



WorkCoverWA

# Annual Report 2020/21

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

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



## ACKNOWLEDGEMENT OF COUNTRY

WorkCover WA acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community.

We pay our respects to all Aboriginal communities and their cultures, to Elders past, present and emerging.

***The design of this report acknowledges Western Australian Aboriginal song lines as sacred paths tracing astronomy and geographical elements to tell a story.***

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## ACCESSIBILITY STATEMENT

WorkCover WA strives to achieve online accessibility to be inclusive of a wide range of people, including people with disability.

This annual report can be viewed in PDF format on the WorkCover WA website. It may be copied in whole or part with acknowledgement of WorkCover WA.





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## STATEMENT OF COMPLIANCE

To the Hon. Stephen Dawson MLC, Minister for Industrial Relations,

In accordance with Section 63 of the *Financial Management Act 2006*, we submit for your information and presentation to the Parliament the annual report of the WorkCover Western Australia Authority for the financial year ended 30 June 2021.

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



**Sharryn Jackson**  
Chair  
WorkCover WA  
2 September 2021



**Chris White**  
Chief Executive Officer  
WorkCover WA  
2 September 2021

# SECTION ONE:

# EXECUTIVE SUMMARY

WorkCover WA contributes to the Government Goal 'Sustainable Finances' by delivering services aimed at minimising the social and economic impact of work related injury and disease on workers, employers and the community.



## EXECUTIVE SUMMARY

## ACTIVITY OVERVIEW

**17,185**

Total compliance  
and enforcement  
activities

**42**

New  
standards  
of practice

**19**

Prosecutions  
commenced

**17,439**

Requests for  
advice and  
assistance

**2,980**

Memoranda  
of Agreement

**2,001**

Conciliations  
completed

**10,325**

Compliance  
activities

**2,573**

Settlement  
deeds  
processed

**536**

Infringement  
notices

**1**

Online education  
program

**416**

Caution  
notices

**597**

Arbitrations  
completed

**5,553**

Settlement  
agreements  
recorded

**11**

Educational  
videos  
developed

## EXECUTIVE SUMMARY

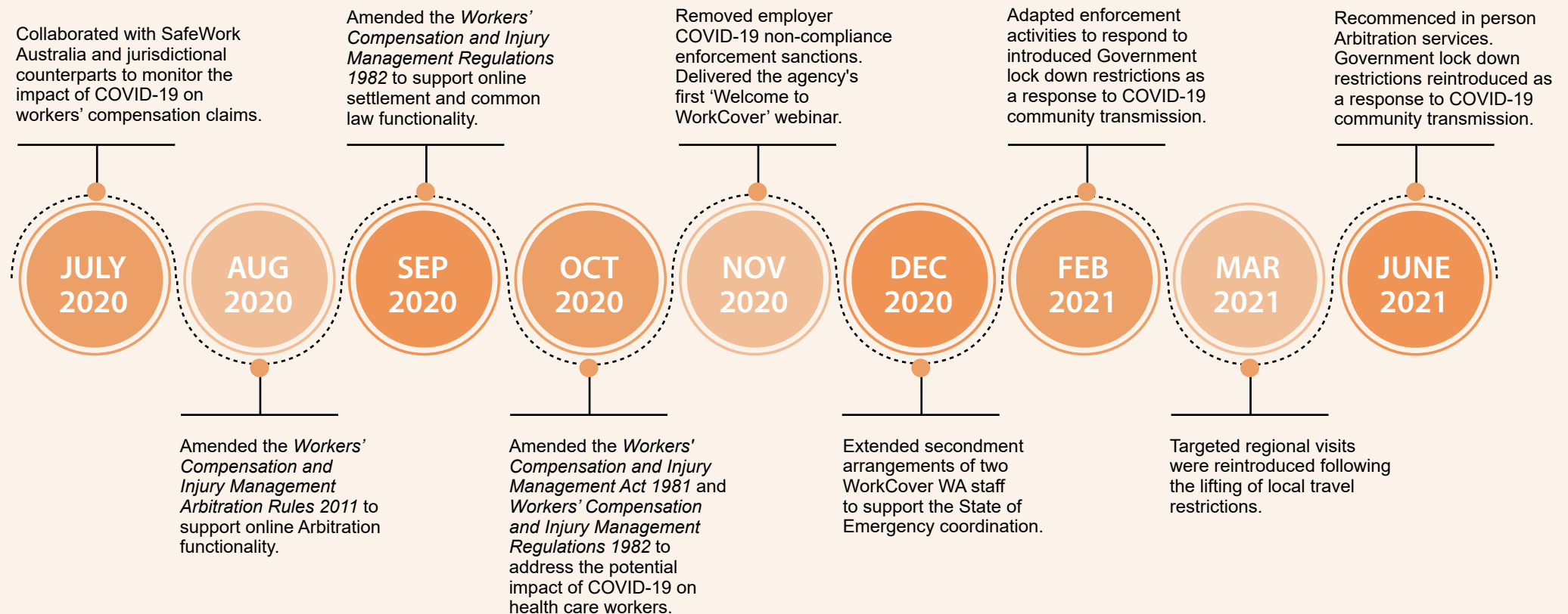
## RESPONSE TO THE STATE OF EMERGENCY

Throughout 2020/21 WorkCover WA responded effectively to the COVID-19 pandemic.

WorkCover WA was well prepared to respond quickly to COVID-19 restrictions.

The agency's response was multi-faceted, with stakeholder input playing a significant role.

Services were strengthened and adapted throughout the year.



## EXECUTIVE SUMMARY

### CHAIR'S OVERVIEW

As Chair of the WorkCover WA Board, I take this opportunity to thank the stakeholders of the Western Australian workers' compensation scheme.

Over the last year, stakeholders responded to the challenges faced with practices which were agile, adaptive and flexible. This response provided the Board with confidence. Confidence in how the scheme is able to respond to critical issues in a human focused way. Confidence to build on these achievements and deliver an effective scheme. Confidence we can learn and adapt. This is something WorkCover WA can demonstrate to the Western Australian community not only in times of crisis, but as we continue to progress our strategic priority to improve the lives of injured workers and employers.

While the long term impact of the COVID-19 pandemic remains uncertain, the performance and stability of the Western Australian workers' compensation scheme through 2020/21 is pleasing.

Western Australia has a comparatively low standardised average premium rate and disputation rate. Close to three quarters (74%) of scheme costs are spent on services and payments to injured workers, on par with the Australian average.

We have also seen a significant focus on work undertaken over the past year on improving the workers' compensation experience of injured workers. This has resulted in an overall decrease in number and length of pending claims.

Over the last year, WorkCover WA worked with stakeholders across the scheme, in delivering a range of achievements including:

- progressing legislative change
- expanding digital service delivery for conciliation and arbitration services
- advancing the use of data and analytics to deliver targeted regulation and compliance
- setting expectations for service providers.

I would like to thank Mr David Smith who has been a valuable Board member since July 2017 and welcome Mr Richard Sellers, who joins the Board, following his appointment as Director General of the Department of Mines, Industry Regulation and Safety.

I would like to acknowledge the former Minister for Industrial Relations, Hon. Bill Johnson MLA, for his support of the scheme during his tenure as Minister. From March 2021, the Board and I were pleased to commence working with the Hon. Stephen Dawson MLC.

In leading the Board, I am privileged to work alongside members who bring passion, expertise and insight to our remit and I thank them for their contribution.

Chief Executive Officer, Chris White has made an enormous contribution in guiding the performance of the scheme. On behalf of the Board, I thank Chris and the team at WorkCover WA for delivering an excellent service to the community of Western Australia.

The combination of the lessons learnt over the last 12 months and a continued focus on the strategic priorities, have provided the Board with a clear direction. Our goal for the next year is straightforward; continue to ensure Western Australia has a workers' compensation and injury management scheme that works for all.



**Sharryn Jackson**  
Chair  
WorkCover WA





## EXECUTIVE SUMMARY

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

As I reflect upon the past year, it has been one of significant achievement for WorkCover WA, across several of our key areas of work.

Notably, the Government acted swiftly in response to the pandemic to safeguard healthcare workers, in the event they were to contract COVID-19 while protecting the community. The *Workers Compensation and Injury Management Amendment (COVID-19 Response) Bill 2020*, passed through Parliament in August 2020.

Despite new and emerging challenges, WorkCover WA's strong and consistent approach to risk meant we were well-prepared to respond quickly to the challenges presented by the pandemic. WorkCover WA worked closely with other government agencies and stakeholders to develop innovative service delivery models, to ensure vulnerable injured workers continued to receive the entitlements and the support they needed.

As COVID-19 changed the way some WorkCover WA services operated, we kept a strong people focus, committed to enabling injured workers and employers to receive all essential services. Against this backdrop, Conciliation and Arbitration Services transitioned activities online.

The necessity to offer dispute services in new ways has acted as a catalyst to drive efficiencies and create opportunities for improved performance. These initiatives will be further developed over the year ahead.

In line with community expectations, WorkCover WA balanced prevention and education with compliance and enforcement actions. As a regulator, WorkCover WA recognises the importance of active campaigns to ensure employers have insurance.

In 2020/21, better targeting resulted in more caution notices being issued than ever before along with a significant rise in the number of infringement notices served.

Setting clear expectations to ensure service providers deliver high quality services has been a key part of the work delivered over the last year. The *Workplace Rehabilitation Provider Principles and Standards of Practice*, developed in collaboration with key stakeholders, sets worker and employer needs at the centre and strengthens WorkCover WA's impetus of continuous improvement across a range of priority areas.

An audit of the implementation of the *Insurer and Self-insurer Principles and Standards of Practice* in 2020/21 showed improved processes had been implemented by insurers and self-insurers. Taken together, the principles and standards have strengthened regulatory activity and positioned the scheme to make a real difference to workers and employers across Western Australia.

I would like to thank the staff of WorkCover WA for their professionalism and hard work. It is a great team to lead. We aim to deliver value for the scheme and, ultimately, for the Western Australian community.

I would also like to acknowledge the support and guidance of the WorkCover WA Board under the leadership of its Chair, Sharryn Jackson. The Board contributes to the effectiveness of the workers' compensation scheme and continues to be an important part of WorkCover WA's success.



**Chris White**  
Chief Executive Officer  
WorkCover WA



## WORKCOVER WA SCORE CARD

### FINANCIAL SNAPSHOT

The majority of funding (93.12%) for WorkCover WA's activities is derived from contributions paid as an annual levy by approved workers' compensation insurers and employers who are approved to self-insure.

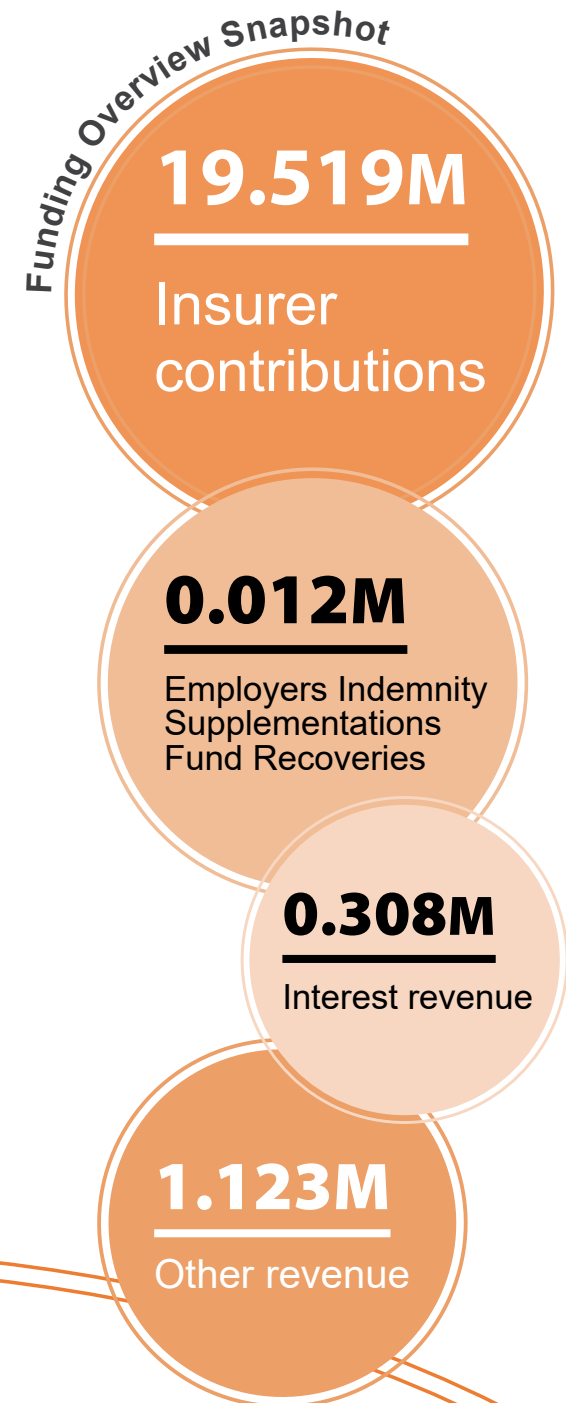
**Table 1: WorkCover WA Totals for 2020/21**

Revenue	\$20.962 million
Expenditure	\$29.300 million

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

**Table 2: WorkCover WA Expenditure for 2020/21**

Employee benefits expenses	\$14.847 million (50.67%)
Supplies and services	\$2.766 million (9.44%)
Depreciation and amortisation expenses	\$1.280 million (4.37%)
Accommodation expenses	\$0.721 million (2.46%)
Grants and subsidies	\$0.035 million (0.12%)
Claims expenses	\$7.589 million (25.90%)
Other expenses	\$2.062 million (7.04%)



## WORKCOVER WA SCORE CARD

# PERFORMANCE SNAPSHOT

The outcomes of WorkCover WA's activities and services are measured by Key Performance Indicators (KPIs) evaluating effectiveness and efficiency. The 2020/21 snapshot provides a scorecard of our performance for the year.

### Key Effectiveness Performance

Effectiveness indicators measure WorkCover WA's performance in achieving outcomes.

**Table 3: Indicators of Effectiveness Snapshot**

No.	Description	2020/21 Target	2020/21 Result
1.1	The number of non-compliance events identified as a result of a claim on the General Account	6	5
1.2	The proportion of conciliations completed within eight weeks	97.0%	94.8%
1.3	The proportion of disputes resolved within six months	90.0%	83.0%

### Key Efficiency Performance

Efficiency indicators measure the overall efficiency in delivering WorkCover WA's services.

**Table 4: Indicators of Efficiency Snapshot**

No.	Description	2020/21 Target	2020/21 Result
1.1	Average cost per employer compliance activity	\$311	\$270
1.2	Average cost per approved and monitored service provider	\$2,974	\$2,882
1.3	Average cost per client contact to provide information and advice	\$86	\$94
2.1	Average cost to complete a conciliation	\$2,058	\$2,055
2.2	Average cost to complete an arbitration	\$9,782	\$9,495
2.3	Average cost to process a Memorandum of Agreement	\$439	\$497



## WORKCOVER WA OPERATIONS

### ENABLING LEGISLATION

WorkCover WA is a statutory authority accountable to the Minister for Industrial Relations and is the government agency responsible for regulating and administering the workers' compensation scheme in Western Australia.

WorkCover WA is constituted under the *Workers' Compensation and Injury Management Act 1981* (the Act).

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.*

The following subsidiary instruments support the enabling 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.

## FOCUS 2020/21

### The Western Australian Scheme

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 under the Act, with the primary objective to ensure work-related injuries are actively managed to assist injured workers to achieve a safe and sustained return to work.

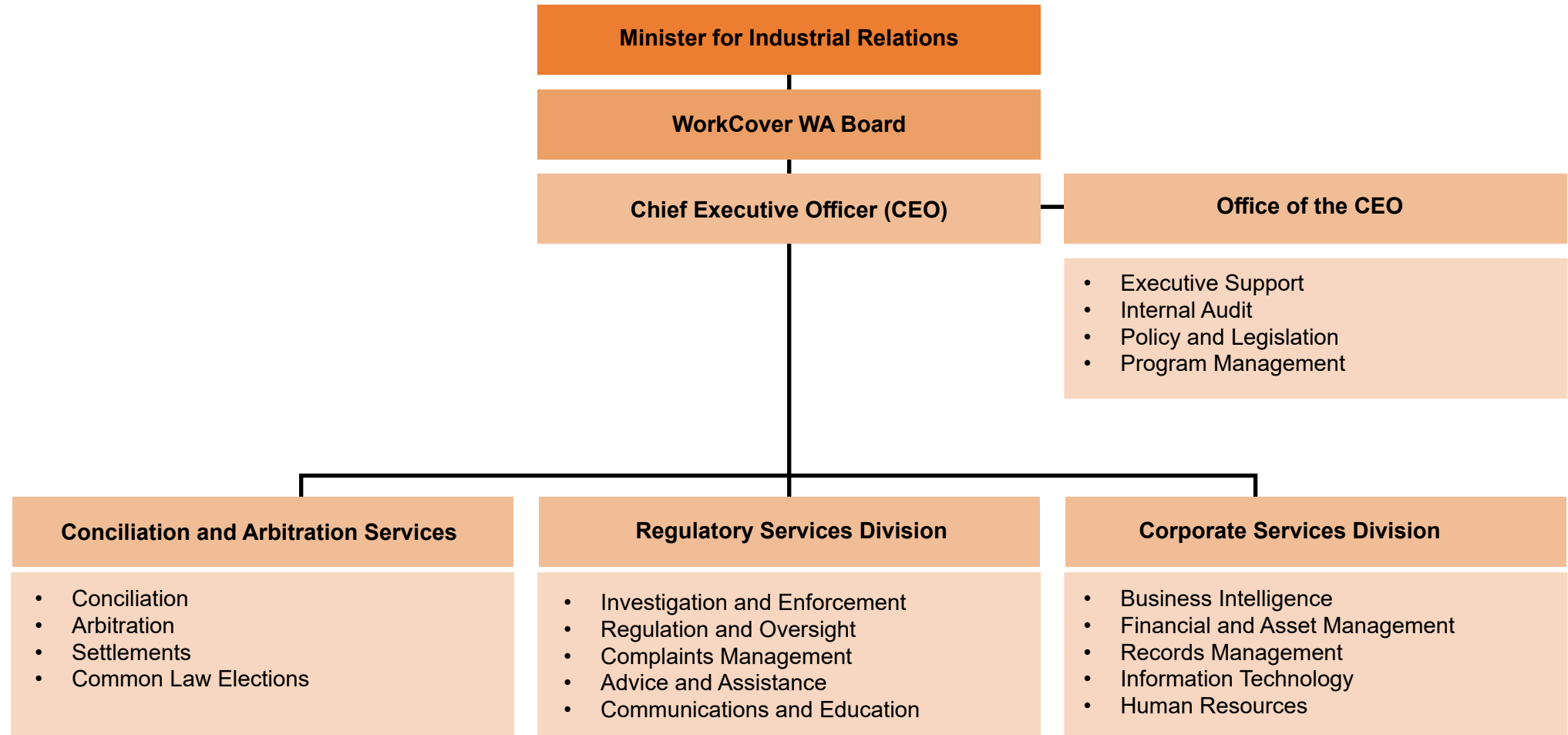
The scheme is based on a 'no-fault' principle, meaning an injured worker does not need to establish anyone was at fault or negligent to make a claim.

The Western Australian scheme is the largest privately underwritten workers' compensation scheme in Australia, with insurance coverage provided by seven private insurers, 23 self-insurers and the Insurance Commission of Western Australia.

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

# ORGANISATIONAL STRUCTURE



### Administration

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

### Funding

Funding is derived via an annual levy on workers' compensation premiums paid by employers to insurers and a direct levy on employers who are approved to self-insure.

### Resources

WorkCover WA commits resources to achieve initiatives aligned with the Board's strategic priorities and the agency's performance management framework.

