revenue is recognised on the receipt of monies from the liquidator of the HIH Insurance Group.

The application of revenue standards from 1 July 2019 has had no impact on the treatment of recoveries.

### 3.5 Services received free of charge

State Solicitor's Office	267	197
Department of Primary Industries and Regional Development (DAFWA)	4	-
	<b>271</b>	<b>197</b>

The Authority received legal services from the State Solicitor's Office free of charge, and downloaded a digital map from the DAFWA Research Library for free.

The Authority relies upon advice from other agencies to recognise the fair value of services provided.

The application of revenue standards from 1 July 2019 has had no impact on the treatment of Services received free of charge.

### 3.6 Decrease in claims liability

Decrease of claims liability from Actuarial assessment	3,081	-
	<b>3,081</b>	<b>-</b>

The effect of an actuarially assessed decrease in the outstanding claims liability for the General and Supplementation Funds has been included in the Statement of Comprehensive Income under 'Gains'.

## 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	2020 \$000	2019 \$000
<b>Expenses</b>			
Employee benefits expenses	4.1(a)	14,391	13,085
Grants and subsidies	4.2	35	-
Claims expense	4.3(a)	1,872	6,256
Net gain/(loss) on disposal of non-current assets	4.4	7	(9)
Other expenditure	4.5	5,240	5,339
<b>Provisions</b>			
Employee related provisions	4.1(b)	9,004	8,660
Claim provisions	4.3(b)	22,561	25,642

### 4.1(a) Employee benefits expense

Employee benefits	12,988	11,687
Termination benefits	50	57
Superannuation - defined contribution plans	1,282	1,206
Superannuation - defined benefit plans	71	135
<b>Total employee benefits expenses</b>	<b>14,391</b>	<b>13,085</b>
Add: AASB 16 Non-monetary benefits	3	-
Less: Employee Contributions	5	-
<b>Net employee benefits</b>	<b>14,389</b>	<b>13,085</b>

## Employee Benefits

Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

### 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.

### AASB 16 Non-monetary benefits

Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of car benefits are measured at the cost incurred by the Authority.

## 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.

	2020 \$000	2019 \$000
<b>CURRENT</b>		
<b>Employee benefits provisions</b>		
Annual leave (a)	576	370
Long service leave (b)	2,083	2,012
Superannuation (d)	532	543
	<b>3,191</b>	<b>2,925</b>
<b>Other provisions</b>		
Employment on-costs (c)	158	142
	<b>158</b>	<b>142</b>
<b>Total current employee related provisions</b>	<b>3,349</b>	<b>3,067</b>
<b>NON-CURRENT</b>		
<b>Employee benefits provisions</b>		
Long service leave (b)	631	508
Superannuation (d)	4,986	5,055
	<b>5,617</b>	<b>5,563</b>
<b>Other provisions</b>		
Employment on-costs (c)	38	30
	<b>38</b>	<b>30</b>
<b>Total non-current employee related provisions</b>	<b>5,655</b>	<b>5,593</b>
<b>Total employee related provisions</b>	<b>9,004</b>	<b>8,660</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'.

	2020 \$000	2019 \$000
<b>Employment on-costs provision</b>		
Carrying amount at start of period	172	185
Additional/(reversal of) provisions recognised	84	82
Payments/other sacrifices of economic benefits	(62)	(99)
Unwinding of the discount	2	4
<b>Carrying amount at end of period</b>	<b>196</b>	<b>172</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; and
- 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:

	Pre-transfer benefit Gold State			
	Pension Scheme		Superannuation Scheme	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Liability at start of period	5,311	4,996	287	492
<b>INCLUDED IN PROFIT OR LOSS:</b>				
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost	67	126	4	9
	<b>67</b>	<b>126</b>	<b>4</b>	<b>9</b>
<b>INCLUDED IN OTHER COMPREHENSIVE INCOME:</b>				
<b>Remeasurements loss (gain) recognised:</b>				
Actuarial losses/(gains) arising from:				
• demographic assumptions	7	(245)	-	4
• financial assumptions	245	802	(1)	18
• experience adjustments	(92)	(60)	(4)	51
	<b>160</b>	<b>497</b>	<b>(5)</b>	<b>73</b>
<b>Contributions:</b>				
Benefits Paid	(306)	(308)	-	(287)
	<b>(306)</b>	<b>(308)</b>	<b>-</b>	<b>(287)</b>
<b>Liability at end of period</b>	<b>5,232</b>	<b>5,311</b>	<b>286</b>	<b>287</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	
	2020	2019	2020	2019
Discount rate	0.90%	1.30%	0.90%	1.30%
Pension increases	2.50%	2.50%	2.50%	2.50%
Future salary increases	1.5% for the first year and 2.75% per annum thereafter	1.5% for the first two years and 4.2% thereafter	1.5% for the first year and 2.75% per annum thereafter	1.5% for the next two years and 4.2% thereafter