## WORKCOVER WA OPERATIONS AGENCY OUTCOME

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 OPERATIONS BOARD

The WorkCover Western Australia Authority Board (the Board) consists of a Chair and members appointed by the Governor of Western Australia on the advice of the Minister for Industrial Relations.

### 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 for Industrial Relations
- giving effect to Ministerial directives
- managing strategic risk.

The Board met eight times in 2020/21.

All responsibilities were carried out under the Act and in line with WorkCover WA's *Code of Conduct*.



### Chair

*WorkCover WA Board*

Meetings attended: 8/8

**Sharryn Jackson** was appointed Chair of the Board in January 2020.

Ms Jackson has extensive board governance and strategy experience relevant to industrial relations, workplace health and safety and workers' compensation.



**Member**

*Chief Executive Officer  
WorkCover WA*

Meetings attended: 8/8

**Chris White** has been a member of the Board since January 2017. He 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. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe WA.

**Member**

*Experienced in employers' interests*

Meetings attended: 8/8

**Peta Libby** was appointed to the Board in December 2018.

Ms Libby has extensive experience in business as the managing director of Digirock. Ms Libby also sits on the Safety Committee of the Association of Mining and Exploration Companies and is a member of the Australian Institute of Mining and Metallurgy.

**Member**

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

Meetings attended: 3/8

**David Smith** has been a member of the Board since his appointment as Director General, Department of Mines, Industry Regulation and Safety\* in May 2017.

Mr Smith has held senior positions in the Department of the Premier and Cabinet and the Department of Treasury.

*\*Mr Richard Sellers was appointed Director General of the Department of Mines, Industry Regulation and Safety on 31 May 2021 and replaces Mr Smith on the Board.*

**Member**

*Experienced in insurance matters*

Meetings attended: 7/8

**Llewellyn Jones** was appointed to the Board in January 2020.

Mr Jones has over 30 years of experience in the general insurance industry, including 10 years in workers compensation in underwritten schemes. Mr Jones is the Executive Manager (Western Region) Workers Compensation at Suncorp Group (GIO).

**Member**

*Experienced in accounting  
and financial management*

Meetings attended: 8/8

**Victoria Wilmot** was appointed to the Board in January 2005.

Mrs Wilmot has extensive experience in financial management and reporting. Mrs Wilmot is a member of the Institute of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

**Member**

*Experienced in workers' interests*

Meetings attended: 8/8

**Owen Whittle** was appointed to the Board in January 2014.

Mr Whittle is the Secretary of UnionsWA and has extensive experience in workers' compensation and occupational health and safety matters. Mr Whittle is a member of the Australian Council of Trade Union's Occupational Health and Safety Committee.

## WORKCOVER WA OPERATIONS

# CORPORATE EXECUTIVE

The Corporate Executive is WorkCover WA's senior management team working with the CEO to lead the corporate and business operations. The Corporate Executive met on 11 occasions in 2020/21.

### Chief Finance Officer

Appointed 2010

**John Hull** 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, Department of Finance and the Office of the Auditor General. John Hull is a Certified Practising Accountant.

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

Appointed 2020

**Karin Lee** has over 20 years' experience in workers' compensation and injury management. Karin Lee previously worked at the Chamber of Commerce and Industry WA and was formerly a member of the WorkCover WA Board and the Commission for Occupational Safety and Health.

### Registrar Arbitration

Appointed 2018

**Sam Nunn** has extensive experience as a legal practitioner in the public sector holding senior roles at the State Solicitor's Office, WorkSafe WA and WorkCover WA.

### A/General Manager Corporate Services

Appointed 2018

**Leona Glasby** has an extensive career in public sector business intelligence, data analysis and information technology.

### A/General Manager Regulatory Services

Appointed 2021

**Rebecca Harris** has extensive experience as a senior executive officer at the Department of Education and the Public Sector Commission, in policy, governance, compliance and regulation.

Rebecca Harris is currently acting for Stephen Psaila-Savona.

## FOCUS 2020/21

### Striving for Excellence

The Corporate Executive's strategic and consistent approach to risk meant the agency was well-prepared to respond quickly to COVID-19, with a focus on protecting employees and ensuring business services remained operational.

The Corporate Executive worked closely with other government agencies, stakeholders and scheme participants to ensure accurate directions and guidance was available in a timely manner.

An important measure of the value WorkCover WA provides to the community is how services are rated by workers, employers and key stakeholders who interact with the agency.

WorkCover WA achieved a strong client service result with 98% of stakeholders satisfied with the service provided by the Advice and Assistance team.



Provide '[Feedback](#)' on the WorkCover WA website.

## WORKCOVER WA OPERATIONS

# CULTURE AND VALUES

### Vision

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

### Purpose

To lead a contemporary, sustainable and integrated workers' compensation scheme that is fair, accessible and cost-effective for all stakeholders.

### Values

WorkCover WA strives to build a values based culture to support the delivery of services.

### 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.

### Collaboration

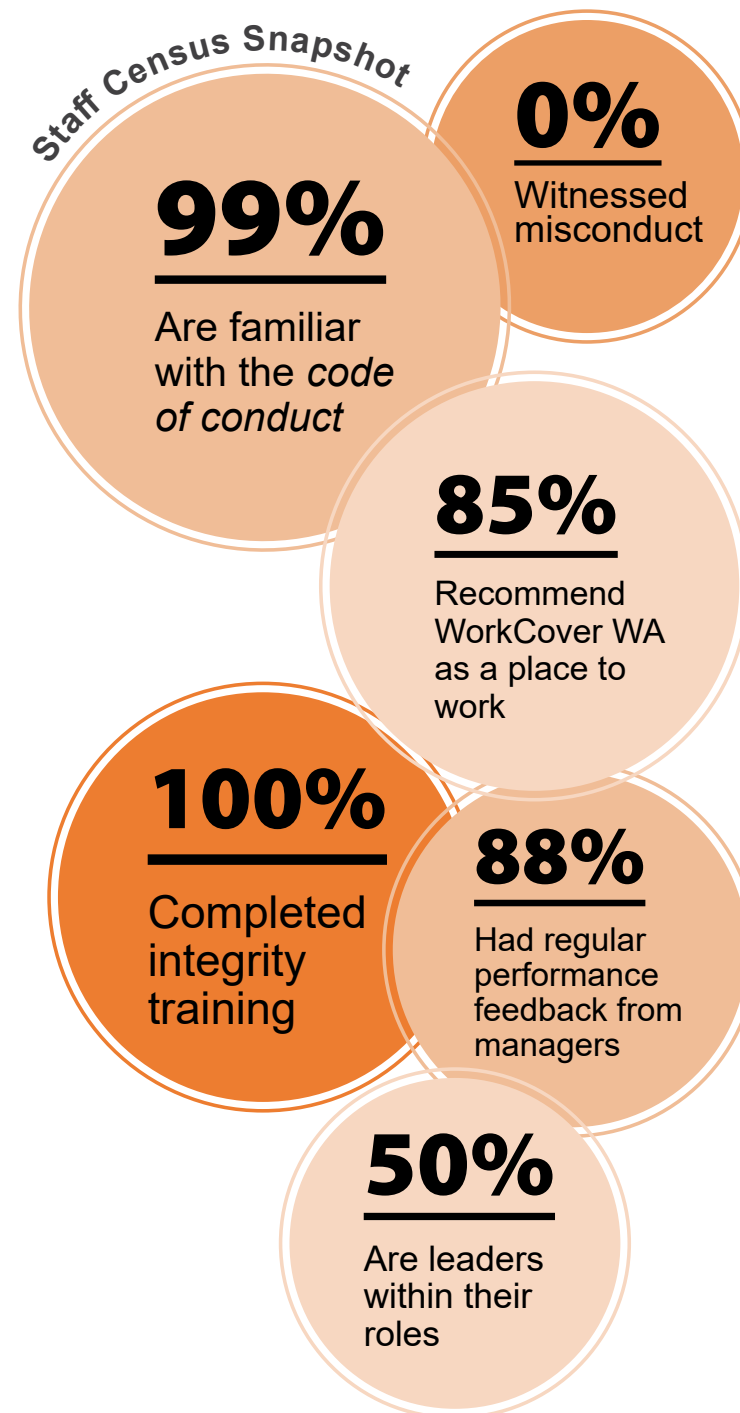
- We work as a team
- We value the contribution of others
- We embrace a culture of open communication.

### Integrity

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

### 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.





## WORKCOVER WA OPERATIONS

# COMMITTEES

### Advisory

The corporate governance responsibilities of the Board can be discharged by advisory committees.

### Consultative

Consultative committees, chaired by a member of the Corporate Executive, offer avenues for staff to engage with senior management about policy and operational matters.

### Audit and Risk Management

The 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 continues to review strategic and annual audit plans and the outcomes of internal audits, while monitoring the progress of recommendations.

The committee comprises:

**Victoria Wilmot (Chair)** | Meetings attended: 3

**Sharryn Jackson** | Meetings attended: 3

**Owen Whittle** | Meetings attended: 3

Convened: 3

### Crisis Management Team

The Crisis Management Team ensures systems are in place to effectively address the coordinated response, resources, and internal and external communication during a crisis.

Potential risks and impacts of a range of scenarios were considered and planned ahead of time. As a result, appropriate action and business continuity was maintained during the 2020/21 State of Emergency.

The Crisis Management Team is chaired by the CEO and comprises members of the Corporate Executive, Manager Human Resources and Manager Program Management Office.

Convened: Regularly during the State of Emergency

### KPI Performance Reporting

The committee reviews and manages WorkCover WA's Outcome Based Management Structure. The committee ensures compliance with government directives, guidelines and legislation in developing, implementing and monitoring organisational performance outcomes.

The committee has integrated the agency's KPIs with operational processes to ensure KPIs are regarded as integral to the agency's reporting framework.

The committee is chaired by the CEO and comprises the Corporate Executive and senior staff.

Convened: 4

### Joint Consultative Committee

The committee ensures consultation occurs between staff and management on major issues which may affect working conditions.

The impacts of COVID-19 on staff, working from home arrangements and the agency response to the pandemic continued to be a focus of discussion and consultation.

The committee is chaired by the A/General Manager, Corporate Services and comprises the CEO, WorkCover WA's elected union delegates and senior management representatives.

Convened: 2

### Information Technology

The committee coordinates information technology investments and digital services for stakeholders and the agency.

During 2020/21 the committee focused on progressing various cloud transition activities.

The committee is chaired by the CEO and comprises the Corporate Executive and senior staff.

Convened: 11

### Emergency Planning

The committee is responsible for developing, implementing and maintaining emergency plans, response procedures and training. There were no unplanned evacuations in 2020/21.

A planned evacuation was conducted in a timely and efficient manner in accordance with the *Emergency Response Procedure and Guide*.

The committee is chaired by the A/General Manager, Corporate Services and comprises wardens and senior staff.

Convened: 2

### Diversity and Inclusion

The committee aims to improve inclusivity in the workplace and is responsible for cultural and inclusion initiatives.

In 2020/21, the committee led the development of a Youth Action Plan to support employment opportunities for emerging leaders and young professionals.

The committee is chaired by the A/General Manager, Regulatory Services and comprises a cross-section of staff.

Convened: 5

### Risk Management Review

The committee oversees WorkCover WA's risk management processes and maintains the agency's risk management framework.

The committee continues to facilitate the growth of risk management knowledge, awareness and adoption across the agency.

The committee is chaired by the CEO and comprises the Corporate Executive and senior staff.

Convened: 4

### Occupational Safety and Health

The committee oversees improvements and promotion of positive safety, health and wellness outcomes.

Activities promoting safety and wellbeing were organised for staff throughout the year and featured during National Safe Work month. In 2020/21 the committee supported the agency in communicating and enforcing COVID-19 risk controls.

The committee is chaired by the General Manager, Conciliation and Arbitration Services and includes three elected representatives.

Convened: 4

## WORKCOVER WA OPERATIONS

# NATIONAL COLLABORATION

**WorkCover WA collaborates with external parties on workers' compensation policy developments and research. This collaboration is aimed at ensuring ongoing improvement of workers' compensation outcomes at a national level.**

### Heads of Workers' Compensation Authorities (HWCA)

HWCA is a high level forum for discussion, promotion and implementation of best practice workers' compensation arrangements.

Composed of Chief Executives, or their representatives, of the peak bodies responsible for the regulation of workers' compensation in Australia and New Zealand, the forum includes Australia's 10 workers' compensation authorities and the New Zealand Accident Compensation Corporation.

WorkCover WA is an active participant in the HWCA forums and national initiatives.

Meetings attended: 2/2

### Personal Injury Education Foundation (PIEF)

The WorkCover WA CEO is a member of the PIEF Board.

PIEF develops industry training requirements and best practice professional development initiatives. This included the delivery of a series of online interactive workshops in 2020/21.

Meetings attended: Board: 4/4 | Audit and risk: 2/2

### Safe Work Australia Strategic Issues Group

Senior officials from workers' compensation jurisdictions, union and employer representatives, and Safe Work Australia collaborate to assist Safe Work Australia in performing its workers' compensation functions.

In 2020/21, WorkCover WA participated in the National Return to Work Survey and contributed to the Comparison of Workers' Compensation Arrangements in New Zealand and Australia Report and the implementation of the National Return to Work Strategy.

Meetings attended: 2/2

### Indian Ocean Territories

WorkCover WA has an agreement with the Commonwealth Government to provide workers' compensation education, dispute resolution and compliance activities to the Indian Ocean Territories.

In 2020/21, WorkCover WA undertook a number of pro-active activities to support the agreement, including a compliance and education visit to Christmas Island, and the translation of two educational videos to Bahasa Malaysia.

Meetings attended: 2/2

## FOCUS 2020/21

### Australian Taxation Office (ATO)

WorkCover WA continued to collaborate with the ATO in 2020/21 to identify potential employer non-compliance through data matching.

ATO data is a valuable source of information for compliance campaigns and regional visits.

The information received from the ATO has improved the effectiveness of compliance activity in 2020/21. WorkCover WA's compliance resources were directed to maximise regulatory impact.

WorkCover WA will continue to collaborate with government agencies to optimise the use of intelligence in regulatory activities.

Over the year ahead WorkCover WA will begin using intelligence sourced from the Western Australian Department of Finance to further refine compliance activities.



Watch the '[Bahasa Malaysia](#)' videos on the WorkCover WA website.



## WORKCOVER WA OPERATIONS

# STATE COLLABORATION

**WorkCover WA consults and collaborates with stakeholders and other external parties to promote open and transparent communication, early identification and management of systemic issues and mutually beneficial activities.**

### Insurance Council Australia WA (ICA WA)

As the representative body of the general insurance industry in the state, members of the ICA WA represent 95% of total premium income. WorkCover WA and ICA WA meet quarterly to discuss scheme developments, service issues, policy matters and education requirements.

Meetings attended: 3/3

### Claim Managers Advisory Group

To ensure ongoing compliance under the scheme, the group engages and consults with senior managers responsible for workers' compensation claims in Western Australia. WorkCover WA attends these meetings to provide updates, direction and discuss front line service issues.

Meetings attended: 9/9

### Injury Management Advisors Group

To provide the highest standard of injury management support for injured workers within Western Australia, injury management advisors from across the scheme collaborate on scheme issues and initiatives. WorkCover WA attends these meetings to provide updates, direction and collaborate on education initiatives.

Meetings attended: 4/4

### Commission for Occupational Safety and Health

The Commission for Occupational Safety and Health consists of employers, employees, government and people with expertise and knowledge in occupational safety and health matters. Workcover WA supports the Commission with data and statistical information on workplace injury and illness.

Meetings attended: 9/10

### Public Sector Safety and Injury Management Steering Committee

Established to help achieve the Government's vision for workplace health, safety and injury management in the public sector. Representatives from WorkCover WA, the Department of Mines, Industry Regulation and Safety, the Insurance Commission of Western Australia, the Public Sector Commission and relevant unions collaborate to meet these commitments.

Meetings attended: 1/1

### Dispute Users Group

The Dispute Users Group engages and consults with key stakeholders involved in dispute resolution at WorkCover WA. Members include employers, workers, legal practitioners, insurers and the Director Conciliation and Registrar Arbitration.

Meetings convened: 3

## FOCUS 2020/21

### Insurance Broker Education Program

The National Insurance Broker Association (WA), in collaboration with the Insurance Council of WA and WorkCover WA, launched an online insurance brokers' education program in 2020/21.

This is an innovative platform for insurance brokers working within the workers' compensation and injury management scheme and supports a culture of learning by providing comprehensive information regarding the legislation and processes which govern how claims, disputes and issues are managed.

Consisting of learning modules regarding aspects of the scheme and the claims management process, the program will assist insurance brokers to better understand the role they play in relation to the workers' compensation scheme within Western Australia.

The program aligns with WorkCover WA's commitment to providing leadership in the scheme, strengthening its regulatory activities, and building stakeholder engagement.



Learn more about the 'Insurance Broker Education Program' on the WorkCover WA website.

## WORKCOVER WA OPERATIONS

## SPONSORSHIP

**Sponsorships enable WorkCover WA to strengthen relationships with key stakeholders and communicate strategic messages. In 2020/21 WorkCover WA sponsored:**

**State Government COVID-19 Response**

WorkCover WA seconded a number of highly skilled staff to various government agencies to support the whole-of-government response to the pandemic.

One staff member has been seconded to the Department of the Premier and Cabinet to undertake COVID-19 communications for the full financial year. A second staff member spent a period of three months assisting with contact tracing.

**Edith Cowan University**

WorkCover WA supports the Bachelor of Health Sciences Workers' Compensation and Injury Management unit.

This year WorkCover WA sponsored the Undergraduate Workers' Compensation Award and presented to students enrolled in allied health, business and law courses.

**Lonnie Awards**

WorkCover WA supports the Lonnie Awards as the vehicle recognising the importance of accountable and transparent public sector reporting.

This year WorkCover WA co-sponsored the Award for *Occupational Safety, Health and Injury Management Reporting*.

**Personal Injury Education Foundation**

WorkCover WA supports the Personal Injury Education Foundation biennial conference and award program.

This year WorkCover WA sponsored the *Excellence in Injury and Disability Management - Return to Work/Community Award*.

**Workplace Giving Program**

WorkCover WA's staff participate in a Workplace Giving Program.

In 2020/21 proceeds supported local not-for-profit services who assisted the Western Australian community impacted by the Wooroloo bushfire and Cyclone Seroja.

**Australian Rehabilitation Providers Association**

WorkCover WA supports the *Excellence in Workplace Rehabilitation Awards*.

This year WorkCover WA sponsored the:

- Outstanding consultant award - same employer
- Outstanding consultant award - new employer.

## FOCUS 2020/21

**Monash University**

Since 2019, WorkCover WA has invested in the *GP Mental Health Guidelines* as part of the IMPROvE Partnership Project.

In 2020/21 WorkCover WA supported the implementation of the *Clinical Guidelines for the Diagnosis and Management of Work-Related Mental Health Conditions in General Practice* into general practice through a funded partnership project with Monash University.

The key objectives of the project are:

- increasing the delivery of evidence based care for patients with work-related mental health conditions in general practice
- assessing the cost effectiveness of the intervention
- planning to scale up the approach nationally.

WorkCover WA has provided funding and participates as a member of the project steering group and intervention advisory committee.

Partners include Beyond Blue, the Department of Jobs and Small Business, Comcare, State Insurance Regulatory Authority (NSW), iCare, WorkSafe Victoria, ReturntoWorkSA.

## PERFORMANCE MANAGEMENT FRAMEWORK

### AGENCY PROJECTS

WorkCover WA commits resources to achieve initiatives aligned with Government goals and the agency's strategic plan. 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 agency goals within WorkCover WA's *Strategic Plan 2018-22*.

Table 5: Agency Projects

Project	Description	Goal
Cloud Transition	Implementing phase 1 of transition of onsite computer systems to the cloud	People, Culture and Systems, Digital Transformation
Communication and Education Strategy 2021/24	Developing an internal communications strategy	Strategic Scheme Management, Digital Transformation
Compliance Intelligence Initiatives	Enhancing compliance intelligence capabilities involving the capture, use and reporting of quarterly and annual ATO PAYG data	Strategic Scheme Management
Conciliation and Arbitration Efficiency Review	Reviewing Conciliation and Arbitration Services phase 1, with a focus on efficient future service delivery	Strategic Scheme Management, People, Culture and Systems
GP Mental Health Guidelines 2019/23	Implementing <i>Clinical Guidelines for the Diagnosis and Management of Work Related Mental Health Conditions in General Practice</i>	Strategic Scheme Management
Information Security Improvements	Extending multi-factor authentication options in WorkCover WA Online and enabling remote access for staff	Digital Transformation
Legacy Systems Replacement	Replacing computer systems reliant on older technologies with modern alternatives	People, Culture and Systems
Legislative Reform	Finalising an exposure Bill and supporting materials, and stakeholder consultation plan for new workers' compensation legislation	Strategic Scheme Management
Archiving Hard Copy Records	Capturing and managing original source records within the electronic document management system	People, Culture and Systems
Finance System Cloud Transition	Replacing WorkCover WA's 10 year old Financial Management System with a cloud-based solution	Digital Transformation
Record Management and Core Business Systems	Integrating the electronic records management system and core business systems	People, Culture and Systems
WorkCover WA Remuneration Guidelines	Developing <i>Remuneration Guidelines</i> to assist employers to make accurate declarations for premium purposes	Strategic Scheme Management
Workplace Rehabilitation Providers Principles and Standards of Practice	Developing <i>Workplace Rehabilitation Providers Principles and Standards of Practice</i>	Strategic Scheme Management

## PERFORMANCE MANAGEMENT FRAMEWORK

# STRATEGIC PLAN 2018 - 2022

Strategic planning is a key element of the agency's Governance Framework. In the context of a vision of 'a workers' compensation and injury management scheme that works for all', the *Strategic Plan 2018 - 2022* (Strategic Plan) sets out WorkCover WA's strategic goals and operational themes.

The *Strategic Plan* 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 WorkCover WA to respond to current and future changes, including:

- developing and implementing a new Workers' Compensation and Injury Management 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 in which we work.

## FOCUS 2020/21

### Business Planning

WorkCover WA's *Business Plan 2020/21* sets the agency's strategic and operational context and provides information on major projects to be delivered.

Strategic projects were developed through an agency-wide planning process which reviewed opportunities and challenges for the organisation and the scheme.

Each strategic project is supported by project plans which outline the objectives and delivery milestones to be achieved.

In 2020/21, a commitment to undertake 13 projects was agreed. All 13 projects were delivered and are featured throughout this report.



Find the '[Strategic Plan](#)' on the WorkCover WA website.







## SECTION TWO: PERFORMANCE

The agency services provided to ensure WorkCover WA achieves its desired outcomes 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.

## SCHEME PERFORMANCE

## SCHEME PERFORMANCE TRENDS

**Average Recommended Premium Rates**

WorkCover WA publishes annual recommended premium rates for workers' compensation insurance for each industry.

The average recommended premium rate for 2021/22 increased from 1.638% in the previous year to 1.704% of total wages.

Insurers can discount recommended premium rates by any amount or load by up to 75%.

Insurers seeking to charge a loading of more than 75% on a recommended premium rate are required to obtain approval from the WorkCover WA Board. In 2020/21 loading applications increased by 41%.

Where employers do not consent to the premium loading, appeals can be made to WorkCover WA.

In 2020/21 appeal applications decreased by 22%. This indicates that although more premiums were loaded in previous years, improvements to the loading process have reduced the need for the Board to review the loadings on appeal.

**Scheme Payments**

During 2020/21, \$1.03 billion was paid for claims.

\$928 million (89.9%) of payments were made to the benefit of workers:

- 67.6% of payments were paid directly to workers in the form of income payments and common law and lump sum settlements
- 22.3% of payments were made for treatment services, such as medical, allied health and workplace rehabilitation services.

The remaining 10.1% of payments were related to legal and other services.

Western Australia's proportion of scheme expenditure on services and payments to workers is on par with the national average.

Comprehensive information on the performance of the Western Australian workers' compensation scheme is available on the WorkCover WA website.

**FOCUS 2020/21****Understanding Scheme Trends**

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.

Scheme development trends are communicated through information sessions and the regular publication of statistical reports on the WorkCover WA corporate website.

WorkCover WA works with the scheme actuary to produce annual recommended premium rates and quarterly statistical summaries.



Read the '[Statistical Reports](#)' on the WorkCover WA website.

### Claim Numbers

From 2016/17 to 2020/21, the annual number of claims lodged in the scheme decreased by 10% from 29,597 to 26,542. This decrease is largely due to a reduction in short duration claims.

In 2020/21, 26,542 claims were lodged. Of these, 36% had no lost-time and 64% involved at least one day or shift off work (lost-time claims).

Of all lost-time claims lodged in 2020/21, 42% had 60 or more days or shifts lost, representing 27% of all claims lodged. Western Australian claim statistics show the proportion of workers returning to work decreases as the number of days away from work increases.

A key component of WorkCover WA's *Insurer and Self-insurer Principles and Standards of Practice*, released on 1 July 2020, is the increased monitoring of pended claims. This increased scrutiny and compulsory monthly reporting has reduced claims pended greater than 90 days by 68%.

### Return to Work

Returning to work promptly and safely has positive health benefits for workers who have been injured at work. The latest figures show for claims lodged in 2019/20, the three month return to work rate was 82%.

These workers were off work for at least one day as a result of work related injury/illness and had returned to work in some capacity three months from the date the claim was lodged with the insurer.

## Scheme Performance Snapshot

**\$1.03b**

Claim payments

**26,542**

Claims lodged

**1.70%**

Recommended premium rate

**27%**

60+ days lost

**36%**

No lost-time

**82%**

Return to work within three months in 2019/20

## SCHEME REGULATION

# COMPLIANCE

### Strengthening Regulation

WorkCover WA's approach to monitoring and enforcing compliance includes a range of activities intended to assist scheme participants with understanding and complying with their legal responsibilities.

The impact of uninsured claims on workers and employers can be devastating and WorkCover WA gives priority to monitoring employers for compliance with their insurance obligations.

In 2020/21, WorkCover WA implemented a series of initiatives designed to strengthen regulatory activities and in particular, to hold employers to account for not having a workers' compensation policy.

WorkCover WA's *Employer Compliance Policy* was redeveloped with the aim to create clear and comprehensive compliance and enforcement criteria and standards. The result is a policy which provides a fair, objective and graduated enforcement approach.

### Monitoring Compliance

New investigative techniques were trialed in 2020/21 to match data from several regulatory sources. The trial involved analysing external data sources to identify potential employing entities and matching them with a current policy of insurance.

Data matching led to investigations of potential non-compliant employers.

An initiative to fully automate and refine the analytical process, to identify employing entities without insurance and maximise compliance outcomes is currently being piloted.

Identification of employers who do not meet their obligations will potentially increase as WorkCover WA's compliance intelligence resources are refined.

In 2020/21, compliance and enforcement activities had increased by 30% with 17,185 actions compared to 13,265 in the previous year.

## FOCUS 2020/21

### Matching Compliance Data

Contemporary investigative techniques and data matching intelligence from the Australian Tax Office, led inspectors to investigate a restaurant in a local shopping centre.

Inspectors conducted a site visit and requested the owner produce a workers' compensation *Certificate of Currency* for inspection.

The owner was unable to produce a *Certificate of Currency* and admitted a policy was not in place. The inspectors took this opportunity to educate the owner about their legal obligation and provided on-the-spot advice on how to promptly obtain cover from an approved insurer.

Further investigation subsequently disclosed the business owner had been uninsured for two years. During this period 108 workers had been employed. An audit of wage records disclosed the owner had avoided paying an insurance premium more than \$45,000.

The seriousness of the offence was determined to warrant the maximum enforcement response and the matter was briefed for prosecution.



## Enforcing Outcomes

When legal obligations have not been complied with WorkCover WA may take enforcement action with the aim of deterring non-compliance and encouraging stakeholders to adopt systems of regulatory compliance best practice. This includes enforcing remedial actions, issuing notices of caution, infringements and prosecutions.

In response to COVID-19 restrictions and a series of local natural disasters in the greater Perth metropolitan area, Mid-West and Gascoyne regions, the *Employer Compliance Policy* was reviewed to ensure enforcement decisions were still proportionate and consistent.

The *Enforcement Assessment Tool* was updated to ensure all decision making was open, transparent and capable of review.

In response to conditions experienced by employers during COVID-19 restrictions, a more practical approach was taken to enforcement actions. Once compliance had been achieved and where employers were found to be experiencing financial hardship, penalty collection timeframes were automatically extended.

Compliance Performance Snapshot

**202%**

Increase in investigation activities

**6,860**

Investigation activities compared to 2,265 in 2019/20

**100%**

Prosecutions completed with a conviction

**17,185**

Total compliance and enforcement activities

## FOCUS 2020/21

### Engaging with the Regions

WorkCover WA conducts regular inspections in regional Western Australia to monitor compliance and ensure employers fulfill their statutory responsibilities.

In 2020/21, officers conducted two compliance visits to Carnarvon, with a focus on plantation farming inspections. 80 field inspections were conducted, resulting in 16 businesses being issued with caution notices, five infringement notices and three prosecutions.

WorkCover WA emphasised the need for plantation growers to obtain cover for their workers prior to the upcoming picking season. Twenty four employers immediately took out a policy of insurance as a result of the visit.

Inspectors met with additional key stakeholders, including brokers, local law enforcement and the Carnarvon Trustees Aboriginal Corporation to improve understanding of the scheme and gather intelligence to assist compliance activities.

WorkCover WA's ongoing commitment to regional compliance visits and follow up activities, ensures employers are aware of, and comply with their rights and obligations. This leads to better outcomes for all parties involved in the claim and injury management process.

## SCHEME REGULATION REGULATION

### Approving Service Providers

To ensure workers and employers have a positive workers' compensation experience, scheme service providers must be approved by WorkCover WA.

In 2020/21, there were 1,097 approved service providers, comprising:

- The Insurance Commission of Western Australia
- 7 Insurers\*
- 23 Self-insurers\*
- 48 Workplace Rehabilitation Providers
- 217 Registered Agents
- 253 Approved Medical Specialists
- 549 Audiometric Officers, Audiologists and Audiometrists.

\*For a full list of insurers and self-insurers see Appendix.



Find a full list of  
'Approved Service Providers'  
on the WorkCover WA website.

### Managing Service Provider Complaints

Where there is a complaint against a service provider, WorkCover WA anticipates this is addressed in the first instance through the service provider's internal dispute resolution processes.

Where the matter is not resolved WorkCover WA investigates complaints against approved service providers where there is no resolution through the internal dispute process.

In 2020/21, WorkCover WA received 30 complaints, of which 13 were substantiated. Where complaints were substantiated the provider was provided with an improvement notice or caution.

**Table 6: Complaints Against Service Providers**

	2019/20	2020/21
Insurers	22	30
Self-insurers	1	0
Registered agents	0	0
Workplace rehabilitation providers	2	0
Audiometric officers, audiologists and audiometrists	0	0
Approved medical specialists	1	0
<b>Total</b>	<b>26</b>	<b>30</b>

### Findings from Audits and Reviews

The *Insurer and Self-Insurer Principles and Standards of Practice* took effect on 1 July 2020. Insurers and self-insurers had a six month implementation phase to ensure their processes were compliant. Following the implementation, a review of insurers and self-insurers compliance was undertaken early in 2021.

Key findings from the review were:

- policies, processes and decisions are generally well recorded
- an increase in communication and contact practices between claims managers and workers
- pending claims greater than 90 days have decreased significantly and are actively managed with senior oversight
- claims are managed with a primary focus on supporting a worker's recovery and their successful return to work.

## Reviewing Insurer Performance

The performance of insurers is reviewed annually to assess performance against the *Insurer and Self-insurer Principles and Standards of Practice*.

Key findings from the 2020/21 review were:

- all insurers met the statutory requirement to maintain an appropriately resourced office in Western Australia
- an increase in applications to charge premiums above the recommended premium rate and appeals
- the settlement rate decreased from 22.5% in 2017/18 to 21.6%.

In 2020/21, six-monthly and annual regulatory meetings were held with insurers to report findings and follow up on areas of improvement.

A series of customised workshops were delivered to all insurers to increase understanding of WorkCover WA's expectations for improved performance.

## Reviewing Self-insurer Performance

The performance of self-insurers is reviewed quarterly to assess performance against the *Insurer and Self-insurer Principles and Standards of Practice*. The quarterly review provides an opportunity for self-insurers to compare their claim management performance across the scheme.

Key findings from the review were:

- median claim duration for income claims decreased from 6.2 months to 5.9 months
- the average time to make a liability decision was within the legislative timeframe of 17 days
- the settlement rate decreased from 24% in 2019/20 to 21% in 2020/21.

In 2020/21, WorkCover WA reported quarterly through the *Self-insurer claims management report*. It is a companion report to the monthly pended claims review and provides self-insurers with evidence based claims characteristics and trends.

A series of customised workshops were delivered to all self-insurers to increase understanding of WorkCover WA's expectations for improved performance.

## FOCUS 2020/21

### Pended Claims

As part of WorkCover WA's implementation of the newly released *Insurer and Self-insurer Principles and Standards of Practice*, active management and greater oversight of pended claims occurred.

Where a claim is pended for greater than statutory timeframes, the insurer or self-insurer must document reasons for pending and provide evidence of a monthly review with the aim to determine the claim.

WorkCover WA expects communication with workers or their representatives to increase in frequency when claims are pended.

Monthly regulatory reviews found 96% of insurers and 100% of self-insurers provided regular and responsive communication to injured workers.

Standard 2.3 requires senior oversight on pended claims and a monthly status report provided to WorkCover WA. All insurers and self-insurers complied with the standard.

Monitoring activities revealed 97% of insurers and 100% of self-insurers provided senior oversight for pended claims.

## SCHEME REGULATION

## COMMUNICATION &amp; EDUCATION

**Advising and Assisting**

WorkCover WA's Advice and Assistance Service provides direct support to stakeholders seeking immediate guidance on workers' compensation and injury management matters.

During 2020/21, the service responded to stakeholder enquiries via email, letter, phone, website chat-line and in person.

Requests for assistance were received from a broad cross-section of stakeholders including workers, employers, insurers, general practitioners, and workplace rehabilitation providers.

Stakeholders requested information on the claims and injury management process. Employers sought advice on creating effective return to work programs for employees returning to work following a workplace injury. Employees received information regarding weekly compensation rates and entitlements, workplace rehabilitation entitlements and dispute resolution processes.

During 2020/21, the service responded to 17,439 requests for advice and assistance.

**Educating and Engaging**

During 2020/21, WorkCover WA delivered an effective education program, designed to increase public engagement and raise awareness of stakeholder rights, obligations and responsibilities regarding workers' compensation and injury management.

The program consisted of:

- online education seminars, offering an overview of the Scheme
- on-site information sessions to insurers regarding the *Insurers and Self-insurers Principles and Standards*
- training of WorkCover WA approved audiometric officers to assist with noise induced hearing loss claims
- training of medical practitioners to become WorkCover WA approved medical specialists.

**Communicating with Purpose**

In 2020/21 WorkCover WA developed an internal strategy '*Communicating with Purpose*' – *Strategic Communication and Education Plan*. This outlines the agency's approach to effective communication and education services, which are integral for a contemporary and sustainable workers' compensation and injury management scheme.

The strategy was informed by desktop research and a thorough stakeholder needs analysis involving a combination of interviews and focus groups.

*Communicating with Purpose* supports the continuous development of communication and education services at WorkCover WA and provides clarity on the big picture priorities over the next three years.

Strategy priorities include:

- planned engagement
- informed and educated stakeholders
- digital innovation
- one vision, one team.



## Providing Resources

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. These publications are made available to stakeholders in both printed and digital formats.

During 2020/21, a publication review schedule ensured content is correct, relevant, and accessible.

In 2020/21, 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.

There was also an increase in the number of culturally and linguistically diverse stakeholders who accessed our translated materials.

## Engaging through Social Media

The influence and importance of social media in regulatory engagement campaigns is widely acknowledged. In 2020/21, WorkCover WA continued to explore opportunities for greater use of social media by way of engaging with stakeholders to promote education and training, publications and resources, and changes in policy directions.

Significant interest and exposure across a range of social media channels, including Facebook, Twitter and YouTube occurred with the release of WorkCover WA's *Conversation Series* attracting 2,132 unique video views.

High profile initiatives, including WorkCover WA's collaborative insurance brokers training program, resulted in considerable industry engagement via social media.



Subscribe to the '[Electronic Newsletter](#)' on the WorkCover WA website.

## FOCUS 2020/21

### Communicating Digitally

The WorkCover WA website is the central repository for providing our stakeholders with information on roles and responsibilities within the workers' compensation scheme. An annual website review is undertaken by WorkCover WA to ensure information is correct, up to date and accessible.

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

Available through the WorkCover WA website and promoted via social media, an online animated video series provides stakeholders with an overview of important scheme processes. The videos support workers and employers through their workers' compensation experience by providing them with the information they need to navigate the claims process.

This year a new initiative was implemented to improve the way our agency develops and delivers digital communications, with the production and distribution of an agency-wide electronic newsletter. Stakeholders can subscribe to a monthly newsletter through the agency's website.

## SCHEME REGULATION FEATURE

## WORKPLACE REHABILITATION PROVIDERS PRINCIPLES AND STANDARDS OF PRACTICE

## FOCUS 2020/21

**Workplace Rehabilitation Providers**

In Western Australia workplace rehabilitation providers comprise businesses which range in size from individuals through to large national providers.

Workplace rehabilitation providers are bound by a universal commitment to the supply of quality return to work and rehabilitation products and services.

In Western Australia, workplace rehabilitation providers assist employers and workers if there are problems with the return-to-work process.

Workplace rehabilitation providers are commonly health professionals such as occupational therapists, physiotherapists or psychologists who have expertise in addressing the physical, psychological and/or workplace barriers that may prevent an injured worker returning to work.

Workplace rehabilitation providers are approved by WorkCover WA and have the appropriate qualifications, experience and expertise to provide relevant services based on the assessed need of the worker and the workplace.

**Designing Principles and Standards**

In 2020/21 WorkCover WA designed and developed the *Workplace Rehabilitation Providers Principles and Standards of Practice (Principles and Standards)*. The *Principles and Standards* set out the agency's priorities and expectations for approved workplace rehabilitation providers.

The publication, launched on 1 July 2021, builds on the momentum set in the *Insurer and Self-insurer Principles and Standards of Practice* and provides clear service expectations aimed at ensuring workplace rehabilitation providers deliver high quality services to support employers and injured workers in a successful return to work.

The publication focuses on four core principles and 42 standards which workplace rehabilitation providers are expected to follow. The standards articulate six priority areas, which have the greatest potential to positively impact workers and employers.

**Collaborating with Stakeholders**

WorkCover WA engages with stakeholders in ways which will sustain and improve the scheme. Accordingly, the development of the *Principles and Standards* involved successful collaboration between the agency and key stakeholders including workplace rehabilitation providers, insurers, self-insurers, medical practitioners, brokers and unions. A working group of industry representatives was responsible for overseeing the development of the *Principles and Standards*.

Consultation included a stakeholder perception survey to capture and better understand views on effective workplace rehabilitation and key factors influencing an injured worker's return to work experience.