#### Average longevity at retirement age (65) for current pensioners (years)

Male	23.20	23.00	N/A	N/A
Female	25.00	24.90	N/A	N/A

#### Average longevity at retirement age (65) for current employees (years)

Male	23.20	23.00	N/A	N/A
Female	25.00	24.90	N/A	N/A

At 30 June 2020, the weighted-average duration of the defined benefit obligation was 12 years for Pension Scheme (2019: 12 years) and 4 years for Gold State Superannuation Scheme (2019: 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	
	2020	2019	2020	2019
	Increase	Increase	Increase	Increase
	\$000	\$000	\$000	\$000
Discount rate (0.5% for 2020 and 1% for 2019 movement)	(305)	(585)	(6)	(12)
Future salary growth (0.5% for 2020 and 1% for 2019 movement)	N/A	N/A	5	10
Pension increases (0.5% for 2020 and 1% for 2019 movement)	327	690	N/A	N/A
Future longevity (1 year movement)	218	278	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 \$306K (2019: \$308K) are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$175K (2019: \$197K) are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

## 4.2 Grants and subsidies

	2020	2019
	\$000	\$000
<b>Recurrent</b>		
Monash University - Mental Health	35	-
	<b>35</b>	<b>-</b>

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

	2020	2019
	\$000	\$000
Workers' compensation claims - Employers' Indemnity Supplementation Fund	1,392	916
Uninsured claims - General Account	480	1,521
Net increase in claims liability	-	3,819
	<b>1,872</b>	<b>6,256</b>

## 4.3(b) Claims provisions

### CURRENT

#### Employers' Indemnity Supplementation Fund (i)

Liability for estimated future claim payments	972	1,797
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#### General Account (ii)

Uninsured workers	2,632	3,705
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#### Total current provisions

**3,604 5,502**

### NON-CURRENT

#### Employers' Indemnity Supplementation Fund (i)

Liability for estimated future claim payments	10,718	12,345
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#### General Account (ii)

Uninsured workers	8,239	7,795
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#### Total non-current provisions

**18,957 20,140**

### CLAIMS PROVISIONS – EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND AND GENERAL ACCOUNT

#### Liability for future claims

The effect of an actuarial assessed increase in the outstanding claims liability or changes in the discount rate are included in the Statement of Comprehensive Income under Claims in note 4.3(a). The effect of an actuarial assessed decrease in the outstanding claims liability is included in the Statement of Comprehensive Income under Gains in note 3.6.

## 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				
	2020		2019	
Inflation Rate	2021	1.25%	2020	2.25%
	2022	2.00%	2021	2.75%
	2023	2.50%	2022	3.00%
	2024	2.50%	2023	3.25%
	2025	2.42%	2024	3.11%
	2026	2.34%	2025	2.97%
	2027	2.26%	2026	2.83%
	2028	2.17%	2027	2.68%
	2029	2.09%	2028	2.54%
	2030	2.01%	2029	2.40%
	2031	1.93%	2030	2.26%
	2032	1.85%	2031	2.12%
	2033	1.77%	2032	1.98%
	2034	1.69%	2033	1.83%
	2035	1.61%	2034	1.69%
	2036 Onwards	1.52%	2035 Onwards	1.55%
Discount Rate	2021	0.22%	2020	0.97%
	2022	0.29%	2021	1.00%
	2023	0.42%	2022	1.06%
	2024	0.58%	2023	1.14%
	2025	0.76%	2024	1.22%
	2026	0.97%	2025	1.32%
	2027	1.22%	2026	1.45%
	2028	1.49%	2027	1.62%
	2029	1.78%	2028	1.82%
	2030	2.02%	2029	2.00%
	2031	2.21%	2030	2.15%
	2032	2.34%	2031	2.27%
	2033	2.42%	2032	2.36%
	2034	2.44%	2033	2.42%
	2035	2.43%	2034	2.45%
	2036 Onwards	2.42%	2035 Onwards	2.45%
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 EISF ARD valuation no longer includes an explicit allowance for the 2011 Amendment Act. This is because this year's average claim size only includes lodgement years that are post 2011 Amendment Act so the removal of age limits is assumed to be fully incorporated into the experience and no explicit allowance is required. This has decreased from 0.5% increase for claimants under 65 and from 2.4% for claimants over 65.

### EISF Act: Non Asbestos-Related Claims

	2020		2019	
<b>Inflation Rate</b>	2021	1.25%	2020	2.25%
	2022	2.00%	2021	2.75%
	2023	2.50%	2022	3.00%
	2024	2.50%	2023	3.25%
	2025	2.42%	2024	3.11%
	2026	2.34%	2025	2.97%
	2027	2.26%	2026	2.83%
	2028	2.17%	2027	2.68%
	2029	2.09%	2028	2.54%
	2030	2.01%	2029	2.40%
	2031	1.93%	2030	2.26%
	2032	1.85%	2031	2.12%
	2033	1.77%	2032	1.98%
	2034	1.69%	2033	1.83%
	2035	1.61%	2034	1.69%
	2036 Onwards	1.52%	2035 Onwards	1.55%
<b>Discount Rate</b>	2021	0.22%	2020	0.97%
	2022	0.29%	2021	1.00%
	2023	0.42%	2022	1.06%
	2024	0.58%	2023	1.14%
	2025	0.76%	2024	1.22%
	2026	0.97%	2025	1.32%
	2027	1.22%	2026	1.45%
	2028	1.49%	2027	1.62%
	2029	1.78%	2028	1.82%
	2030	2.02%	2029	2.00%
	2031	2.21%	2030	2.15%
	2032	2.34%	2031	2.27%
	2033	2.42%	2032	2.36%
	2034	2.44%	2033	2.42%
	2035	2.43%	2034	2.45%
	2036 Onwards	2.42%	2035 Onwards	2.45%
<b>Claims Managements Expenses</b>	10.5% for claim payments except for HIH Insurance which is 0%		10.5% for claim payments except for HIH Insurance which is 0%	
<b>Superimposed Inflation</b>	0.00%		0.00%	
<b>Risk Margin</b>	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 2016 to 2020 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
	2020	11,690