Submissions and feedback from stakeholders were referenced against experience in Australia, New Zealand and other international jurisdictions. Importantly, and particularly in an environment of transparency and accountability, an open feedback loop enabled the reference group to align future changes with stakeholder expectations.

The WorkCover WA consultation process remained flexible and adapted to COVID-19 restrictions, to ensure effective consultation and collaboration continued both in the metropolitan and regional areas.

## Communicating Expectations

It is important for workplace rehabilitation providers to understand the role they play within the workers' compensation and injury management scheme as well as the agency's priorities and expectations for delivering workplace rehabilitation services. A range of communication and education activities were developed, to provide workplace rehabilitation providers with the opportunity to learn about and understand the *Principles and Standards*.

To communicate and promote the release of the *Principles and Standards* communications were delivered to stakeholders through a variety of channels, including social media, emails, news articles and the corporate website.

A video *Conversation Series* was produced as an educational tool, to assist workplace rehabilitation providers to understand and apply the cohesive set of service expectations. The series will support a range of face-to-face education sessions developed to enhance the successful implementation of the *Principles and Standards*.



Access the '[Conversation Series](#)' videos on the WorkCover WA website.

## Monitoring Compliance

Performance indicators enable WorkCover WA to assess and monitor the extent to which workplace rehabilitation providers achieve outcomes and comply with the *Principles and Standards*.

Performance indicators are used across all priority areas and standards to measure how well workplace rehabilitation providers achieve this aim.

Workplace rehabilitation providers will have a six-month implementation phase to support process and system adjustments required to comply with the *Principles and Standards*.

Following the six-month implementation phase, an educative review and compliance audit will be undertaken, with the results provided to all workplace rehabilitation providers.

Given the strong link between expectations and outcomes, WorkCover WA will closely regulate and monitor workplace rehabilitation providers' performance and compliance.

Workplace Rehabilitation Snapshot

42

New standards

48

Approved Workplace Rehabilitation Providers

3

Workplace Rehabilitation Provider videos

8

Reference group meetings

82%

Return to work in three months in 2019/20

11

Support tools created

## SCHEME SERVICES

## EFFECTIVE AND EQUITABLE DISPUTE RESOLUTION

**65%**

disputes related to initial liability decisions

**10%**

increase in cases before the Arbitration Service since 2019/20

**72%**

disputes resolved within three months

Dispute Resolution Snapshot

**25%**

disputes related to stress claims

**95%**

of applications were lodged online

**4%**

disputes that took longer than 12 months to resolve

**Managing Disputes**

Disputes can occur in the workers' compensation process when parties disagree about a decision and are unable to resolve the issue. If the dispute is not resolved through negotiation, parties can make an application to the Workers' Compensation Conciliation Service. The objective of the Conciliation Service is to assist parties to resolve their dispute by agreement.

The Conciliation Service is also responsible for recording settlement agreements and processing documents submitted in relation to common law elections. If there are matters remaining in dispute, an application can be made to the Arbitration Service. The objective of the Arbitration Service is to make legally binding determinations regarding workers' compensation disputes.

**Managing Services through COVID-19**

Despite the impact of COVID-19 restrictions on WorkCover WA and scheme stakeholders, scheme services were successfully maintained without impacting the performance and stability of the Western Australian workers' compensation scheme.

Conciliation and arbitration services were able to operate largely uninterrupted throughout the year due to dispute resolution lodgement and case management services provided by the digital service capability of WorkCover WA's digital platform, WorkCover WA Online.

**FOCUS 2020/21****Developing Conciliation Officers**

WorkCover WA's conciliation process supports injured workers and employers to reach agreement about matters related to a workers' compensation claim.

Conciliation Officers require special skills and experience to provide a critical service in the resolution of workers' compensation disputes.

The *Conciliation Officer Development Program* has been in place for the past six years and provides a professional development opportunity for current WorkCover WA staff. During the program, participants build on their knowledge of the scheme, claims management and stakeholder issues to hone negotiation and dispute resolution skills.

There is a competitive process to select participants, with 13 WorkCover WA staff from across the agency expressing an interest in the 2020/21 program.

Six WorkCover WA Officers have successfully completed the three month intensive program, leading to their designation as WorkCover WA Conciliation Officers.



## SCHEME SERVICES

## POLICY AND LEGISLATION

## Changing Legislation

Amendments to the Act and the *Workers' Compensation and Injury Management Regulations 1982* (Regulations) came into effect on 12 October 2020 to address a number of issues in response to COVID-19.

The amendments to the Act were implemented to help ease the burden on health care workers who may contract the virus and require access to workers' compensation entitlements.

The amendments provide presumptive access to workers' compensation entitlements for health care workers who contract COVID-19, without the potential for lengthy and costly claim investigations.

The amendments also addressed the following priority issues:

- removal of the common law termination day
- provision for a revised notice to be given to workers about common law claims
- provision of email service of liability decision notices to workers from insurers and self-insurers
- provision for annual indexation of capped worker entitlements.

## Amendments Related to Dispute Resolution, Settlements and Common law

Due to COVID-19 restrictions, online Conciliation and Arbitration services were progressed as a priority to facilitate remote document lodgement for all disputes, settlements and common law documents and to ensure functionality of essential Conciliation and Arbitration services was available to stakeholders.

These arrangements were made via Practice Notes from the Registrar and Director's Notices in 2019/20. Changes to the Arbitration Rules and the Regulations were subsequently implemented in 2020/21 to include online lodgement of applications and documents related to settlements and common law elections.

Amendments to the Act to remove the common law termination day came into effect on 12 October 2020 with the result that seriously injured workers have more flexibility to pursue a common law claim.

## FOCUS 2020/21

## Developing a New 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.

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 relating to the structure of the Act and clarity around fundamental scheme concepts and processes.

The Bill will also include election commitments announced by the Premier in March 2021 to increase the cap on medical and health expenses and extend the point at which a worker's income compensation payments step down, from 13 to 26 weeks. This will see injured workers receiving a more appropriate level of financial support for medical expenses and loss of income.

A draft Bill is expected to be released for public consultation in the second half of 2021.

## SCHEME SERVICES

## SERVICES TO SCHEME PARTICIPANTS

**Supporting Dependency Claims**

When a worker has died as a result of a work related injury, a claim for compensation can be made by the worker's dependant(s).

An application must be lodged with WorkCover WA's Arbitration Service for an order to pay compensation.

In 2020/21, 18 applications related to dependency claims were lodged.

The functionality to lodge online applications has facilitated a smoother dependency claim process.

**Managing Uninsured Claims**

WorkCover WA oversees claims by injured workers when employers are uninsured and manages specific funds to provide a source of compensation for injured workers of uninsured employers.

In 2020/21, 45 potential uninsured claims were investigated compared with 49 in 2019/20.

An uninsured employer is expected to make a decision on the claim, cover all costs associated with the claim, and take a lead role in planning for a workers' return to work.

Where an employer does not meet its responsibilities, WorkCover WA may make payments on behalf of the employer to ensure the injured worker is not disadvantaged, and seek to legally recover these payments from the employer.

There were four accepted uninsured claims this financial year. The net cost of new claims including common law claims was \$175,283.

**Noise Induced Hearing Loss**

It is compulsory under the Act for employers to arrange and pay for baseline and subsequent hearing tests for all workers in a prescribed workplace.

Hearing test results are maintained and monitored by WorkCover WA.

In 2020/21 there were 25,530 hearing tests conducted under the Act and lodged with WorkCover WA. Of these:

- 1,084 workers identified with potential noise induced hearing loss claims
- 308 full audiological assessments arranged
- 131 Otorhinolaryngology (ear, nose and throat) assessments of occupational hearing loss arranged
- 83 successful claims for work-related gradual onset noise induced hearing loss
- 77 first election claims (10% permanent hearing loss)
- 6 subsequent election claims (additional 5% permanent hearing loss).

### Industrial Diseases Medical Panels

Industrial Diseases Medical Panels are convened to determine prescribed questions in relation to claims related to asbestos and other mineral dusts.

An Industrial Diseases Medical Panel comprises physicians who specialise in diseases of the chest or occupational 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 panel operates independently with WorkCover WA providing administrative support and funding.

In 2020/21, Industrial Diseases Medical Panel Chairs comprised:

- Dr E Lee (Current Chair)
- Professor E Gabbay
- Dr M K Tandon
- Dr M Musk
- Dr J Sim
- Dr K C Wan

In 2020/21 Industrial Diseases Medical Panel members comprised:

- Professor A W Musk
- Dr D Bucens
- Dr M Pritchard
- Dr J Robell

Industrial Diseases Medical Panels increasingly used teleconferencing to assess the worker. Telehealth offered increased access and improved choice for individuals and medical practitioners, particularly those in regional or remote Western Australia.

During the financial year, Industrial Diseases Medical Panels convened on 30 occasions and made 56 determinations. Of those determinations, four related to silicosis from the engineered stone industry.

**Table 7: Number of Diseases Determinations**

Disease	2019/20	2020/21
Pneumoconiosis	18	18
Pneumoconiosis & Diffuse Pleural Fibrosis	1	4
Pneumoconiosis & Lung Cancer	0	0
Pneumoconiosis, Diffuse Pleural Fibrosis & Lung Cancer	0	0
Diffuse Pleural Fibrosis	4	3
Mesothelioma	3	17
Lung Cancer	1	8
Determinations where Disease Not Present or Disease Present but a 0% Level of Impairment	1	6
<b>Total</b>	<b>28</b>	<b>56</b>

## SCHEME SERVICES

## DIGITAL TRANSFORMATION

## FOCUS 2020/21

**Financial Management System**

During 2020/21, WorkCover WA upgraded its ten-year old financial management information system to a cloud-based solution.

Offering enhanced functionality and improved connectivity, including a reduction in on-site server upgrades and maintenance, the system upgrade incorporates finance, supply chain management, project management and analytics.

The transition to a cloud-based financial management information system was designed, implemented and tested in consultation with stakeholders.

Detailed milestones and tasks ensured the process was simplified and risks were mitigated at an early stage. Delivery and maintenance of the production and test environments, along with training materials were provided to staff.

The decision to migrate to a cloud-based software as a service model is aligned to WorkCover WA's strategic goal to build on the capability of its People, Culture and Systems.

In an increasingly digital environment, WorkCover WA acknowledges the importance of ensuring systems and information technology enhance agency operations and increase efficiency for stakeholders.

The WorkCover WA *Information Technology Plan 2018/21* was based on the *Digital WA: Western Australian Government Information Communication Technology Strategy* and enabled WorkCover WA to address future challenges holistically.

WorkCover WA's *Information Communication Technology Plan* and the agency's *Digital First* initiatives were reviewed against the Government's new *Digital Strategy for the Western Australia Government 2021/25*.

Accordingly, five information communication technology projects were prioritised for delivery in 2020/21 across the following services:

- cloud transition
- legacy system replacement
- core business system integration.

WorkCover WA is committed to providing convenient, smart, accessible and secure digital services to serve the Western Australian community more effectively.





## SECTION THREE:

# DISCLOSURES AND LEGAL REQUIREMENTS

### KEY PERFORMANCE INDICATORS

Key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess WorkCover WA's performance.

### GOVERNANCE DISCLOSURES


WorkCover WA complies with all governance and legal disclosures required by the State Government.

## CERTIFICATION OF KEY PERFORMANCE INDICATORS

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 2021.



**Sharryn Jackson**  
Chair  
WorkCover Western  
Australia Authority  
2 September 2021



**Chris White**  
Chief Executive Officer  
WorkCover Western  
Australia Authority  
2 September 2021

## DISCLOSURES AND LEGAL COMPLIANCE

## 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 makes 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 link to the Government Goals.

Agencies deliver services to achieve these desired outcomes and contribute to meeting the 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 vision is to have a workers' compensation and injury management scheme that works for all and our purpose is to lead a contemporary, sustainable and integrated workers' compensation scheme that is fair, accessible and cost effective for all participants, through:

- 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.

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.

The *Agency Level Desired Outcome* relates directly to the 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.

## DISCLOSURES AND LEGAL COMPLIANCE

## OUTCOME BASED MANAGEMENT STRUCTURE

**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 Structure in 2020/21 as the *Agency Level Desired Outcomes*, Services and KPIs remain relevant and appropriate.

**Independent Audit Opinion**

KPIs are audited annually by the Auditor General and the audit opinion is included in the Independent Auditor's Report published in the section on financial statements and notes.

**Government Goal**

Sustainable Finances – Responsible financial management and better service delivery

**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.

**Key Effectiveness Indicators**

- The number of non-compliance events identified as a result of a claim on the General Account
- The proportion of conciliations completed within eight weeks
- The proportion of disputes resolved within six months

**Service 1: Scheme Regulation**

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

**Key Efficiency Indicators**

- Average cost per employer compliance activity
- Average cost per approved and monitored service provider
- 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.

**Key Efficiency Indicators**

- Average cost to complete a conciliation
- Average cost to complete an arbitration
- Average cost to process a memorandum of agreement



## DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS SNAPSHOT

Table 9: Key Performance Indicators of Effectiveness

No.	Description	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
1.1	The number of non-compliance events identified as a result of a claim on the General Account	2	4	8	0	5	6
1.2	The proportion of conciliations completed within eight weeks	97.1%	96.7%	96.9%	96.6%	94.8%	97.0%
1.3	The proportion of disputes resolved within six months	87.9%	84.1%	84.1%	85.6%	83.0%	90.0%

Table 10: Key Performance Indicators of Efficiency<sup>1</sup>

No.	Description	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
1.1	Average cost per employer compliance activity	\$251	\$261	\$277	\$350	\$270	\$311
1.2	Average cost per approved and monitored service provider	\$3,177	\$3,522	\$2,634	\$2,614	\$2,882	\$2,974
1.3	Average cost per client contact to provide information and advice	\$110	\$75	\$56	\$85	\$94	\$86
2.1	Average cost to complete a conciliation	\$2,208	\$2,353	\$2,084	\$2,202	\$2,055	\$2,058
2.2	Average cost to complete an arbitration	\$9,587	\$8,579	\$8,319	\$9,162	\$9,495	\$9,782
2.3	Average cost to process a Memorandum of Agreement	\$341	\$348	\$424	\$505	\$497	\$439

<sup>1</sup> Efficiency Indicators have not been adjusted for inflation

## KEY PERFORMANCE INDICATORS

## KEY PERFORMANCE INDICATORS OF EFFECTIVENESS

**The Agency Level Desired Outcome reflects the purpose of WorkCover WA.**

*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 Level 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 following commentary explains the rationale behind each effectiveness indicator and how it measures success in achieving our outcome.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFECTIVENESS 1.1

Table 11: Number of Non-compliance Events Identified as a Result of a Claim on the General Account

Indicator 1.1	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
The number of non-compliance events identified as a result of a claim on the General Account	2	4	8	0	5	6

## Description

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

This indicator shows 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 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 damage 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 determined, and with the overall number of insured claims consistently in the vicinity of 40,000 per annum, an initial target figure of eight was established.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFECTIVENESS 1.1

In recent years, the number of insured claims has continued to decline with 32,239 in 2015/16, 29,522 in 2016/17, 28,227 in 2017/18, and 27,612 in 2018/19<sup>2</sup>.

Using the same methodology of two uninsured claims per 10,000 claims, the target for 2020/21 was maintained at six.

Information for this indicator is derived from two agency information systems. Claim numbers are reported from a central database which captures details of all claims as reported by approved insurers and self-insurers.

Uninsured claim payments are 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.

2. The figures quoted are those available at the time of setting the target in April 2020 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 2020/21 there were five non-compliance events resulting in a claim paid from the General Account. This is one less than the target and five more than 2019/20.

The number of uninsured claims against the General Account continues to remain low in the context of approximately 26,500 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 targeted approach to compliance and building the capacity of stakeholders.

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



## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFECTIVENESS 1.2

Table 12: The Proportion of Conciliations Completed within Eight Weeks

Indicator 1.2	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
The proportion of conciliations completed within eight weeks	97.1%	96.7%	96.9%	96.6%	94.8%	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 which supports the business needs of the Conciliation and Arbitration Services.

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

**ANALYSIS**

In 2020/21, 94.8 percent of conciliations were completed within the eight-week statutory timeframe.

This is 2.2 percentage points less than the target and 1.8 percentage points less than in 2019/20.

This KPI has performed consistently against the target since its inception in 2011/12 and while measures such as telephone conferencing and working from home arrangements were introduced to ensure conciliation services were maintained, these regulatory timeframes have been affected by the impact of the COVID-19 pandemic. This has resulted in additional requests to extend the period for conciliation and the need to apply administrative extensions of time in cases where listings were impacted by periods of mandatory lockdown.

There will always be some cases in the normal course of business that cannot reasonably be resolved within the initial eight-week period in which case the Director may grant an extension for a further (maximum) eight-week period. In 2020/21 the number of extensions increased significantly from 70 in 2019/20 to 104 in 2020/21 (49 percent) primarily due to the COVID-19 pandemic and restrictions on operations.

Of the matters not completed within the initial eight weeks, all were completed within the extended timeframe.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFECTIVENESS 1.3

Table 13: The Proportion of Disputes Resolved within Six Months

Indicator 1.3	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
The proportion of disputes resolved within six months	87.9%	84.1%	84.1%	85.6%	83.0%	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 Dispute Case Management System 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 2020/21, 83.0 percent of all disputes were resolved within six months.

This is 7.0 percentage points less than the target of 90.0 percent and 2.6 percentage points less than the 2019/20 result.

While the result is only 2.6 percentage points less than the 2019/20 result, this indicator has been impacted by the COVID-19 pandemic and restrictions on operations.

The agency has introduced telephone hearings and working from home arrangements to ensure arbitration services are maintained, however, the increased volume of arbitration applications received and complexity of cases has also impacted this KPI.

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 2018/19 national average for disputes resolved within six months was 79.3 percent.

## DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE 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.

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 WorkCover WA has no control over General Account and Supplementation Fund claims, which if included, would unduly skew key KPI data (for 2020/21 this represents 29.3 percent of the total expenditure).

The KPIs listed on the following pages measure the costs of providing these activities.

**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.

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

The Conciliation and Arbitration Services 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 and the processing of documents submitted in relation to common law elections, extensions and settlements by deed.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFICIENCY 1.1

Table 14: Average Cost per Employer Compliance Activity

Indicator 1.1	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
Average cost per employer compliance activity	\$251	\$261	\$277	\$350	\$270	\$311

## 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 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 of these employer compliance activities and is measured by dividing the full cost 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 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 2019/20 performance and allowing for full staff resources.

## ANALYSIS

In 2020/21 the average cost per employer compliance activity was \$270. This is 13.2 percent less than the target of \$311 and 22.9 percent less than in 2019/20.

This indicator was impacted in 2019/20 by the COVID-19 pandemic and restrictions on business activities across the State resulting in a reduction in finalised compliance activities. Finalising these activities from 2019/20, as well as policy changes and practice improvements has attributed to the significant increase in the number of investigations conducted.

This increased activity was achieved with a reduced workforce in the first quarter of the year due to unfilled positions.



## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFICIENCY 1.2

Table 15: Average Cost Per Approved and Monitored Service Provider

Indicator 1.2	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
Average cost per approved and monitored service provider	\$3,177	\$3,522	\$2,634	\$2,614	\$2,882	\$2,974

## 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, 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 the Regulatory Services Management System 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 2019/20 estimated performance and recent trends. The number of service providers is measured as of 30 June each year.

## ANALYSIS

In 2020/21 the average cost per approved and monitored service provider was \$2,882. This is 3.1 percent less than the target of \$2,974 and 10.2 percent more than in 2019/20.

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 2021, and an increase in staff resources to develop new expectations for service providers and monitor changes to the regulatory environment. The variance to 2019/20 is predominantly due to the temporary increase in staff resources.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFICIENCY 1.3

Table 16: Average Cost Per Client Contact to Provide Information and Advice

Indicator 1.3	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
Average cost per client contact to provide information and advice	\$110	\$75	\$56	\$85	\$94	\$86

## 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 providing 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 Regulatory Services Management System.