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 2020 was assessed at \$11.69 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

	2020	2019
	\$000	\$000
<b>EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND</b>		
<b>Liability for estimated future claim payments</b>		
Carrying amount at start of period	14,142	12,649
Additional increase/(decrease) in provisions recognised	(1,134)	2,172
Unwinding of the discount	131	230
Payments/other sacrifices of economic benefits	(1,449)	(909)
<b>Carrying amount at end of period</b>	<b>11,690</b>	<b>14,142</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)

	2020		2019	
Inflation Rate	2021	1.25%	2020	2.25%
	2022	2.00%	2021	2.75%
	2023	2.50%	2022	3.00%
	2024	2.50%	2023	3.25%
	2025	2.42%	2024	3.11%
	2026	2.34%	2025	2.97%
	2027	2.26%	2026	2.83%
	2028	2.17%	2027	2.68%
	2029	2.09%	2028	2.54%
	2030	2.01%	2029	2.40%
	2031	1.93%	2030	2.26%
	2032	1.85%	2031	2.12%
	2033	1.77%	2032	1.98%
	2034	1.69%	2033	1.83%
	2035	1.61%	2034	1.69%
	2036 Onwards	1.52%	2035 Onwards	1.55%
	Discount Rate	2021	0.22%	2020
2022		0.29%	2021	1.00%
2023		0.42%	2022	1.06%
2024		0.58%	2023	1.14%
2025		0.76%	2024	1.22%
2026		0.97%	2025	1.32%
2027		1.22%	2026	1.45%
2028		1.49%	2027	1.62%
2029		1.78%	2028	1.82%
2030		2.02%	2029	2.00%
2031		2.21%	2030	2.15%
2032		2.34%	2031	2.27%
2033		2.42%	2032	2.36%
2034		2.44%	2033	2.42%
2035		2.43%	2034	2.45%
2036 Onwards		2.42%	2035 Onwards	2.45%
Claims Managements Expenses		10.5% for claim payments		10.5% for claim payments
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	



### 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:

- 10% 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 less than the 30% assumed last year as there are fewer potential common law claims reported;
- 0% increase in the ARD average claim size to allow for common law claims made by employed contractors. This is less than the 0.2% last year as this year's average claim size only includes lodgement years that are after the 2011 Amendment Act so no explicit allowance is required;
- 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 is the same as 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 for the removal of age limits. This is because this year's average claim size only includes lodgement years that are post 2011 Amendment Act so the removal of age limits is assumed to be fully incorporated into the experience and no explicit allowance is required. This has decreased from 0.5% increase for claimants under 65 and from 2.4% for claimants over 65.

## 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)

	2020		2019	
Inflation Rate	2021	1.25%	2020	2.25%
	2022	2.00%	2021	2.75%
	2023	2.50%	2022	3.00%
	2024	2.50%	2023	3.25%
	2025	2.42%	2024	3.11%
	2026	2.34%	2025	2.97%
	2027	2.26%	2026	2.83%
	2028	2.17%	2027	2.68%
	2029	2.09%	2028	2.54%
	2030	2.01%	2029	2.40%
	2031	1.93%	2030	2.26%
	2032	1.85%	2031	2.12%
	2033	1.77%	2032	1.98%
	2034	1.69%	2033	1.83%
	2035	1.61%	2034	1.69%
	2036 Onwards	1.52%	2035 Onwards	1.55%
Discount Rate	2021	0.22%	2020	0.97%
	2022	0.29%	2021	1.00%
	2023	0.42%	2022	1.06%
	2024	0.58%	2023	1.14%
	2025	0.76%	2024	1.22%
	2026	0.97%	2025	1.32%
	2027	1.22%	2026	1.45%
	2028	1.49%	2027	1.62%
	2029	1.78%	2028	1.82%
	2030	2.02%	2029	2.00%
	2031	2.21%	2030	2.15%
	2032	2.34%	2031	2.27%
	2033	2.42%	2032	2.36%
	2034	2.44%	2033	2.42%
	2035	2.43%	2034	2.45%
	2036 Onwards	2.42%	2035 Onwards	2.45%
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.
- 3.7% of non-ARD claims will be lodged as common law claims, with an average claim size \$0.7 million in 30 June 2020 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 2019 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 eight year's superimposed inflation (2.5% per year) and wage inflation (2020: 0.6%, 2019: 2.0%, 2018: 1.3%, 2017: 1.3%, 2016: 0.25%, 2015: 2.8%, 2014: 0.6%, 2013: 6.8%). The percentage of non-ARD claims that will be lodged as common law claims has increased from 2.8% adopted last year 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

	2020	2019
	\$000	\$000
<b>Uninsured claims</b>		
Carrying amount at start of period	11,500	9,174
Additional increase in provisions recognised	(150)	3,894
Unwinding of the discount	108	156
Payments/other sacrifices of economic benefits	(587)	(1,724)
<b>Carrying amount at end of period</b>	<b>10,871</b>	<b>11,500</b>

## 4.4 Net gain/(loss) on disposal of non-current assets

	2020	2019
	\$000	\$000
<b>Net proceeds from Disposal of Non-Current Assets</b>		
Vehicles	31	33
	<b>31</b>	<b>33</b>
<b>Carry Amount of Non-Current Assets</b>		
Equipment	(1)	-
Vehicles	(23)	(42)
	<b>(24)</b>	<b>(42)</b>
<b>Net gain/(loss)</b>	<b>7</b>	<b>(9)</b>

#### Realised and unrealised gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

## 4.5 Other expenditure

	2020	2019
	\$000	\$000
<b>SUPPLIES AND SERVICES</b>		
Communications	156	161
Consultants and contractors	1,697	1,773
Consumables	819	825
Insurance	115	118
Training	99	113
Travel	16	45
Other	45	25
<b>Total supplies and services expenses</b>	<b>2,947</b>	<b>3,060</b>
<b>ACCOMMODATION EXPENSES</b>		
Outgoings	688	303
Repairs and maintenance	76	224
Other	143	168
<b>Total accommodation expenses</b>	<b>907</b>	<b>695</b>
<b>OTHER EXPENSES</b>		
<b>General Account</b>		
Employment on-costs	841	764
Seminars	10	6
Expected credit losses expense	90	217
Sitting fees	106	89
Staff wellness programs	36	49
Audit Fees	152	187
Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims	64	182
Other	84	66
<b>Employers' Indemnity Supplementation Fund (see note 4.3(b)(i))</b>		
Administration fee paid to Insurance Commission of WA	3	24
<b>Total other expenses</b>	<b>1,386</b>	<b>1,584</b>
<b>Total other expenditure</b>	<b>5,240</b>	<b>5,339</b>

### Supplies and services expenses

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

### Repairs, maintenance and cleaning costs

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

### Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

### 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.

### Expected credit losses expense

The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 6.1. Movement in the allowance for impairment of trade receivables.

**Software modification costs** are recognised as expenses as incurred.

### 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	2020 \$000	2019 \$000
Property, plant, equipment & vehicles	5.1	16,252	17,131
Right-of-use assets	5.2	13	-
Intangibles	5.3	2,353	2,510
<b>Total key assets</b>		<b>18,618</b>	<b>19,641</b>

## 5.1 Property, plant, equipment & vehicles

YEAR ENDED 30 JUNE 2020	Land \$000	Buildings \$000	Work in Progress \$000	Plant, equipment and vehicles \$000	Total \$000
<b>At 30 June 2019</b>					
Open net book amount	14,000	1,500	-	1,631	17,131
Adjustment for change in accounting policy – AASB 16 <sup>(a)</sup>	-	-	-	-	-
<b>Restated opening net book amount</b>	<b>14,000</b>	<b>1,500</b>	<b>-</b>	<b>1,631</b>	<b>17,131</b>
<b>At 1 July 2019</b>					
Gross carrying amount	14,000	1,500	-	3,244	18,744
Accumulated depreciation	-	-	-	(1,613)	(1,613)
<b>Carrying amount at start of period</b>	<b>14,000</b>	<b>1,500</b>	<b>-</b>	<b>1,631</b>	<b>17,131</b>
Additions	-	-	-	16	16
Transfers	-	-	-	-	-
Disposals	-	-	-	(24)	(24)
Revaluation increments/(decrements)	(500)	132	-	-	(368)
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Depreciation	-	(132)	-	(371)	(503)
<b>Carrying amount at 30 June 2020</b>	<b>13,500</b>	<b>1,500</b>	<b>-</b>	<b>1,252</b>	<b>16,252</b>
Gross Carrying amount	13,500	1,500	-	3,042	18,042
Accumulated depreciation	-	-	-	(1,790)	(1,790)
Accumulated impairment	-	-	-	-	-

(a) The application of AASB 16 has resulted in the reclassification of finance leased assets to right-of-use assets.



## 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 Western Australian Land Information Authority (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 1 July 2019 by Western Australian Land Information Authority. The valuations were performed during the year ended 30 June 2020 and recognised at 30 June 2020. In undertaking the revaluation, fair value was determined by reference to market values for land: \$13,500,000 (2019: \$14,000,000) and buildings: \$1,500,000 (2019: \$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

	2020 \$000	2019 \$000
<b>CHARGE FOR THE PERIOD</b>		
<b>Depreciation</b>		
Plant, equipment and vehicles	371	371
Buildings	132	121
<b>Total depreciation for the period</b>	<b>503</b>	<b>492</b>

As at 30 June 2020 there were no indications of impairment to property, plant and equipment and vehicles.

Please refer to note 5.3 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 Right-of-use assets

	2020	2019
	\$000	\$000
Vehicles	13	-
<b>Net carrying amount at 30 June 2020</b>	<b>13</b>	<b>-</b>

Additions to right-of-use assets during the 2020 financial year were \$16,000.

### Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

The Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

### Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

### Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing of impairment is outlined in note 5.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020	2019
	\$000	\$000
Vehicles	3	-
<b>Total right-of-use asset depreciation</b>	<b>3</b>	<b>-</b>

The total cash outflow for leases in 2020 was \$3,175.

The Authority has leases for vehicles.