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 2019/20 performance and previous financial year trends.

## ANALYSIS

In 2020/21 the average cost per client contact to provide information and advice was \$94. This is 9.3 percent higher than the target of \$86 and 10.6 percent higher than in 2019/20.

The increased outcome for this indicator is predominantly due to the reduced number of client contacts resulting from strengthened regulatory activities and flow on effects of the COVID-19 pandemic business impacts across the State.

Overall, in 2020/21 the Advice and Assistance Unit (AAU) responded to 17,439 requests with reduced resources. This is an 8.5 percent reduction in requests on the previous year and an 18.5 percent reduction on the estimated target figures.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFICIENCY 2.1

Table 17: Average Cost to Complete a Conciliation

Indicator 2.1	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
Average cost to complete a conciliation	\$2,208	\$2,353	\$2,084	\$2,202	\$2,055	\$2,058

## 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 Dispute Case Management System along with dates completed. 'Completed' is measured as the date a conciliation officer records a *Certificate of Outcome* at the end of a conciliation process.

The data for this indicator is extracted directly from the Dispute Case Management System.

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 2020/21 is based on the performance for 2019/20 and current trends.

## ANALYSIS

In 2020/21 the average cost to complete a conciliation was \$2,055. This is 0.1 percent less than the target of \$2,058 and 6.7 percent less than 2019/20.

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

The number of conciliations completed for the year is broadly consistent with that expected at 4.7 percent less than the target and 2.7 percent less than in 2019/20.

A decrease in cost in providing this service from the previous year is due to a return to usual resourcing following completion of the Online Services digital project and a return to pre-project staff resources.

## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFICIENCY 2.2

Table 18: Average Cost to Complete an Arbitration

Indicator 2.2	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
Average cost to complete an arbitration	\$9,587	\$8,579	\$8,319	\$9,162	\$9,495	\$9,782

## 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 Dispute Case Management System, 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 Dispute Case Management System.

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 2019/20 target figures.

## ANALYSIS

In 2020/21 the average cost to complete an arbitration was \$9,495. This is 2.9 percent lower than the target of \$9,782 and 3.6 percent higher than the outcome for 2019/20.

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

While the average cost of completing an arbitration has remained relatively consistent, the total cost of providing the overall service has risen predominantly due to an increase in staff resources from the previous year to deal with the greater number of applications received.



## DISCLOSURES AND LEGAL COMPLIANCE

## INDICATOR OF EFFICIENCY 2.3

Table 19: Average Cost to Process a Memorandum of Agreement

Indicator 2.3	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target
Average cost to process a Memorandum of Agreement	\$341	\$348	\$424	\$505	\$497	\$439

## Description

WorkCover WA is responsible under the Act for registering each Memorandum of Agreement, 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 Memorandum of Agreement involves an assessment of the accuracy of the documentation provided by the parties, as well as of compliance with the Act.

This KPI provides the average cost to complete a Memorandum of Agreement and is measured by dividing the full costs of providing the Memorandum of Agreement process by the total number of Memorandum of Agreements completed. Each Memorandum of Agreement registered is recorded in the Memorandum of Agreement database which forms part of the Dispute Case Management System. The data for this KPI is extracted directly from this system.

The target for this KPI was set based on 2019/20 performance and a continuing downward trend in recent years in the number of Memorandum of Agreements presented.

## ANALYSIS

The average cost to process a Memorandum of Agreement for 2020/21 was \$497. This is 13.2 percent more than the target of \$439 and 1.6 percent less than the outcome in 2019/20.

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

The number of Memorandum of Agreements processed in 2020/21 is 14.9 percent less than the predicted target and 4.0 percent less than the number processed in 2019/20.

The higher individual Memorandum of Agreement processing costs compared to the expected target and the previous year are a direct result of the lower number of Memorandum of Agreements lodged.

The number of Memorandum of Agreements lodged each year depends on the external claims' management environment. A previous upward trend of Memorandum of Agreements processed between 2012/13 and 2015/16 has now reversed, with the numbers seen over the past four years reflecting the reduction in overall workers' compensation claim numbers and a continued trend toward settlement by Deed rather than Memorandum of Agreement.

## DISCLOSURES AND LEGAL COMPLIANCE

## OTHER DISCLOSURES

**Governance Framework**

WorkCover WA's *Governance Framework* ensures the strategies, stakeholder relationships and culture are in place to achieve objectives and comply with all good governance principles.

The *Governance Framework* is aligned to the Public Sector Commission's *Good Governance Guide* and provides the foundation for 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 Board
- annual governance performance review
- biennial review of the framework.

To facilitate governance requirements across the agency, a *Corporate Governance Task List* is maintained for all key planning, budgeting, reporting and governance activities.

**CEO Performance Agreement**

The agency's performance is monitored by the 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, Board Chair, the Minister for Industrial Relations and the Public Sector Commissioner.

An evaluation against agreed deliverables is assessed by the Board Chair annually and endorsed by the Minister for Industrial Relations and the Commissioner.

**Conflicts of Interest**

Senior officers and members of the Board declare any potential conflict of interest in performing their duties.

A centrally maintained, whole of agency Conflict of Interests Register is also completed by staff and Board members where required.

## FOCUS 2020/21

**Good Governance Guide Review**

To ensure good governance performance, WorkCover WA conducted its annual compliance review in 2021 using the Public Sector Commission's *Good Governance Guide*.

The review is a deliverable of the CEO's *Performance Agreement* and information is sourced from WorkCover WA records management system, intranet and corporate website.

This year's review tested agency performance against the Public Sector Commission's *Integrity Strategy for Public Authorities 2020/23* using its related *Integrity Snapshot Tool*.

The review measured:

- prevention approaches
- review schedules
- behaviour controls
- leadership commitment
- ethical training.

This assessment provided assurance the agency's accountability obligations were met.

## DISCLOSURES AND LEGAL COMPLIANCE

## OTHER DISCLOSURES

**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 continuously 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.

The Internal Audit Function at WorkCover WA includes consultants and contractors engaged on behalf of the agency through a co-sourced arrangement managed by the Internal Audit Manager.

An Audit and Risk Management Committee is appointed by the Board. 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.

**Strategic Audit Plan**

Audit activities are determined by a three year *Strategic Audit Plan*, the corresponding annual schedule is reviewed prior to the commencement of each audit year.

Internal audit 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 2020/21, WorkCover WA conducted nine internal audits and two external audits. The nine internal audits identified 19 audit findings and five 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.

**Integrity Framework**

WorkCover WA has strengthened approaches to mitigating the risk of fraud and corruption by focusing on integrity and prevention through its new *Integrity Framework*.

The *Integrity Framework* sets out the agency's approach to effective fraud and corruption prevention underpinned by a healthy and strong culture.

The *Integrity Framework* aligns with the Public Sector Commission's *Integrity Strategy for Public Authorities 2020/23*.

WorkCover WA's practices were reviewed against the Public Sector Commission's *Integrity Strategy Snapshot Tool's* four key areas:

- plan and act to improve integrity
- model and embody a culture of integrity
- learn and develop integrity knowledge and skills
- be accountable for integrity.

The assessment showed WorkCover WA's practices were sound as well as identifying some minor areas for improvement.

## DISCLOSURES AND LEGAL COMPLIANCE

## OTHER DISCLOSURES

**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.

The *Fraud and Corruption Control Plan* documents the agency's strategic and operational approach to controlling fraud and corruption. It provides an overview of how fraud and corruption risks are managed and outlines how WorkCover WA complies with the requirements of the *Australian Standard AS8001*.

The *Fraud and Corruption Control Plan* is 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.

**Unauthorised Use of Credit Cards**

Officers of WorkCover WA hold corporate credit cards where their functions warrant usage.

No unauthorised use of credit cards occurred during 2020/21.

**Public Sector Standards and Ethical Codes**

Under section 8 and section 9 of the *Public Sector Management Act 1994*, WorkCover WA ensures obligations are met for:

- *Western Australian Public Sector Code of Ethics*
- WorkCover WA's *Code of Conduct*
- *Public Sector Standards in Human Resource Management*.

Policies and procedures are available on the intranet and are part of the induction process to ensure these obligations are met. Values are clearly articulated in job descriptions and role expectations.

The annual staff performance review process provides an opportunity for feedback and assessment against the *Code of Conduct*.

In 2020/21 the following breaches occurred:

- *Code of Conduct*: One
- *Public Sector Code of Ethics*: Nil
- *Public Sector Commissioner's Instruction Employment Standard*: Nil
- *Grievance Resolution Standard*: Nil

**Ministerial Correspondence**

Under section 74 of the *Public Sector Management Act 1994*, WorkCover WA has a communications protocol which outlines how the CEO and agency staff interact with the Minister for Industrial Relations Office.

To ensure precise and timely information to the Minister for Industrial Relations, 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.

**Ministerial Directives**

Under section 111(2) of the Act, WorkCover WA is required to record written directions from the Minister in the annual report.

WorkCover WA did not receive any Ministerial directives in 2020/21.



## DISCLOSURES AND LEGAL COMPLIANCE

## OTHER DISCLOSURES

## Staffing

Employees at WorkCover WA are employed under the *Public Service Award 1992* and the *Public Sector CSA Agreement 2019*.

At 30 June 2021, there were 145 staff or 124.3 full time equivalents. The median age of staff was 47 years.

WorkCover WA is committed to sustaining an inclusive workforce with a range of skills, experience and perspectives reflective of the Western Australian community. A diverse workforce provides greater insight into the needs of the community and how the agency can better serve them.

Table 20: WorkCover WA Staffing Arrangements

Employment type	2018	2019	2020	2021
Full-time permanent	95	102	102	98
Full-time contract	14	14	9	14
Part-time	12.98	10.79	11.53	12.3
<b>Total</b>	<b>121.98</b>	<b>126.79</b>	<b>122.53</b>	<b>124.3</b>
Secondments	4	0	1	3
Traineeships	0	1	0	2
Graduates	1	1	1	0

## Capability and Development

In 2020/21, there was a continued focus on developing and building management and leadership capabilities, as well as the upskilling of staff. Managers and staff engaged in Crucial Conversations, PRINT, continuous improvement, and mental health first aid training.

Managers and staff participated in the performance management program which focused on having regular, meaningful and forward-thinking performance conversations. This included an annual formal review and assessment.

Table 21: WorkCover WA Staff Training

Training hours in total	1557
Training hours per staff member	10.5

## Employee Assistance

WorkCover WA provides an employee assistance program where staff and immediate family members can access up to six sessions of confidential and professional counselling services in a 12-month period.

In 2020/21, there were nine new referrals and 36 hours utilised. This represents an annualised utilisation rate of 11%. Issues identified through the employee assistance program reports helped form the basis of some of the topics offered within the agency's wellbeing program.

## FOCUS 2020/21

## Women in Leadership

The Western Australian public sector has seen a marked increase in women in senior leadership positions, particularly over the last three years. WorkCover WA has noted the government policy remit, responding with the development of internal workforce strategies linked to the advancement of women within leadership roles.

This commitment has flowed through to policy and practice, with WorkCover WA directing attention to the four priority areas of focus for the Western Australian public sector:

- Educate and empower
- Attract and develop
- Lead and build
- Account and celebrate

In 2020/ 21, WorkCover WA is proud to announce a five percent growth in the representation of women within the senior leadership cohort. This achievement has seen WorkCover WA reach gender parity (50%), which is higher than the current public sector average (42.5%) and equal to the aspirational public sector target not planned for realization until 2035.

WorkCover WA supports empowerment at all levels and aims to continue the development of current and future female leaders.

## DISCLOSURES AND LEGAL COMPLIANCE

## OTHER DISCLOSURES

**Substantive Equality**

WorkCover WA ensures policies, procedures and practices are consistent with the Government's *Policy Framework for Substantive Equality* which addresses and eliminates systemic discrimination.

WorkCover WA strives to create an inclusive and harmonious workplace, where all staff members are treated equitably and fairly and can reach their full potential with dignity and respect.

WorkCover WA conducts appropriate training for all managers and supervisors to promote a discrimination free workplace.

**People of Diverse Sexuality and Gender**

In 2020/21, WorkCover WA has commenced a significant journey to support its current and future employees of diverse sexualities and gender.

This commitment will enable individuals to realise their full potential, while working in an environment which is supportive, safe, and inclusive.

This cultural shift will assist the agency to embrace all perspectives of work, enabling better positioning of the workforce to deliver services and support the Western Australian community.

**Youth Action Plan**

Launched during Youth Week 2021, the agency's *Youth Action Plan* aims to increase the representation of young professionals and supports the Public Sector Commission's *Workforce Diversification and Inclusion Strategy for WA Public Sector Employment 2020–2025*.

The *Youth Action Plan* has four priority action areas:

- educating and empowering
- attracting and developing
- leading and building
- accounting and celebrating.

In 2020/21, WorkCover WA's workforce includes 4.8% of employees under 25 years of age.

**Disability and Access Inclusion Plan**

Coinciding with International Day of People with Disability in 2020, the Government released the *People with Disability: Action Plan to Improve WA Public Sector Employment Outcomes 2020–2025*.

The plan has an aspirational target of 5% for the representation of people with disability in public employment. In 2020/21, WorkCover WA's workforce includes 5.5% of employees with disability.

WorkCover WA's *Disability Access and Inclusion Plan* for 2017/21 was developed under the principles of the *Disability Services Act 1993*, and has focused on:

- consultation to better understand the tools required to increase knowledge of and confidence in inclusive workers' compensation and injury management practices
- undertaking annual disability access audits of WorkCover WA facilities
- implementation of a resource review schedule and process to ensure publications and forms are regularly reviewed for accuracy, currency and accessibility
- revising online induction programs to include disability access information
- renewing a gardening maintenance contract with Para Quad Industries (Spine and Limb) for a further three year period.

## DISCLOSURES AND LEGAL COMPLIANCE

## OTHER DISCLOSURES

## Reconciliation Action Plan

WorkCover WA recognises the need to provide culturally appropriate and responsive services to the Aboriginal and Torres Strait Islander community, whilst attracting, retaining and supporting our Aboriginal workforce.

WorkCover WA will build on the existing Reconciliation Strategy, through the development of a new Reconciliation Action Plan (Plan). The Plan will focus on reflection, articulating how WorkCover WA will prepare the agency for reconciliation based initiatives and successive Plans.

This stage will see WorkCover WA building on and developing relationships with Aboriginal stakeholders, providing clarity on our vision for reconciliation, and exploring our sphere of influence. This process will help to produce future Plans which are meaningful, mutually beneficial and sustainable.

WorkCover WA has a current Aboriginal workforce representation of 4%, which is higher than the current public sector average (2.7%) and aspirational target for public sector agencies (3.7%).

In 2020/21, WorkCover WA made a commitment to two Aboriginal trainees, offering full-time employment and support towards the completion of a nationally recognised qualification.

This entry-level employment strategy has been embraced by WorkCover WA, having supported three previous Aboriginal trainees into permanent full-time employment with the agency.

In supporting our cultural development and maturity, WorkCover WA will continue to embrace days of significance to Aboriginal people, educate our workforce around the history of Australia's first peoples, and look to opportunities to partner with the wider Aboriginal community.

## Multicultural Action Plan

In 2020/21 WorkCover WA developed a Multicultural Plan consistent with the Office of Multicultural Interest's *Western Australian Multicultural Policy Framework*.

The Multicultural action plan reflects the *Western Australian Charter of Multiculturalism* including:

- building harmonious and inclusive communities
- developing culturally responsive services
- participating in cultural activities.

In 2020/21 WorkCover WA's workforce includes 17% of employees from culturally and linguistically diverse backgrounds.

Workforce Profile Snapshot

**4.8%**

employees  
25 years  
and under

**4%**

Aboriginal and  
Torres Strait Islander  
employees

**5.5%**

employees with  
disability

**17%**

employees from  
culturally diverse  
backgrounds

**50%**

women in  
leadership

## DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNMENT POLICY REQUIREMENTS

## Freedom of Information

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

For openness and transparency, WorkCover WA's *Information Statement* is published on the corporate website, outlining the freedom of information process.

In 2020/21, 145 Freedom of Information requests were received. As required by the Information Commissioner, WorkCover WA assisted applicants to obtain access to documents at the lowest reasonable cost.

## Recordkeeping Plan

WorkCover WA uses the State Records Commission's standards and principles to govern best practice recordkeeping across the agency.

WorkCover WA's *Recordkeeping Plan* was first approved in 2015 and is compliant with section 28 of the *State Records Act 2000*.

The purpose of the *Recordkeeping Plan* is to determine which records are to be created, and how they are stored. It provides an accurate reflection of the recordkeeping program within the agency, including information regarding the agency's recordkeeping system(s), disposal arrangements, policies, practices, and processes.

## Recordkeeping Practices

WorkCover WA reviews and reports on the recordkeeping plan every five years, or when there is a significant change to the organisation's functions.

A review of WorkCover WA's recordkeeping plan was undertaken in 2021, to achieve compliance through to 2025/26 by:

- maintaining system infrastructure at latest release levels to ensure equivalence with required standards
- auditing the use of the Content Manager recordkeeping system to ensure its effectiveness and efficiency in meeting compliance and operational requirements
- ensuring the WorkCover WA Induction Program provides new employees with information regarding their recordkeeping roles and responsibilities
- ensuring all new staff complete an online Recordkeeping Awareness Training course
- providing ongoing assistance to users through information sessions and staff communication.

## FOCUS 2020/21

## Recordkeeping Capability

WorkCover WA reviews and monitors recordkeeping practices to assist in understanding the agency's recordkeeping maturity levels which enables recordkeeping practices to remain appropriate and contemporary.

The review resulted in the following outcomes:

- developing a 'recordkeeping roadmap'
- highlighting key milestones for delivery over the next five years
- aligning the use of common language and terms
- identifying the requirement for new functional schedules to address specific records
- establishing effective processes for all records and information management activities.

By undertaking these actions, WorkCover WA can continue to excel in recordkeeping practices that support effective business practice and improve agency accountability and efficiency.



## DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNMENT POLICY REQUIREMENTS

**Customer Service Charter**

The *Customer Service Charter* outlines the agency's commitment to customers and articulates the service they can expect to receive. The charter defines complaints as an 'expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint'.

The *Customer First Feedback Policy* outlines WorkCover WA's process for managing and resolving complaints.

**Customer First Feedback**

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 the Ombudsman Western Australia *Complaints Management Guidelines*. The system provides customers with an avenue to deliver feedback about the agency's services, decisions, procedures, policies and facilities.

Workcover WA offers a complaints and feedback service via telephone, email, the corporate website and in person. Stakeholders are encouraged to provide feedback via the Customer First Feedback System.

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

**Handling Complaints**

Complaints are an opportunity for WorkCover WA to improve its service to stakeholders. All complaints are dealt with effectively, promptly and without prejudice or bias and are recorded to form part of the agency's continuous improvement process.

WorkCover WA's handling of complaints is focused on:

- enabling complaints in a physical and accessible manner
- responding to complaints promptly, objectively and confidentially
- providing mechanisms to prevent complaints escalating into major disputes
- identifying opportunities for organisational improvement.

**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. Information about public interest disclosure is available on the corporate website.

There were no public interest disclosures in 2020/21.

## FOCUS 2020/21

**Responding to Complaints**

The formal complaints handling process includes registration, acknowledgement, investigation and resolution. The outcome is recorded in the Customer First Feedback Register to ensure it is captured in the continuous improvement process.

Verbal complaints are responded to within five days of receiving initial feedback, and written complaints are responded to within 10 working days, in the same format as the feedback was received. Complainants are regularly updated on the status of their complaint.