Up to 30 June 2019, the Authority classified leases as operating leases. From 1 July 2019, at 1 July 2019, the Authority recognises leases as right-of-use assets and associated lease liabilities in the Statement of financial position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.3.

## 5.3 Intangible assets

YEAR ENDED 30 JUNE 2020	Computer Software	Licences	WIP	Website	Total
	\$000	\$000	\$000	\$000	\$000
<b>1 JULY 2019</b>					
Gross carrying amount	4,896	170	371	46	5,483
Accumulated amortisation	(2,781)	(146)	-	(46)	(2,973)
Accumulated impairment losses	-	-	-	-	-
<b>Carrying amount at start of period</b>	<b>2,115</b>	<b>24</b>	<b>371</b>	<b>-</b>	<b>2,510</b>
Additions	61	-	472	-	533
Transfer	371	-	(371)	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Amortisation expense	(678)	(12)	-	-	(690)
<b>30 JUNE 2020</b>					
Gross carrying amount	5,328	170	472	46	6,016
Accumulated amortisation	(3,459)	(158)	-	(46)	(3,663)
<b>Carrying amount at end of period</b>	<b>1,869</b>	<b>12</b>	<b>472</b>	<b>-</b>	<b>2,353</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.

## 5.3.1 Amortisation and impairment

	2020 \$000	2019 \$000
<b>Charge for the period</b>		
Licences	12	19
Computer software	678	471
<b>Total amortisation for the period</b>	<b>690</b>	<b>490</b>

As at 30 June 2020 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	2020 \$000	2019 \$000
Receivables	6.1	1,028	1,357
Other assets	6.2	189	251
Payables	6.3	(835)	(658)

### 6.1 Receivables

<b>CURRENT</b>			
<b>General Account</b>			
Trade receivables		-	83
Fines and penalties		1,355	1,092
Allowance for impairment of trade receivables		(603)	(513)
Accrued interest		51	231
GST receivable		33	(8)
		<b>836</b>	<b>885</b>
<b>Employers' Indemnity Supplementation Fund (see note 4.3)</b>			
Accrued interest		114	399
GST receivable		78	73
		<b>192</b>	<b>472</b>
<b>Total current</b>		<b>1,028</b>	<b>1,357</b>
<b>NON-CURRENT</b>			
<b>General Account</b>			
Trade receivables		-	418
Allowance for impairment of trade receivables		-	(418)
<b>Total non-current</b>		<b>-</b>	<b>-</b>
<b>Total receivables</b>		<b>1,028</b>	<b>1,357</b>

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

	2020	2019
	\$000	\$000
<b>CURRENT</b>		
Prepayments	189	251
<b>Balance at end of period</b>	<b>189</b>	<b>251</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

<b>CURRENT</b>		
<b>General Account</b>		
Trade payables	78	168
Accrued expenses	301	208
Accrued salaries	248	105
Other payables	153	169
<b>Employers' Indemnity Supplementation Fund (see note 4.3b)</b>		
Claim payments	55	8
<b>Total Current</b>	<b>835</b>	<b>658</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 pay 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
Leases liabilities	7.3
Commitments	7.4

### 7.1 Cash and cash equivalents

	2020	2019
	\$000	\$000
Cash and cash equivalents	22,654	8,739
<b>Restricted cash and cash equivalents</b>		
- Employers Indemnity Supplementation Fund <sup>(a)</sup>	84,840	87,519
- Indian Ocean Territories (Note 9.7) <sup>(b)</sup>	10	9
- Paid Parental Leave <sup>(c)</sup>	4	1
- Accrued salaries suspense account <sup>(d)</sup>	220	165
<b>Balance at end of period</b>	<b>107,728</b>	<b>96,433</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

	2020 \$000	2019 \$000
<b>CURRENT</b>		
<b>At Cost:</b>		
Term deposits <sup>(a)</sup>	6,419	14,944
	<b>6,419</b>	<b>14,944</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 Lease liabilities

Current	3	-
Non-current	10	-
	<b>13</b>	<b>-</b>

The Authority measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Authority uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Authority as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Authority exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Authority if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Authority in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 5.2.

### Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

## 7.4 Commitments

### Capital 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:

	2020 \$000	2019 \$000
Within 1 year	72	54
	<b>72</b>	<b>54</b>

The totals presented for capital expenditure commitments are GST inclusive.

## 8. Financial instruments 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:

	2020 \$000	2019 \$000
<b>Financial assets</b>		
Cash and cash equivalents	22,654	8,739
Restricted cash and cash equivalents	85,074	87,694
Financial assets at amortised cost <sup>(a)</sup>	7,336	16,236
<b>Total financial assets</b>	<b>115,064</b>	<b>112,669</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	835	658
<b>Total financial liability</b>	<b>835</b>	<b>658</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 2020 and up to the date of this report.

#### 8.2.2 Contingent liabilities

There were no contingent liabilities in existence at 30 June 2020 and up to the date of this report.

### 8.3 Fair value measurements

Assets measured at fair value:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
<b>2019-2020</b>				
Land (note 5.1)		13,500		13,500
Buildings (note 5.1)		1,500		1,500
	-	15,000	-	15,000

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

### (a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements. In addition, income other than from contracts with customers are subject to AASB 1058 Income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Authority.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income for the Authority.

### (b) AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Authority applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of retained earnings.

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.



Under AASB 16, the Authority takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- (i) Right-of use-assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- (ii) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- (iii) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Authority measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Authority is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Authority has not identified any impairments to its right-of-use assets.

On transition, the Authority has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (i) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (ii) The Authority has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The Authority has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
- (iii) Where the lease term at initial application ended within 12 months, the Authority has accounted for these as short-term leases;
- (iv) Initial direct costs have been excluded from the measurement of the right-of use asset;
- (v) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Authority has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

	2020
	\$000
<b>MEASUREMENT OF LEASE LIABILITIES</b>	
Operating Lease Commitments disclosed as at 30 June 2019 <sup>(i)</sup>	19
Discounted using incremental borrowing rate at date of initial application <sup>(ii)</sup>	16
Lease liability recognised at 1 July 2019	16
Current lease liabilities	3
Non-current lease liabilities	13

(i) Total amount for lease commitments include GST

(ii) The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance

## 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 (\$)

	2020	2019
	\$	
(a) [ 0 - 10,000	3	4
10,001 - 20,000	5	2
30,001 - 40,000	-	1
	\$000	\$000
<b>Total compensation of members of the Accountable Authority</b>	<b>105</b>	<b>95</b>

(a) members in the compensation bands had part-year occupancy.

### Compensation of senior officers other than the Accountable Authority

#### COMPENSATION BAND (\$)

	2020	2019
	\$	
160,001 - 170,000	-	1
170,001 - 180,000	-	1
180,001 - 190,000	2	-
210,001 - 220,000	1	2
220,001 - 230,000	1	-
250,001 - 260,000	-	1
270,001 - 280,000	1	-
	\$000	\$000
<b>Total compensation of senior officers</b>	<b>1,076</b>	<b>1,031</b>

Total compensation includes superannuation expense incurred by the Authority in respect of senior officers and members of Accountable Authority.

## 9.4 Related party transactions

The Authority is a wholly owned public sector entity that is controlled by of 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; and
- 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).

	2020 \$000	2019 \$000
Opening balance at 1 July 2019	9	1
Funding received from the Commonwealth	12	25
Revenue received from insurers	9	9
	<b>30</b>	<b>35</b>
<b>Payments by Program Area</b>		
Regulatory Services	-	11
Conciliation and Arbitration Services	17	10
Scheme and Corporate Services	3	5
<b>Total Payments</b>	<b>20</b>	<b>26</b>
<b>Balance carried forward at 30 June 2020</b>	<b>10</b>	<b>9</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 dependents of deceased workers.

<b>Income</b>		
Amounts paid to the custody of the Authority	1,104	572
Interest on investments	11	19
	<b>1,115</b>	<b>591</b>
<b>Expenditure</b>		
Payments by the Authority	579	380
Administration fee	10	10
	<b>589</b>	<b>390</b>
<b>Surplus/(Deficit)</b>	526	201
Balance at 1 July 2019	1,145	944
<b>Balance at 30 June 2020</b>	<b>1,671</b>	<b>1,145</b>
<b>Balance of funds held represents:</b>		
Cash and cash equivalents	1,671	1,145
	<b>1,671</b>	<b>1,145</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:

	2020	2019
	\$000	\$000
Auditing the accounts, controls, financial statements and key performance indicators	88	88
	<b>88</b>	<b>88</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.

<b>RESERVES</b>		
<b>Asset revaluation surplus</b>		
Balance at start of period	14,580	14,467
<b>Net revaluation increments/(decrements):</b>		
Land	(500)	-
Buildings	132	113
<b>Balance at end of period</b>	<b>14,212</b>	<b>14,580</b>
<b>RETAINED EARNINGS</b>		
Balance at start of period	83,086	87,729
Result for the period	4,271	(4,643)
<b>Balance at end of period</b>	<b>87,357</b>	<b>83,086</b>
<b>Total equity at end of period</b>	<b>101,569</b>	<b>97,666</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:

	2020	2019
	\$000	\$000
<b>Write-offs</b>		
General account uninsured claims <sup>(i)</sup>	-	129
Fines and penalties	-	53
	<b>-</b>	<b>182</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.

	2020	2019
Number of recoveries written off with values between:		
\$ 0 - 100,000	-	5
\$ 100,001 - 200,000	-	-

	2020	2019
	\$000	\$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 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are generally greater than 10% and \$1 million for the Statements of comprehensive income, cash flows, and the Statement of financial position.