During the last year, WorkCover WA reviewed its complaints processes to enable improved accessibility. Frontline staff were refamiliarised with the policies and processes and contact details for all complaint handling officers were updated.

At all forums conducted in 2021, members of the public who may have required additional assistance to make a complaint were guided through the complaint process.

In 2020/21, the agency received three compliments and five complaints through the Customer First Feedback System.

## DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNMENT POLICY REQUIREMENTS

**Occupational Safety and Health (OSH) Management**

Under the *Occupational Safety and Health Act 1984*, WorkCover WA continued to provide a safe and healthy environment for staff, visitors and contractors through the *Occupational Safety and Health Policy*.

The following online training was provided to staff:

- 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.

WorkCover WA has a pool of staff trained in first aid, CPR and evacuation procedures. This includes three formally elected OSH representatives.

WorkCover WA's performance in 2020/21 against targets established in the *Public Sector Commissioner's Circular 2018/03, Code of Practice: Occupation Safety and Health in the Western Australian Public Sector* is set out in Table 22.

Table 22: OSH Performance Statistics 2020/21

OSH Indicator	2018/19	2019/20	2020/21 Target	2020/21 Actual
Fatalities	0	0	0	0
Lost-time injury/ disease incidence rate*	0	0.76%	0	0.78%
Lost-time injury/ severity rate**	0	0	0	0
Return to work - 13 weeks	N/A	100%	>80%	100%
Return to work - 26 weeks	N/A	100%	>80%	100%
Trained managers	100%	100%	100%	100%

\* The lost-time injury/disease rate is the number of lost-time injuries 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.

**Agency Workers' Compensation Claims**

The agency received one workers' compensation claim in 2020/21.

**National Strategic Plan for Asbestos Awareness and Management 2019-2023**

WorkCover WA operates from one location at 2 Bedbrook Place, Shenton Park.

Through independent assessment WorkCover WA has established there have never been any asbestos products (including asbestos cement materials) on its premises.

WorkCover WA supports the initiatives outlined in the *National Strategic Plan for Asbestos Awareness and Management*.

## DISCLOSURES AND LEGAL COMPLIANCE

## REPORTS ON FUNDS MANAGEMENT

**Workers' Compensation and Injury Management Trust Account**

The Workers' Compensation and Injury Management Trust Account is maintained under section 110 of 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 under the Treasurer's Guidelines.

Investment strategies employed provided an average yield for the 2020/21 year of 0.09% for all trust accounts.

**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.

This 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*.

**Table 23: 2020/21 Report on Funds Management**

Item	HIH Insurance Group (\$)	Non-HIH Insurance (\$)
Value of outstanding claims in Western Australia	452,000	71,000
Received from liquidators in 2020/21	7,510	-
Claim payments for 2020/21	255,269	25,873

**Debt and Investments**

At 30 June 2021, there were 86 outstanding debtors resulting from fines and penalties awarded under the Act, with debts outstanding of \$1,203,925.

In 2020/21, the weighted average rate of return on General Account investments was 0.10%.

**Table 24: 2020/21 Actual Results vs Budget Results**

Item	2020/21 Target (\$000)	2020/21 Actual (\$000)
Total Revenue (sourced from Statement of Comprehensive Income)	21,590	20,962
Total Expenses (Sourced from Statement of Comprehensive Income)	23,261	29,300
Total Equity (sourced from Statement of Financial Position)	97,754	94,626
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows)	(3,130)	6,446
Approved full-time equivalent (FTE) staff usage	129.64	124.3

## DISCLOSURES AND LEGAL COMPLIANCE

## REPORTS ON FUNDS MANAGEMENT

## Board Remuneration

The Chair and WorkCover WA Board members are paid fees and allowances as fixed by the Minister for Industrial Relations on the recommendation of the Minister for Public Sector Management.

Board members who are public service officers are not entitled to payment.

Table 25: 2020/21 WorkCover WA Board Remuneration

Position	Name	Remuneration Type	Period of Membership*	Gross/Actual Remuneration (Incl Superannuation)
Chair	Sharryn Jackson	Board Payment	12 months	\$34,091
Member	Peta Libby	Board Payment	12 months	\$17,821
Member	Llewellyn Jones	Board Payment	12 months	\$17,821
Member	Richard Sellers	Nil	1 month	-
Member	David Smith**	Nil	11 months	-
Member	Victoria Wilmot	Board Payment	12 months	\$17,821
Member	Chris White	Nil	12 months	-
Member	Owen Whittle	Board Payment	12 months	-
<b>Total</b>				<b>\$87,554</b>

\* The period of membership column refers to the board member's membership during the 2020/21 period.

\*\* Mr Smith completed his tenure on 31/05/21. Mr Sellers commenced on 01/06/21.

## 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.

## Advertising

Under section 175ZE of the *Electoral Act 1907*, the agency incurred the following expenditure in relation to direct mail, media advertising and job advertising.

Table 26: 2020/21 Advertising Expenditure

Type	Organisation	2020/21 (\$)
Direct mail	Campaign Monitor	653
Media advertising	Facebook	129
Job advertising	Initiative Media Australia Pty Ltd	2,515
<b>Total</b>		<b>3,297</b>

## Capital Works Project

WorkCover WA's expenditure on capital works for 2020/21 is outlined in the table below.

Table 27: 2020/21 Capital Works Expenditure

Capital Works Projects	2020/21 (\$000)
TRIM integration	237
SAP Cloud replacement	145
Azure cloud transition	213
<b>Total</b>	<b>595</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 28: Annual Estimates - Statement of Comprehensive Income**

	2021	2022
	\$000	\$000
<b>INCOME</b>		
<b>Revenue</b>		
Insurer contributions	19,519	19,990
Interest revenue	1,123	110
Other revenue	948	946
Employers' Indemnity Supplementation Fund	-	-
<b>Total Revenue</b>	<b>21,590</b>	<b>21,046</b>
<b>Gains</b>		
Decrease in claims liability	-	1,650
<b>Total Gains</b>	<b>-</b>	<b>1,650</b>
<b>Total Income</b>	<b>21,590</b>	<b>22,696</b>
<b>EXPENSES</b>		
Employee benefits expenses	15,480	15,937
Supplies and services	3,147	2,977
Depreciation and amortisation expenses	1,109	1,133
Accommodation expenses	530	530
Grants and subsidies	35	35
Claims expenses	1,385	2,949
Loss on disposal of non-current assets	17	26
Other expenses	1,558	1,587
<b>Total Expenses</b>	<b>23,261</b>	<b>25,154</b>
Profit/(Loss) before grants and subsidies from State Government	(1,671)	(2,458)
Resources received	170	200
<b>Profit/(Loss) for the period</b>	<b>(1,501)</b>	<b>(2,258)</b>

## DISCLOSURES AND LEGAL COMPLIANCE

## REPORTS ON FUNDS MANAGEMENT

Table 29: Annual Estimates - Statement of Financial Position

	2021	2022
	\$000	\$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	230	93
Restricted cash and cash equivalents	86,844	83,419
Receivables	1,237	408
Other assets	251	189
Other financial assets	19,482	23,728
<b>Total Current Assets</b>	<b>108,044</b>	<b>107,837</b>
<b>Non-Current Assets</b>		
Property, plant, equipment & vehicles	17,296	16,365
Right-of-use assets	91	81
Intangible assets	2,369	1,968
<b>Total Non-Current Assets</b>	<b>19,756</b>	<b>18,414</b>
<b>Total Assets</b>	<b>127,800</b>	<b>126,251</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	809	953
Lease liabilities	31	3
Employee related provisions	3,067	3,349
Claims provisions	4,392	3,135
<b>Total Current Liabilities</b>	<b>8,299</b>	<b>7,440</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	65	58
Employee related provisions	5,593	5,655
Claims provisions	16,089	16,156
<b>Total Non-Current Liabilities</b>	<b>21,747</b>	<b>21,869</b>
<b>Total Liabilities</b>	<b>30,046</b>	<b>29,309</b>
<b>NET ASSETS</b>	<b>97,754</b>	<b>96,942</b>
<b>EQUITY</b>		
Reserves	14,580	14,212
Retained earnings	83,174	82,730
<b>Total Equity</b>	<b>97,754</b>	<b>96,942</b>

Table 30: Annual Estimates - Statement of Cash Flows

	2021	2022
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Supplementation Fund receipts	-	-
Insurer contributions	19,519	19,990
Provision of services	10	-
Interest received	1,123	110
GST receipts on sales	4	1
GST receipts from taxation authority	442	447
Other receipts	938	946
<b>Payments</b>		
Workers' Compensation claim payments	(2,825)	(2,949)
Employee benefits	(15,425)	(15,877)
Supplies and services	(2,979)	(2,743)
Accommodation	(530)	(530)
Grants and subsidies	(35)	(35)
GST payments on purchases	(446)	(448)
Other payments	(1,495)	(1,559)
<b>Net cash used in operating activities</b>	<b>(1,699)</b>	<b>(2,647)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from sale of non-current physical assets	-	-
<b>Payments</b>		
Purchase of non-current physical assets	(1,422)	(1,000)
Investments in term deposits	-	-
<b>Net cash used in investing activities</b>	<b>(1,422)</b>	<b>(1,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from sale of non-current physical assets	-	-
<b>Payments</b>		
Principal elements of lease payments	(9)	(23)
<b>Net cash used in financing activities</b>	<b>(9)</b>	<b>(23)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,130)</b>	<b>(3,670)</b>
Cash and cash equivalents at the beginning of the period	109,686	110,910
<b>Cash and cash equivalent at the end of the period</b>	<b>106,556</b>	<b>107,240</b>



## SECTION FOUR:

# FINANCIAL STATEMENTS

### CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements were prepared in compliance with the *Financial Management Act 2006*.

### NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes support the financial statements.

## CERTIFICATION OF FINANCIAL STATEMENTS

For the reporting period ended 30 June 2021

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 2021 and the financial position as at 30 June 2021.

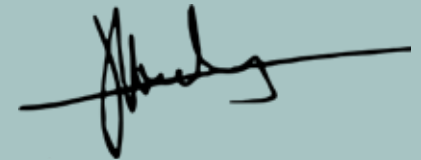
At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



**Sharryn Jackson**  
Chair  
WorkCover WA  
2 September 2021



**Chris White**  
Chief Executive Officer  
WorkCover WA  
2 September 2021



**John Hull**  
Chief Finance Officer  
WorkCover WA  
2 September 2021



# WORKCOVER WESTERN AUSTRALIA AUTHORITY

## INDEPENDENT AUDIT OPINION



### Auditor General

#### INDEPENDENT AUDITOR'S OPINION 2021

WorkCover Western Australia Authority

To the Parliament of Western Australia

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of the WorkCover Western Australia Authority (Authority) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- 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 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the Financial Management Act 2006 and the Treasurer's Instructions.

#### Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

#### Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the Financial Management Act 2006 and the Treasurer's Instructions
- such internal control as it 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 Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

### Report on the audit of controls

#### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the WorkCover Western Australia Authority. The controls exercised by the Authority are those policies and procedures established by the Board 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 2021.

# WORKCOVER WESTERN AUSTRALIA AUTHORITY

## INDEPENDENT AUDIT OPINION

### The Board's responsibilities

The Board 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 involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance 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 audit of 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 2021. 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 Authority's performance and fairly represent indicated performance for the year ended 30 June 2021.

### The Board's responsibilities for the key performance indicators

The Board 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 it 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 Board 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 responsibilities

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

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

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

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

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

### Other information

Those charged with governance are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

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

This auditor's report relates to the financial statements, controls and key performance indicators of the WorkCover Western Australia Authority for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls 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, controls and key performance indicators.



Sandra Laibuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
3 September 2021





## WORKCOVER WESTERN AUSTRALIA AUTHORITY

# FINANCIAL STATEMENTS

### Statement of comprehensive income for the year ended 30 June 2021

	Notes	2021 \$000	2020 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Insurer contributions	3.1	19,519	18,723
Interest revenue	3.2	308	1,197
Other revenue	3.3	1,123	1,852
Employers' Indemnity Supplementation Fund	3.4	12	2,029
<b>Total Revenue</b>		<b>20,962</b>	<b>23,801</b>
<b>Gains</b>			
Decrease in claims liability	3.6	-	3,081
Gain on disposal of non-current assets	4.4	8	7
<b>Total Gains</b>		<b>8</b>	<b>3,088</b>
<b>Total Income</b>		<b>20,970</b>	<b>26,889</b>
<b>EXPENSES</b>			
Employee benefits expenses	4.1(a)	14,847	14,391
Supplies and services	4.5	2,766	2,947
Depreciation and amortisation expense	5.1,5.2,5.3	1,280	1,196
Accommodation expenses	4.5	721	907
Grants and subsidies	4.2	35	35
Claims expenses	4.3(a)	7,589	1,872
Other expenses	4.5	2,062	1,386
<b>Total Expenses</b>		<b>29,300</b>	<b>22,734</b>
<b>Profit/(Loss) before grants and subsidies from State Government</b>		<b>(8,330)</b>	<b>4,155</b>
Resources received	3.5	194	271
<b>Profit/(Loss) for the period</b>		<b>(8,136)</b>	<b>4,426</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)	549	(155)
Changes in asset revaluation surplus	9.10	644	(368)
<b>Total other comprehensive income</b>		<b>1,193</b>	<b>(523)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(6,943)</b>	<b>3,903</b>

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

### Statement of financial position as at 30 June 2021

	Notes	2021 \$000	2020 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.1	29,098	22,654
Restricted cash and cash equivalents	7.1	85,076	85,074
Receivables	6.1	287	1,028
Other assets	6.2	302	189
Other financial assets	7.2	-	6,419
<b>Total Current Assets</b>		<b>114,763</b>	<b>115,364</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	5.1	16,392	16,252
Right-of-use assets	5.2	42	13
Intangible assets	5.3	2,229	2,353
<b>Total Non-Current Assets</b>		<b>18,663</b>	<b>18,618</b>
<b>Total Assets</b>		<b>133,426</b>	<b>133,982</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6.3	652	835
Lease liabilities	7.3	13	3
Employee related provisions	4.1(b)	3,642	3,349
Claims provisions	4.3(b)	6,676	3,604
<b>Total Current Liabilities</b>		<b>10,983</b>	<b>7,791</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	7.3	29	10
Employee related provisions	4.1(b)	4,999	5,655
Claims provisions	4.3(b)	22,789	18,957
<b>Total Non-Current Liabilities</b>		<b>27,817</b>	<b>24,622</b>
<b>Total Liabilities</b>		<b>38,800</b>	<b>32,413</b>
<b>Net Assets</b>		<b>94,626</b>	<b>101,569</b>
<b>EQUITY</b>			
Reserves	9.10	14,856	14,212
Retained earnings		79,770	87,357
<b>Total Equity</b>		<b>94,626</b>	<b>101,569</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 2021

	Notes	Reserves \$000	Retained earnings \$000	Total equity \$000
<b>Balance at 1 July 2019</b>		<b>14,580</b>	<b>83,086</b>	<b>97,666</b>
Changes in accounting policy or correction of prior period errors		-	-	-
Initial application of AASB 1059		-	-	-
<b>Restated balance at 1 July 2019</b>		<b>14,580</b>	<b>83,086</b>	<b>97,666</b>
<b>Profit/(Loss)</b>		<b>-</b>	<b>4,426</b>	<b>4,426</b>
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>
<b>Balance at 1 July 2020</b>		<b>14,212</b>	<b>87,357</b>	<b>101,569</b>
Profit/(Loss)		-	(8,136)	(8,136)
Other comprehensive income		644	549	1,193
<b>Total comprehensive income for the period</b>	9.10	<b>644</b>	<b>(7,587)</b>	<b>(6,943)</b>
<b>Balance at 30 June 2021</b>		<b>14,856</b>	<b>79,770</b>	<b>94,626</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 2021

	Notes	2021 \$000	2020 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Supplementation Fund receipts		7	2,031
Insurer contributions		19,511	18,752
Provision of services		-	9
Interest received		404	1,661
GST receipts on sales		4	14
GST receipts from taxation authority		297	343
Other receipts		1,091	2,041
<b>Payments</b>			
Workers' Compensation claim payments		(713)	(1,854)
Employee benefits		(14,760)	(14,161)
Supplies and services		(2,793)	(2,626)
Accommodation		(724)	(859)
Grants and subsidies		(35)	(35)
GST payments on purchases		(271)	(394)
Other payments		(1,401)	(1,626)
<b>Net cash provided by operating activities</b>		<b>617</b>	<b>3,296</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of non-current physical assets	4.4	45	31
Proceeds from the maturity of term deposits		6,419	8,525
<b>Payments</b>			
Purchase of non-current physical assets		(624)	(554)
<b>Net cash provided by investing activities</b>		<b>5,840</b>	<b>8,002</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Principal elements of lease payments		(11)	(3)
<b>Net cash used in Financing activities</b>		<b>(11)</b>	<b>(3)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,446</b>	<b>11,295</b>
Cash and cash equivalents at the beginning of the period		107,728	96,433
<b>Cash and cash equivalents at the end of the period</b>	7.1	<b>114,174</b>	<b>107,728</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

WorkCover Western Australia Authority (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 2 September 2021.

## 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 the financial information 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 "Purpose" on page 15.

## NOTES TO THE FINANCIAL STATEMENTS

## 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	2021 \$000	2020 \$000
Insurer contributions	3.1	19,519	18,723
Interest revenue	3.2	308	1,197
Other revenue	3.3	1,123	1,852
Employers' Indemnity Supplementation Fund	3.4	12	2,029
Resources received	3.5	194	271
Decrease in claims liability and gains on disposal of non current assets	3.6,4.4	8	3,088

## 3.1 Insurer contributions

	2021 \$000	2020 \$000
Insurer contributions	19,519	18,723

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.

## 3.2 Interest revenue

	2021 \$000	2020 \$000
General Account	35	376
Employers' Indemnity Supplementation Fund (see note 4.3(b)(i))	273	821
	<b>308</b>	<b>1,197</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.

## 3.3 Other revenue

	2021 \$000	2020 \$000
<b>General Account</b>		
Recoveries, recoups and other <sup>(a)</sup>	162	656
Avoided premiums, fines and infringements	961	1,196
	<b>1,123</b>	<b>1,852</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 five years before the conviction may also be payable (Avoided Premiums and Fines).

Recoveries from uninsured employers are 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. OUR FUNDING SOURCES

## 3.4 Employers' Indemnity Supplementation Fund

	2021 \$000	2020 \$000
Recoveries	12	2,029
	<b>12</b>	<b>2,029</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.

## 3.5 Resources received

	2021 \$000	2020 \$000
Resources received from other public sector entities during the period		
Services received free of charge from:		
State Solicitor's Office	194	267
Department of Primary Industries and Regional Development (DAFWA)	-	4
<b>Total resources received</b>	<b>194</b>	<b>271</b>

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated. The Authority received legal services from the State Solicitor's Office free of charge.

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

## 3.6 Decrease in claims liability

	2021 \$000	2020 \$000
Decrease of claims liability from Actuarial assessment	-	3,081
	<b>-</b>	<b>3,081</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'.



## NOTES TO THE FINANCIAL STATEMENTS

## 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	2021 \$000	2020 \$000
<b>Expenses</b>			
Employee benefits expenses	4.1(a)	14,847	14,391
Grants and subsidies	4.2	35	35
Claims expense	4.3(a)	7,589	1,872
Other expenditure	4.5	5,549	5,240
<b>Provisions</b>			
Employee related provisions	4.1(b)	8,641	9,004
Claim provisions	4.3(b)	29,465	22,561

## 4.1(a) Employee benefits expense

	2021 \$000	2020 \$000
Employee benefits	13,477	12,988
Termination benefits	-	50
Superannuation - defined contribution plans	1,321	1,282
Superannuation - defined benefit plans	49	71
<b>Total employee benefits expenses</b>	<b>14,847</b>	<b>14,391</b>
Add: AASB 16 Non-monetary benefits	11	3
Less: Employee Contributions	(18)	(5)
<b>Net employee benefits</b>	<b>14,840</b>	<b>14,389</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 Gold State Superannuation Scheme (GSS) (concurrent contributions), the West State Superannuation Scheme (WSS), the GESB Super Scheme (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 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 WSS. Employees commencing employment on or after 16 April 2007 became members of the 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

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

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.

#### Employee Contributions

This line item includes contributions made to the Authority by employees towards employee benefits that have been provided by the Authority. This includes both AASB16 and non-AASB16 employee contributions.

#### 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.

	2021 \$000	2020 \$000
<b>CURRENT</b>		
<b>Employee benefits provisions</b>		
Annual leave (a)	689	576
Long service leave (b)	2,277	2,083
Superannuation (d)	499	532
	<b>3,465</b>	<b>3,191</b>
<b>Other provisions</b>		
Employment on-costs (c)	177	158
	<b>177</b>	<b>158</b>
<b>Total current employee related provisions</b>	<b>3,642</b>	<b>3,349</b>
<b>NON-CURRENT</b>		
<b>Employee benefits provisions</b>		
Long service leave (b)	683	631
Superannuation (d)	4,275	4,986
	<b>4,958</b>	<b>5,617</b>
<b>Other provisions</b>		
Employment on-costs (c)	41	38
	<b>41</b>	<b>38</b>
<b>Total non-current employee related provisions</b>	<b>4,999</b>	<b>5,655</b>
<b>Total employee related provisions</b>	<b>8,641</b>	<b>9,004</b>

Provision is made for benefits accruing to employees in respect of 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.

#### (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

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

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'.

	2021 \$000	2020 \$000
<b>Employment on-costs provision</b>		
Carrying amount at start of period	198	172
Additional/(reversal of) provisions recognised	85	84
Payments/other sacrifices of economic benefits	(67)	(60)
Unwinding of the discount	2	2
<b>Carrying amount at end of period</b>	<b>218</b>	<b>198</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.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

Movements in the present value of the defined benefit obligation in the reporting period were as follows:

	Pension Scheme		Pre-transfer benefit - Gold State Superannuation Scheme	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Liability at start of period	5,232	5,311	286	287
<b>INCLUDED IN PROFIT OR LOSS:</b>				
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost	46	67	2	4
	<b>46</b>	<b>67</b>	<b>2</b>	<b>4</b>
<b>INCLUDED IN OTHER COMPREHENSIVE INCOME:</b>				
<b>Remeasurements loss (gain) recognised:</b>				
Actuarial losses/(gains) arising from:				
- demographic assumptions	-	7	-	-
- financial assumptions	(330)	245	(4)	(1)
- experience adjustments	(213)	(92)	(2)	(4)
	<b>(543)</b>	<b>160</b>	<b>(6)</b>	<b>(5)</b>
<b>Contributions:</b>				
Benefits Paid	(243)	(306)	-	-
	<b>(243)</b>	<b>(306)</b>	<b>-</b>	<b>-</b>
<b>Liability at end of period</b>	<b>4,492</b>	<b>5,232</b>	<b>282</b>	<b>286</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	
	2021	2020	2021	2020
Discount rate	1.50%	0.90%	1.50%	0.90%
Pension increases	2.50%	2.50%	2.50%	2.50%
Future salary increases	2.75% p.a. for the first three years and 2.5% p.a. thereafter	1.5% for the first year and 2.75% per annum thereafter	2.75% p.a. for the first three years and 2.5% p.a. thereafter	1.5% for the first year and 2.75% per annum thereafter

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

Male	24.40	23.20	N/A	N/A
Female	25.70	25.00	N/A	N/A

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

Male	24.40	23.20	N/A	N/A
Female	25.70	25.00	N/A	N/A

At 30 June 2021, the weighted-average duration of the defined benefit obligation was 14 years for Pension Scheme (2020:12 years) and 4 years for Gold State Superannuation Scheme (2020: 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.



## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

## Defined Benefit Obligation

	Pension Scheme		Pre-transfer benefit Gold State Superannuation Scheme	
	2021	2020	2021	2020
	Increase	Increase	Increase	Increase
	\$000	\$000	\$000	\$000
Discount rate (0.5% for 2021 and 0.5% for 2020 movement)	(302)	(305)	(5)	(6)
Future salary growth (0.5% for 2021 and 0.5% for 2020 movement)	N/A	N/A	5	5
Pension increases (0.5% for 2021 and 0.5% for 2020 movement)	268	327	N/A	N/A
Future longevity (1 year movement)	170	218	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 \$243K (2020: \$306K) are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$152K (2020: \$175K) are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

## 4.2 Grants and subsidies

	2021 \$000	2020 \$000
<b>Recurrent</b>		
Monash University - Mental Health	35	35
	<b>35</b>	<b>35</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.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

## 4.3(a) Claims expense

	2021	2020
	\$000	\$000
Workers' compensation claims - Employers' Indemnity Supplementation Fund	258	1,392
Uninsured claims - General Account	427	480
	685	1,872
Net increase in claims liability		
Uninsured claims liability (increase)	8,182	-
Supplementation Fund claims liability (decrease)	(1,278)	-
	6,904	-
	<b>7,589</b>	<b>1,872</b>

## 4.3(b) Claims provisions

	2021	2020
	\$000	\$000
<b>CURRENT</b>		
<b>Employers' Indemnity Supplementation Fund (i)</b>		
Liability for estimated future claim payments	1,221	972
<b>General Account (ii)</b>		
Uninsured workers	5,455	2,632
<b>Total current provisions</b>	<b>6,676</b>	<b>3,604</b>
<b>NON-CURRENT</b>		
<b>Employers' Indemnity Supplementation Fund (i)</b>		
Liability for estimated future claim payments	9,191	10,718
<b>General Account (ii)</b>		
Uninsured workers	13,598	8,239
<b>Total non-current provisions</b>	<b>22,789</b>	<b>18,957</b>

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

**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**

	<b>2021</b>		<b>2020</b>	
<b>Inflation Rate</b>	2022	1.75%	2021	1.25%
	2023	2.00%	2022	2.00%
	2024	2.25%	2023	2.50%
	2025	2.22%	2024	2.50%
	2026	2.19%	2025	2.42%
	2027	2.16%	2026	2.34%
	2028	2.14%	2027	2.26%
	2029	2.11%	2028	2.17%
	2030	2.08%	2029	2.09%
	2031	2.05%	2030	2.01%
	2032	2.02%	2031	1.93%
	2033	1.99%	2032	1.85%
	2034	1.97%	2033	1.77%
	2035	1.94%	2034	1.69%
	2036	1.91%	2035	1.61%
	2037 Onwards	1.88%	2036 Onwards	1.52%
<b>Discount Rate</b>	2022	0.03%	2021	0.22%
	2023	0.12%	2022	0.29%
	2024	0.48%	2023	0.42%
	2025	1.35%	2024	0.58%
	2026	2.01%	2025	0.76%
	2027	2.28%	2026	0.97%
	2028	2.42%	2027	1.22%
	2029	2.54%	2028	1.49%
	2030	2.64%	2029	1.78%
	2031	2.71%	2030	2.02%
	2032	2.75%	2031	2.21%
	2033	2.78%	2032	2.34%
	2034	2.78%	2033	2.42%
	2035	2.78%	2034	2.44%
	2036	2.78%	2035	2.43%
	2037 Onwards	2.78%	2036 Onwards	2.42%
<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>	1.50%		1.50%	
<b>Risk Margin</b>	27.5% 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 the 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 is the same as last year.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

## EISF Act: Non Asbestos-Related Claims

	2021		2020	
Inflation Rate	2022	1.75%	2021	1.25%
	2023	2.00%	2022	2.00%
	2024	2.25%	2023	2.50%
	2025	2.22%	2024	2.50%
	2026	2.19%	2025	2.42%
	2027	2.16%	2026	2.34%
	2028	2.14%	2027	2.26%
	2029	2.11%	2028	2.17%
	2030	2.08%	2029	2.09%
	2031	2.05%	2030	2.01%
	2032	2.02%	2031	1.93%
	2033	1.99%	2032	1.85%
	2034	1.97%	2033	1.77%
	2035	1.94%	2034	1.69%
	2036	1.91%	2035	1.61%
	2037 Onwards	1.88%	2036 Onwards	1.52%
Discount Rate	2022	0.03%	2021	0.22%
	2023	0.12%	2022	0.29%
	2024	0.48%	2023	0.42%
	2025	1.35%	2024	0.58%
	2026	2.01%	2025	0.76%
	2027	2.28%	2026	0.97%
	2028	2.42%	2027	1.22%
	2029	2.54%	2028	1.49%
	2030	2.64%	2029	1.78%
	2031	2.71%	2030	2.02%
	2032	2.75%	2031	2.21%
	2033	2.78%	2032	2.34%
	2034	2.78%	2033	2.42%
	2035	2.78%	2034	2.44%
	2036	2.78%	2035	2.43%
	2037 Onwards	2.78%	2036 Onwards	2.42%
Claims Managements Expenses	10.5% for claim payments except for HIH Insurance which is 0%		10.5% for claim payments except for HIH Insurance which is 0%	
Superimposed Inflation	0.00%		0.00%	
Risk Margin	16.76% risk margin at the 75% sufficiency level		16.76% risk margin at the 75% sufficiency level	

The EISF non-ARD valuation no longer includes an explicit allowance for the 2011 Amendment Act. This is because the average claim size uses an average of 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.



## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

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
2021	10,412

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 2021 was assessed at \$10.412 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

	2021 \$000	2020 \$000
<b>EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND</b>		
<b>Liability for estimated future claim payments</b>		
Carrying amount at start of period	11,690	14,142
Additional increase/(decrease) in provisions recognised	(1,037)	(1,134)
Unwinding of the discount	25	131
Payments/other sacrifices of economic benefits	(266)	(1,449)
<b>Carrying amount at end of period</b>	<b>10,412</b>	<b>11,690</b>

## NOTES TO THE FINANCIAL STATEMENTS

**4. USE OF OUR FUNDING****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':

- (a) total projected cost of claims for each future year
- (b) claim payments
- (c) gross and net provisions.

The future lodgement patterns are calibrated to closely follow recent claim experience and the future patterns use the research of Professor Berry (University of Sydney) combined with actuarial 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

## Assumptions

**Uninsured Workers:  
Asbestos-Related Claims (ARD)**

	2021		2020	
<b>Inflation Rate</b>	2022	1.75%	2021	1.25%
	2023	2.00%	2022	2.00%
	2024	2.25%	2023	2.50%
	2025	2.22%	2024	2.50%
	2026	2.19%	2025	2.42%
	2027	2.16%	2026	2.34%
	2028	2.14%	2027	2.26%
	2029	2.11%	2028	2.17%
	2030	2.08%	2029	2.09%
	2031	2.05%	2030	2.01%
	2032	2.02%	2031	1.93%
	2033	1.99%	2032	1.85%
	2034	1.97%	2033	1.77%
	2035	1.94%	2034	1.69%
	2036	1.91%	2035	1.61%
	2037 Onwards	1.88%	2036 Onwards	1.52%
<b>Discount Rate</b>	2022	0.03%	2021	0.22%
	2023	0.12%	2022	0.29%
	2024	0.48%	2023	0.42%
	2025	1.35%	2024	0.58%
	2026	2.01%	2025	0.76%
	2027	2.28%	2026	0.97%
	2028	2.42%	2027	1.22%
	2029	2.54%	2028	1.49%
	2030	2.64%	2029	1.78%
	2031	2.71%	2030	2.02%
	2032	2.75%	2031	2.21%
	2033	2.78%	2032	2.34%
	2034	2.78%	2033	2.42%
	2035	2.78%	2034	2.44%
	2036	2.78%	2035	2.43%
	2037 Onwards	2.78%	2036 Onwards	2.42%
<b>Claims Managements Expenses</b>	10.5% for claim payments		10.5% for claim payments	
<b>Superimposed Inflation</b>	1.5%		1.5%	
<b>Risk Margin</b>	27.5% 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:

- 15% 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 10% assumed last year as there are fewer potential common law claims reported.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

### 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.





## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

years or future claims reported. A claimant has to elect to pursue common law damages or apply for an extension within 12 months of a claim being lodged. Therefore no claims lodged prior to 30 June 2018 are eligible to pursue common law damages anymore.

This is the same method as last year, though it now applies to the claims lodged in the previous three years rather than the previous year due to the *2020 Amendment Act* changes.

The average claim size from the December 2011 report is indexed by eight year's superimposed inflation (2.5% per year) and wage inflation (2021: 1.2%; 2020: 3.4%, 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 decreased from 3.7% adopted last year due to experience.

- 0.7% increase to allow for the increase in fatality benefits from 1 July 2018. This is the same as adopted for the WA workers compensation scheme and the same as last year.

## MOVEMENTS IN PROVISIONS

	2021 \$000	2020 \$000
<b>Uninsured claims</b>		
Carrying amount at start of period	10,871	11,500
Additional increase in provisions recognised	8,738	(150)
Unwinding of the discount	23	108
Payments/other sacrifices of economic benefits	(579)	(587)
<b>Carrying amount at end of period</b>	<b>19,053</b>	<b>10,871</b>

## 4.4 Net gain/(loss) on disposal of non-current assets

	2021 \$000	2020 \$000
<b>Net proceeds from Disposal of Non-Current Assets</b>		
Vehicles	58	31
	<b>58</b>	<b>31</b>
<b>Carry Amount of Non-Current Assets</b>		
Equipment	(5)	(1)
Vehicles	(45)	(23)
	<b>(50)</b>	<b>(24)</b>
<b>Net gain</b>	<b>8</b>	<b>7</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).

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

## 4.5 Other Expenditure

	2021	2020
	\$000	\$000
<b>SUPPLIES AND SERVICES</b>		
Communications	165	156
Consultants and contractors	1,490	1,697
Consumables	825	819
Insurance	121	115
Training	108	99
Travel	13	16
Other	44	45
<b>Total supplies and services expenses</b>	<b>2,766</b>	<b>2,947</b>
<b>ACCOMMODATION EXPENSES</b>		
Outgoings	457	688
Repairs and maintenance	119	76
Other	145	143
<b>Total accommodation expenses</b>	<b>721</b>	<b>907</b>
<b>OTHER EXPENSES</b>		
<b>General Account</b>		
Employment on-costs	860	841
Seminars	7	10
Expected credit losses expense	679	90
Sitting fees	115	106
Staff wellness programs	45	36
Audit Fees	216	152
Administration fee paid to Insurance Commission of WA for Uninsured General Fund Claims	62	64
Other	75	84
<b>Employers' Indemnity Supplementation Fund (see note 4.3(b)(i))</b>		
Administration fee paid to Insurance Commission of WA	3	3
<b>Total other expenses</b>	<b>2,062</b>	<b>1,386</b>
<b>Total other expenditure</b>	<b>5,549</b>	<b>5,240</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 4. USE OF OUR FUNDING

### 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.

### Employee on-cost

Employee on-cost includes workers' 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 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	2021 \$000	2020 \$000
Property, plant, equipment & vehicles	5.1	16,392	16,252
Right-of-use assets	5.2	42	13
Intangibles	5.3	2,229	2,353
<b>Total key assets</b>		<b>18,663</b>	<b>18,618</b>

## 5.1 Property, plant, equipment and vehicles

## YEAR ENDED 30 JUNE 2021

## At 1 July 2020

Gross carrying amount

Accumulated depreciation

## Carrying amount at start of period

Additions

Transfers

Disposals

Revaluation increments/(decrements)

Impairment losses <sup>(a)</sup>Impairment losses reversed <sup>(a)</sup>

Depreciation

## Carrying amount at 30 June 2021

Gross Carrying amount

Accumulated depreciation

Accumulated impairment

Land \$000	Buildings \$000	Work in Progress \$000	Plant, equipment and vehicles \$000	Total \$000
13,500	1,500	-	3,042	18,042
-	-	-	(1,790)	(1,790)
<b>13,500</b>	<b>1,500</b>	<b>-</b>	<b>1,252</b>	<b>16,252</b>
-	-	11	36	47
-	-	-	-	-
-	-	-	(50)	(50)
500	144	-	-	644
-	-	-	-	-
-	-	-	-	-
-	(145)	-	(356)	(501)
<b>14,000</b>	<b>1,499</b>	<b>11</b>	<b>882</b>	<b>16,392</b>
14,000	1,500	11	3,028	18,539
-	(1)	-	(2,146)	(2,147)
-	-	-	-	-

a) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. KEY 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 30 June 2021 by Western Australian Land Information Authority. The valuations were performed during the year ended 30 June 2021 and recognised at 30 June 2021. In undertaking the revaluation, fair value was determined by reference to market values for land: \$14,000,000 (2020: \$13,500,000) and buildings: \$1,500,000 (2020: \$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

	2021 \$000	2020 \$000
<b>CHARGE FOR THE PERIOD</b>		
<b>Depreciation</b>		
Plant, equipment and vehicles	356	371
Buildings	145	132
<b>Total depreciation for the period</b>	<b>501</b>	<b>503</b>

As at 30 June 2021 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

<sup>(a)</sup> Software that is integral to the operation of related hardware.



## NOTES TO THE FINANCIAL STATEMENTS

## 5. KEY ASSETS

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**

	2021 \$000	2020 \$000
Vehicles	42	13
<b>Net carrying amount at 30 June 2021</b>	<b>42</b>	<b>13</b>

Additions to right-of-use assets during the 2021 financial year were \$38K.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. KEY ASSETS

## 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:

	2021 \$000	2020 \$000
Vehicles	10	3
<b>Total right-of-use asset depreciation</b>	<b>10</b>	<b>3</b>

Lease interest expense (included in Other expenses)

The total cash outflow for leases in 2021 was \$10,721.

The Authority has leases for vehicles.

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 2021	Computer Software \$000	Licences \$000	WIP \$000	Website \$000	Total \$000
<b>1 JULY 2020</b>					
Gross carrying amount	5,328	170	472	46	6,016
Accumulated amortisation	(3,459)	(158)	-	(46)	(3,663)
<b>Carrying amount at start of period</b>	<b>1,869</b>	<b>12</b>	<b>472</b>	<b>-</b>	<b>2,353</b>
Additions	-	-	645	-	645
Transfer	1,117	-	(1,117)	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Amortisation expense	(758)	(11)	-	-	(769)
<b>30 JUNE 2021</b>					
Gross carrying amount	6,445	170	-	46	6,661
Accumulated amortisation	(4,217)	(169)	-	(46)	(4,432)
<b>Carrying amount at end of period</b>	<b>2,228</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>2,229</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

## NOTES TO THE FINANCIAL STATEMENTS

## 5. KEY ASSETS

- D. The intangible asset will generate probable future economic benefit
- E. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- F. The ability to measure reliably the expenditure attributable to the intangible asset during its development

Costs incurred in the research phase of a project are immediately expensed.

## Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

## 5.3.1 Amortisation and impairment

	2021 \$000	2020 \$000
<b>Charge for the period</b>		
Licences	11	12
Computer software	758	678
<b>Total amortisation for the period</b>	<b>769</b>	<b>690</b>

As at 30 June 2021 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 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	2021 \$000	2020 \$000
Receivables	6.1	287	1,028
Other assets	6.2	302	189
Payables	6.3	(652)	(835)

## 6.1 Receivables

	2021 \$000	2020 \$000
<b>CURRENT</b>		
<b>General Account</b>		
Trade receivables	1,276	1,355
Allowance for impairment of trade receivables	(1,131)	(603)
Accrued interest	1	51
GST receivable	72	33
	<b>218</b>	<b>836</b>
<b>Employers' Indemnity Supplementa- tion Fund (see note 4.3)</b>		
Accrued interest	69	114
GST receivable	-	78
	<b>69</b>	<b>192</b>
<b>Total current</b>	<b>287</b>	<b>1,028</b>
<b>NON-CURRENT</b>		
<b>General Account</b>		
Trade receivables	-	-
Allowance for impairment of trade receivables	-	-
<b>Total non-current</b>	<b>-</b>	<b>-</b>
<b>Total receivables</b>	<b>287</b>	<b>1,028</b>

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (e.g. 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

	2021 \$000	2020 \$000
<b>CURRENT</b>		
Prepayments	302	189
<b>Balance at end of period</b>	<b>302</b>	<b>189</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.