### 9.12.1 Statement of comprehensive income variances

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between Estimate and Actual \$000	Variance between actual result for 2020 and 2019 \$000
<b>INCOME</b>						
<b>Revenue</b>						
Insurer contributions		18,723	18,723	17,392	-	1,331
Interest revenue	1,A	2,289	1,197	2,421	(1,092)	(1,224)
Other revenue	2	796	1,852	1,544	1,056	308
Employers' Indemnity Supplementation Fund	3,B	-	2,029	44	2,029	1,985
<b>Total Revenue</b>		<b>21,808</b>	<b>23,801</b>	<b>21,401</b>	<b>1,993</b>	<b>2,400</b>
<b>Gains</b>						
Decrease in claims liability	4,C	1,691	3,081	-	1,390	3,081
Gain on disposal of non-current assets		-	7	-	-	-
<b>Total Gains</b>		<b>1,691</b>	<b>3,088</b>	<b>-</b>	<b>1,390</b>	<b>3,081</b>
<b>Total Income</b>		<b>23,499</b>	<b>26,889</b>	<b>21,401</b>	<b>3,383</b>	<b>5,481</b>
<b>EXPENSES</b>						
Employee benefits expense	D	14,816	14,391	13,085	(425)	1,306
Supplies and services		2,983	2,947	3,060	(36)	(113)
Depreciation and amortisation expense		1,076	1,196	982	120	214
Accommodation expenses		524	907	695	383	212
Grants and subsidies		35	35	-	-	35
Claims expense	E	2,690	1,872	6,256	(818)	(4,384)
Loss on disposal of non-current assets		-	-	9	-	(9)
Other expenses		1,734	1,386	1,584	(348)	(198)
<b>Total Expenses</b>		<b>23,858</b>	<b>22,734</b>	<b>25,671</b>	<b>(1,124)</b>	<b>(2,937)</b>
Profit/(Loss) before grants and subsidies from State Government		(359)	4,155	(4,270)	4,514	8,425
Services received free of charge		170	271	197	101	74
<b>Profit/(Loss) for the period</b>		<b>(189)</b>	<b>4,426</b>	<b>(4,073)</b>	<b>4,615</b>	<b>8,499</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Remeasurements of defined benefit liability		-	(155)	(570)	(155)	415
Changes in asset revaluation surplus		-	(368)	113	(368)	(481)
<b>Total other comprehensive income</b>		<b>-</b>	<b>(523)</b>	<b>(457)</b>	<b>(523)</b>	<b>(66)</b>
<b>Total comprehensive income for the period</b>		<b>(189)</b>	<b>3,903</b>	<b>(4,530)</b>	<b>4,092</b>	<b>8,433</b>

#### Major Estimate and Actual (2020) Variance Narratives

- 1) Interest Revenue is \$1.1 million lower than budget estimates due to lower than expected interest rates in 2019/20.
- 2) Other revenue is \$1.1 million higher than budget estimates due to an increase in avoided premiums and fines imposed in 2019/2020 and higher than anticipated recoveries from the liquidator of the HIH Insurance Group.
- 3) Revenue for Employers' Indemnity Supplementation Fund is \$2.0 million higher than budget estimates due to higher than anticipated recoveries from the liquidator of the HIH Insurance Group.
- 4) The gain from a decrease in claims liability is \$1.4 million higher than estimated due to lower than expected claims liabilities at 30 June 2020. This was a result of fewer open claims and lower case estimates for those claims, which combined with higher real rates of return decreased the liability.

#### Major Actual (2020) and Comparative (2019) Variance Narratives

- A) Interest Revenue decreased by \$1.2 million due to lower than expected interest rates in 2019/20.
- B) Revenue for Employers' Indemnity Supplementation Fund increased by \$2.0 million due to recoveries received from the liquidator of the HIH Insurance Group in 2019/2020.
- C) The gain from a decrease in claims liability of \$3.1 million is due to an actuarially assessed reduction in claim liabilities at 30 June 2020. This was a result of fewer open claims and lower case estimates for those claims, which combined with higher real rates of return decreased the liability.
- D) Employee benefits expense increased by \$1.3 million compared to prior year, mainly due to a number of vacant positions being filled in 2019/2020.
- E) Claim expenses decreased by \$4.4 million compared to the prior year mainly due to less claim payments combined with a reduction of common law claims and open claims in current financial year.



## 9.12.2 Statement of financial position variances

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between Estimate and Actual	Variance between actual result for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	5,F	1,115	22,654	8,739	21,539	13,915
Restricted cash and cash equivalents		87,731	85,074	87,694	(2,657)	(2,620)
Receivables		1,158	1,028	1,357	(130)	(329)
Other assets		83	189	251	106	(62)
Other financial assets	6,G	18,779	6,419	14,944	(12,360)	(8,525)
<b>Total Current Assets</b>		<b>108,866</b>	<b>115,364</b>	<b>112,985</b>	<b>6,498</b>	<b>2,379</b>
<b>Non-Current Assets</b>						
Property, plant, equipment & vehicles		17,688	16,252	17,131	(1,436)	(879)
Right-of-use assets		62	13	-	(49)	13
Intangible assets		1,836	2,353	2,510	517	(157)
<b>Total Non-Current Assets</b>		<b>19,586</b>	<b>18,618</b>	<b>19,641</b>	<b>(968)</b>	<b>(1,023)</b>
<b>Total Assets</b>		<b>128,452</b>	<b>133,982</b>	<b>132,626</b>	<b>5,530</b>	<b>1,356</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		799	835	658	36	177
Lease liabilities		4	3	-	(1)	3
Employee related provisions		3,547	3,349	3,067	(198)	282
Claims provisions	H	3,325	3,604	5,502	279	(1,898)
<b>Total Current Liabilities</b>		<b>7,675</b>	<b>7,791</b>	<b>9,227</b>	<b>116</b>	<b>(1,436)</b>
<b>Non-Current Liabilities</b>						
Lease liabilities		58	10	-	(48)	10
Employee related provisions		5,308	5,655	5,593	347	62
Claims provisions	7	13,709	18,957	20,140	5,248	(1,183)
<b>Total Non-Current Liabilities</b>		<b>19,075</b>	<b>24,622</b>	<b>25,733</b>	<b>5,547</b>	<b>(1,111)</b>
<b>Total Liabilities</b>		<b>26,750</b>	<b>32,413</b>	<b>34,960</b>	<b>5,663</b>	<b>(2,547)</b>
<b>Net Assets</b>		<b>101,702</b>	<b>101,569</b>	<b>97,666</b>	<b>(133)</b>	<b>3,903</b>
<b>EQUITY</b>						
Reserves		14,467	14,212	14,580	(255)	(368)
Retained earnings		87,235	87,357	83,086	122	4,271
<b>Total Equity</b>		<b>101,702</b>	<b>101,569</b>	<b>97,666</b>	<b>(133)</b>	<b>3,903</b>

### Major Estimate and Actual (2020) Variance Narratives

- 5) Cash and cash equivalents are \$21.5 million higher than budget estimates due to more term deposits being held with a maturity date less than three months and a \$4.8 million transfer from the Supplementation Fund to the General Account.
- 6) Other financial assets are \$12.4 million lower than budget estimates due to more term deposits being held with a maturity date less than three months.
- 7) Claim provisions are \$5.2 million higher than estimated due to the subsequent claims experience impacting actuarially assessed claim liabilities at 30 June 2020.

### Major Actual (2020) and Comparative (2019) Variance Narratives

- F) Cash and cash equivalents increased by \$13.9 million mainly due to more term deposits being held with a maturity date less than three months and a \$4.8 million transfer from the Supplementation Fund to the General Account.
- G) Other financial assets decreased by \$8.5 million mainly due to more term deposits being held with a maturity date less than three months.
- H) Claim provisions decreased by \$1.9 million compared to the prior year due to a reduction in the actuarially assessed claim liabilities at 30 June 2020. This was a result of fewer open claims and lower case estimates for those claims, which combined with higher real rates of return decreased the liability.

### 9.12.3 Statement of cash flows variances

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between Estimate and Actual \$000	Variance between actual result for 2020 and 2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Supplementation Fund receipts	8,I	-	2,031	44	2,031	1,987
Insurer contributions		18,723	18,752	17,372	29	1,380
Provision of services		11	9	9	(2)	-
Interest received		2,289	1,661	2,468	(628)	(807)
GST receipts on sales		4	14	69	10	(55)
GST receipts from taxation authority		457	343	379	(114)	(36)
Other receipts	9,J	785	2,041	1,021	1,256	1,020
<b>Payments</b>						
Workers' Compensation claim payments		(2,690)	(1,854)	(2,481)	836	627
Employee benefits		(14,711)	(14,161)	(14,265)	550	104
Supplies and services		(2,813)	(2,626)	(3,142)	187	516
Accommodation		(524)	(859)	(758)	(335)	(101)
Grants and subsidies		(35)	(35)	-	-	(35)
GST payments on purchases		(461)	(394)	(432)	67	38
Other payments		(1,654)	(1,626)	(1,250)	28	(376)
<b>Net cash provided by/(used in) operating activities</b>		<b>(619)</b>	<b>3,296</b>	<b>(966)</b>	<b>3,915</b>	<b>4,262</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds from sale of non-current physical assets		-	31	33	31	(2)
Proceeds from the maturity of term deposits	10,K	-	8,525	3,080	8,525	5,445
<b>Payments</b>						
Purchase of non-current physical assets		(761)	(554)	(496)	207	(58)
Investments in term deposits		-	-	-	-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(761)</b>	<b>8,002</b>	<b>2,617</b>	<b>8,763</b>	<b>5,385</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Principal elements of lease (2019 – finance lease) payments		(8)	(3)	-	5	(3)
<b>Net cash provided by/(used in) financing activities</b>		<b>(8)</b>	<b>(3)</b>	<b>-</b>	<b>5</b>	<b>(3)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(1,388)</b>	<b>11,295</b>	<b>1,651</b>	<b>12,683</b>	<b>9,644</b>
Cash and cash equivalents at the beginning of the period		109,013	96,433	94,782	12,580	1,651
<b>Cash and cash equivalent at the end of the period</b>		<b>107,625</b>	<b>107,728</b>	<b>96,433</b>	<b>(103)</b>	<b>11,295</b>

#### Major Estimate and Actual (2020) Variance Narratives

- 8) Supplementation Fund receipts are \$2.0 million higher than estimated due to an increase in the recoveries received from the liquidator of HIH Insurance Group.
- 9) Other receipts are \$1.3 million higher than budget due to an increase in the receipt of avoided premiums and fines and the receipt of an outstanding contribution debt owed to the General Account.
- 10) Proceeds from the maturity of term deposits are \$8.5 million higher than budget estimates due to more term deposits being held with a maturity date less than three months.

#### Major Actual (2020) and Comparative (2019) Variance Narratives

- I) Supplementation Fund receipts increased by \$2.0 million due to recoveries received from the liquidator of HIH Insurance Group in 2019/2020.
- J) Other receipts increased by \$1.0 million due to the payment of an outstanding contribution debt owed to the General Account and an increase in the receipts of avoided premiums and fines.
- K) Proceeds from the maturity of term deposits increased by \$5.4 million due to more term deposits being held with a maturity date less than three months.



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