## NOTES TO THE FINANCIAL STATEMENTS

**6. OTHER ASSETS AND LIABILITIES****6.3 Payables**

	2021	2020
	\$000	\$000
<b>CURRENT</b>		
<b>General Account</b>		
Trade payables	115	78
Accrued expenses	174	301
Accrued salaries	344	248
Other payables	18	153
<b>Employers' Indemnity Supplementation Fund (see note 4.3b)</b>		
Claim payments	1	55
<b>Total Current</b>	<b>652</b>	<b>835</b>

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 7.1 'Restricted cash and cash equivalents') consists of amounts accrued annually to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26 days.



## NOTES TO THE FINANCIAL STATEMENTS

## 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
Capital commitments	7.4

## 7.1 Cash and cash equivalents

	2021 \$000	2020 \$000
Cash and cash equivalents	29,098	22,654
<b>Restricted cash and cash equivalents</b>		
- Employers Indemnity Supplementation Fund <sup>(a)</sup>	84,791	84,840
- Indian Ocean Territories (Note 9.7) <sup>(b)</sup>	6	10
- Paid Parental Leave <sup>(c)</sup>	4	4
- Accrued salaries suspense account <sup>(d)</sup>	275	220
<b>Balance at end of period</b>	<b>114,174</b>	<b>107,728</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

	2021 \$000	2020 \$000
<b>CURRENT</b>		
<b>At Cost:</b>		
Term deposits <sup>(a)</sup>	-	6,419
	<b>-</b>	<b>6,419</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.

## NOTES TO THE FINANCIAL STATEMENTS

## 7. FINANCING

## 7.3 Lease liabilities

	2021	2020
	\$000	\$000
Current	13	3
Non-current	29	10
	<b>42</b>	<b>13</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 Capital commitments

	2021	2020
	\$000	\$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	34	72
	<b>34</b>	<b>72</b>

The totals presented for capital expenditure commitments are GST inclusive.

## NOTES TO THE FINANCIAL STATEMENTS

## 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:

	2021 \$000	2020 \$000
<b>Financial assets</b>		
Cash and cash equivalents	29,098	22,654
Restricted cash and cash equivalents	85,076	85,074
Financial assets at amortised cost <sup>(a)</sup>	215	7,336
<b>Total financial assets</b>	<b>114,389</b>	<b>115,064</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost <sup>(b)</sup>	652	835
<b>Total financial liability</b>	<b>652</b>	<b>835</b>

(a) The amount of Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of Financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

## 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

	2021 \$000	2020 \$000
There were no contingent assets in existence at 30 June 2021 and up to the date of this report.	-	-

## 8.2.2 Contingent liabilities

	2021 \$000	2020 \$000
There were no contingent liabilities in existence at 30 June 2021 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>2020-2021</b>				
Land (note 5.1)		14,000		14,000
Buildings (note 5.1)		1,500		1,500
		<b>15,500</b>		<b>15,500</b>

There were no transfers between Levels 1, 2 or 3 during the current and the previous periods.

## Valuation techniques to derive Level 2 fair values

Level 2 fair values of Land and Buildings (office accommodation) are derived using the market approach. Market evidence of sales prices/commercial rents of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

## Valuation Processes

There were no changes in valuation techniques during the period.

## NOTES TO THE FINANCIAL STATEMENTS

## 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
Correction of period errors/changes in accounting policies	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 Correction of period errors/changes in accounting policies

The Authority has reviewed the initial application of Australian Accounting Standards, there is no impact on the Authority. There is no correction of prior period errors/changes in accounting policy.

## 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 (\$)

	2021	2020
\$		
0 - 10,000 <sup>(a)</sup>	2	3
10,001 - 20,000 <sup>(a)</sup>	4	5
30,001 - 40,000	1	-
	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	96	96
Post-employment benefits	9	9
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total compensation of members of the Accountable Authority</b>	<b>105</b>	<b>105</b>

(a) members in the compensation bands had part-year occupancy.

## Compensation of senior officers other than the Accountable Authority

## COMPENSATION BAND (\$)

	2021	2020
\$		
60,001 - 70,000 <sup>(b)</sup>	1	-
160,001 - 170,000	2	-
180,001 - 190,000	1	2
210,001 - 220,000	-	1
220,001 - 230,000	1	1
270,001 - 280,000	-	1
290,001 - 300,000	1	-
	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	895	868
Post-employment benefits	108	107
Other long-term benefits	88	101
Termination benefits	-	-
<b>Total compensation of senior officers</b>	<b>1,091</b>	<b>1,076</b>

(b) members in the compensation bands had part-year occupancy. Total compensation includes superannuation expense incurred by the Authority in respect of senior officers and members of Accountable Authority.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER DISCLOSURES

## 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 members of the Accountable Authority, senior officers and their close family members, and their controlled or jointly controlled entities
- other agencies and statutory authorities, including related bodies that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities)
- associates and joint ventures of a wholly-owned public sector entity
- the Government Employees Superannuation Board (GESB).

## Material transactions with related parties

Outside of normal citizen type transactions with the Authority, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

## 9.5 Related bodies

The Authority does not have related bodies.

## 9.6 Affiliated bodies

The Authority does not have affiliated bodies.

## 9.7 Indian Ocean Territories

The Commonwealth Government has a Service Delivery Arrangement with the Authority for the provision of services to Indian Ocean Territories (Christmas Island and Cocos-Keeling Island).

	2021 \$000	2020 \$000
Opening balance at 1 July 2020	10	9
Funding received from the Commonwealth	12	12
Revenue received from insurers	9	9
	<b>31</b>	<b>30</b>
<b>Payments by Program Area</b>		
Regulatory Services	19	-
Conciliation and Arbitration Services	2	17
Scheme and Corporate Services	4	3
<b>Total Payments</b>	<b>25</b>	<b>20</b>
<b>Balance carried forward at 30 June 2021</b>	<b>6</b>	<b>10</b>

## 9.8 Workers' Compensation &amp; Injury Management Trust Account

The purpose of the Trust Fund is to hold funds paid into the custody of the Authority pursuant to Section 110 of the *Workers' Compensation and Injury Management Act 1981*.

These funds are not consolidated as they are funds that are administered on behalf of dependants of deceased workers.

	2021 \$000	2020 \$000
<b>Income</b>		
Amounts paid to the custody of the Authority	1,901	1,104
Interest on investments	2	11
	<b>1,903</b>	<b>1,115</b>
<b>Expenditure</b>		
Payments by the Authority	675	579
Administration fee	-	10
	<b>675</b>	<b>589</b>
<b>Surplus/(Deficit)</b>	1,228	526
Balance at 1 July 2020	1,671	1,145
<b>Balance at 30 June 2021</b>	<b>2,899</b>	<b>1,671</b>
<b>Balance of funds held represents:</b>		
Cash and cash equivalents	2,899	1,671
	<b>2,899</b>	<b>1,671</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER DISCLOSURES

## 9.9 Remuneration of auditors

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2021	2020
	\$000	\$000
Auditing the accounts, controls, financial statements and key performance indicators	90	88
	<b>90</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.

	2021	2020
	\$000	\$000
<b>RESERVES</b>		
<b>Asset revaluation surplus</b>		
Balance at start of period	14,212	14,580
<b>Net revaluation increments/(decrements):</b>		
Land	500	(500)
Buildings	144	132
<b>Balance at end of period</b>	<b>14,856</b>	<b>14,212</b>
<b>RETAINED EARNINGS</b>		
Balance at start of period	87,357	83,086
Result for the period	(7,587)	4,271
<b>Balance at end of period</b>	<b>79,770</b>	<b>87,357</b>
<b>Total equity at end of period</b>	<b>94,626</b>	<b>101,569</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:

	2021	2020
	\$000	\$000
<b>Write-offs</b>		
General account uninsured claims <sup>(i)</sup>	684	-
Fines and penalties	150	-
	<b>834</b>	<b>-</b>

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

Potential recoveries receivable are assessed with regard to the ability of the debtors to meet their obligation. These recoveries have not been recognised as income because the amount to be recovered could not be reliably measured and consequently the write-off of these debts have not been charged as an expense in the Statement of Comprehensive Income.

The General Account Uninsured debt write-offs outlined below are net of recoveries received from employers.

	2021	2020
Number of recoveries written off with values between:		
\$ 0 - 100,000	1	-
\$ 100,001 - 200,000	2	-
\$ 200,001 - 300,000	1	-

	2021	2020
	\$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	-	-

	2021	2020
	\$000	\$000
<b>(c) Gifts of public property</b>		
No Gifts of public property provided by the Authority	-	-

## NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER DISCLOSURES

## 9.12 Explanatory Statement

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% (\$227K) of Total Expenses for the Statement of Comprehensive Income and Statement of Cash Flows, and are greater than 10% and 1% (\$1.278 million) of Total Assets for the Statement of Financial Position.

## 9.12.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2021	Actual 2021	Actual 2020	Variance between Estimate and Actual	Variance between actual result for 2021 and 2020
		\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>						
<b>Revenue</b>						
Insurer contributions		19,519	19,519	18,723	-	796
Interest revenue	1,A	1,123	308	1,197	(815)	(889)
Other revenue	B	948	1,123	1,852	175	(729)
Employers' Indemnity Supplementation Fund	C	-	12	2,029	12	(2,017)
<b>Total Revenue</b>		<b>21,590</b>	<b>20,962</b>	<b>23,801</b>	<b>(628)</b>	<b>(2,839)</b>
<b>Gains</b>						
Decrease in claims liability	D	-	-	3,081	-	(3,081)
Gain on disposal of non-current assets		-	8	7	-	-
<b>Total Gains</b>		<b>-</b>	<b>8</b>	<b>3,088</b>	<b>-</b>	<b>(3,081)</b>
<b>Total Income</b>		<b>21,590</b>	<b>20,970</b>	<b>26,889</b>	<b>(628)</b>	<b>(5,920)</b>
<b>EXPENSES</b>						
Employee benefits expense		15,480	14,847	14,391	(633)	456
Supplies and services	2	3,147	2,766	2,947	(381)	(181)
Depreciation and amortisation expense		1,109	1,280	1,196	171	84
Accommodation expenses		530	721	907	191	(186)
Grants and subsidies		35	35	35	-	-
Claims expense	3,E	1,385	7,589	1,872	6,204	5,717
Loss on disposal of non-current assets		17	-	-	(17)	-
Other expenses	4,F	1,558	2,062	1,386	504	676
<b>Total Expenses</b>		<b>23,261</b>	<b>29,300</b>	<b>22,734</b>	<b>6,039</b>	<b>6,566</b>
Profit/(Loss) before grants and subsidies from State Government		(1,671)	(8,330)	4,155	(6,659)	(12,485)
Services received free of charge		170	194	271	24	(77)
<b>Profit/(Loss) for the period</b>		<b>(1,501)</b>	<b>(8,136)</b>	<b>4,426</b>	<b>(6,635)</b>	<b>(12,562)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Remeasurements of defined benefit liability		-	549	(155)	549	704
Changes in asset revaluation surplus		-	644	(368)	644	1,012
<b>Total other comprehensive income</b>		<b>-</b>	<b>1,193</b>	<b>(523)</b>	<b>1,193</b>	<b>1,716</b>
<b>Total comprehensive income for the period</b>		<b>(1,501)</b>	<b>(6,943)</b>	<b>3,903</b>	<b>(5,442)</b>	<b>(10,846)</b>

## NOTES TO THE FINANCIAL STATEMENTS

**9. OTHER DISCLOSURES****Major Estimate and Actual (2021) Variance Narratives**

1. Interest Revenue is \$815K lower than budget estimates due to lower than expected interest rates in 2020/21.
2. Supplies and Services is \$381K lower than budget estimates mainly due to lower than expected district court costs.
3. Claims Expense is \$6.2 million higher than budget estimates mainly due to an increase in the actuarially assessed claim liabilities at 30 June 2021. This was due to an increase in the actuarially assessed case estimates for Uninsured Claims combined with an increase in the risk/prudential margin (16.76% to 25%) and impact of the 2020 Act change which could increase the number of future common law claims. Refer to key assumptions and Movements in Provisions at Note 4.3(b)(ii)
4. Other Expenses is \$504K higher than budget estimates mainly due to a higher than expected credit loss from increased debts written-off by the Fines Enforcement Registry.

**Major Actual (2021) and Comparative (2020) Variance Narratives**

- A. Interest Revenue decreased by \$889K due to lower interest rates in 2020/21.
- B. Other Revenue decreased by \$729K due to higher avoided premiums and fines imposed in 2019/20 and higher recoveries for the General Fund received from the liquidator of the HIH insurance Group in 2019/20.
- C. Revenue for Employers' Indemnity Supplementation Fund decreased by \$2.0 million due to higher recoveries received from the liquidator of the HIH Insurance Group in 2019/20.
- D. The variance in the Decrease in claims liability is due to the actuarially assessed claim liabilities movement between 2019/20 and 2020/21.
- E. Claim expenses increased by \$5.7 million compared to the prior year mainly due to an increase in the actuarially assessed claim liabilities at 30 June 2021. This was due to an increase in the actuarially assessed case estimates for Uninsured Claims combined with an increase in the risk/prudential margin (16.76% to 25%) and impact of the 2020 Act change which could increase the number of future common law claims. Refer to key assumptions and Movements in Provisions at Note 4.3(b)(ii)
- F. Other Expenses increased by \$676K is mainly due to a higher than expected credit loss from increased debts written-off by the Fines Enforcement Registry.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER DISCLOSURES

## 9.12.2 Statement of Financial Position Variances

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between Estimate and Actual \$000	Variance between actual result for 2021 and 2020 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	5,G	230	29,098	22,654	28,868	6,444
Restricted cash and cash equivalents		86,844	85,076	85,074	(1,768)	2
Receivables		1,237	287	1,028	(950)	(741)
Other assets		251	302	189	51	113
Other financial assets	6,H	19,482	-	6,419	(19,482)	(6,419)
<b>Total Current Assets</b>		<b>108,044</b>	<b>114,763</b>	<b>115,364</b>	<b>6,719</b>	<b>(601)</b>
<b>Non-Current Assets</b>						
Property, plant, equipment & vehicles		17,296	16,392	16,252	(904)	140
Right-of-use assets		91	42	13	(49)	29
Intangible assets		2,369	2,229	2,353	(140)	(124)
<b>Total Non-Current Assets</b>		<b>19,756</b>	<b>18,663</b>	<b>18,618</b>	<b>(1,093)</b>	<b>45</b>
<b>Total Assets</b>		<b>127,800</b>	<b>133,426</b>	<b>133,982</b>	<b>5,626</b>	<b>(556)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		809	652	835	(157)	(183)
Lease liabilities		31	13	3	(18)	10
Employee related provisions		3,067	3,642	3,349	575	293
Claims provisions	7,I	4,392	6,676	3,604	2,284	3,072
<b>Total Current Liabilities</b>		<b>8,299</b>	<b>10,983</b>	<b>7,791</b>	<b>2,684</b>	<b>3,192</b>
<b>Non-Current Liabilities</b>						
Lease liabilities		65	29	10	(36)	19
Employee related provisions		5,593	4,999	5,655	(594)	(656)
Claims provisions	7,I	16,089	22,789	18,957	6,700	3,832
<b>Total Non-Current Liabilities</b>		<b>21,747</b>	<b>27,817</b>	<b>24,622</b>	<b>6,070</b>	<b>3,195</b>
<b>Total Liabilities</b>		<b>30,046</b>	<b>38,800</b>	<b>32,413</b>	<b>8,754</b>	<b>6,387</b>
<b>Net Assets</b>		<b>97,754</b>	<b>94,626</b>	<b>101,569</b>	<b>(3,128)</b>	<b>(6,943)</b>
<b>EQUITY</b>						
Reserves		14,580	14,856	14,212	276	644
Retained earnings		83,174	79,770	87,357	(3,404)	(7,587)
<b>Total Equity</b>		<b>97,754</b>	<b>94,626</b>	<b>101,569</b>	<b>(3,128)</b>	<b>(6,943)</b>

## NOTES TO THE FINANCIAL STATEMENTS

**9. OTHER DISCLOSURES****Major Estimate and Actual (2021) Variance Narratives**

5. Cash and cash equivalents are \$28.9 million higher than budget estimates due to more funds being held at the Overnight Cash Deposit Facility with WA Treasury Corporation.
6. Other financial assets are \$19.5 million lower than budget estimates due to all funds being held at Overnight Cash Deposit Facility with WA Treasury Corporation in 2020/21.
7. Current Claim provisions are \$2.3 million higher than budget estimates and Non-current Claim Provisions are \$6.7 million higher than budget estimates mainly due to an increase in the actuarially assessed claim liabilities at 30 June 2021. This was due to an increase in the actuarially assessed case estimates for Uninsured Claims combined with an increase in the risk/prudential margin (16.76% to 25%) and impact of the 2020 Act change which could increase the number of future common law claims. Refer to key assumptions and Movements in Provisions at Note 4.3(b)(ii).

**Major Actual (2021) and Comparative (2020) Variance Narratives**

- G. Cash and cash equivalents increased by \$6.4 million mainly due to more funds being held at the Overnight Cash Deposit Facility with WA Treasury Corporation.
- H. Other financial assets decreased by \$6.4 million mainly due to funds being held at the Overnight Cash Deposit Facility with WA Treasury Corporation.
- I. Current Claim provisions increased by \$3.1 million and Non-current Claim Provisions increased by \$3.8 million mainly due to an increase in the actuarially assessed claim liabilities at 30 June 2021. This was due to an increase in the actuarially assessed case estimates for Uninsured Claims combined with an increase in the risk/prudential margin (16.76% to 25%) and impact of the 2020 Act change which could increase the number of future common law claims. Refer to key assumptions and Movements in Provisions at Note 4.3(b)(ii).



## NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER DISCLOSURES

## 9.12.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2021	Actual 2021	Actual 2020	Variance between Estimate and Actual \$000	Variance between actual result for 2021 and 2020 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Receipts</b>						
Supplementation Fund receipts	J	-	7	2,031	7	(2,024)
Insurer contributions		19,519	19,511	18,752	(8)	759
Provision of services		10	-	9	(10)	(9)
Interest received	8,K	1,123	404	1,661	(719)	(1,257)
GST receipts on sales		4	4	14	-	(10)
GST receipts from taxation authority		442	297	343	(145)	(46)
Other receipts	L	938	1,091	2,041	153	(950)
<b>Payments</b>						
Workers' Compensation claim payments	9,M	(2,825)	(713)	(1,854)	2,112	1,141
Employee benefits		(15,425)	(14,760)	(14,161)	665	(599)
Supplies and services		(2,979)	(2,793)	(2,626)	186	(167)
Accommodation		(530)	(724)	(859)	(194)	135
Grants and subsidies		(35)	(35)	(35)	-	-
GST payments on purchases		(446)	(271)	(394)	175	123
Other payments		(1,495)	(1,401)	(1,626)	94	225
<b>Net cash provided by/(used in) operating activities</b>		<b>(1,699)</b>	<b>617</b>	<b>3,296</b>	<b>2,316</b>	<b>(2,679)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds from sale of non-current physical assets		-	45	31	45	14
Proceeds from the maturity of term deposits	10,N	-	6,419	8,525	6,419	(2,106)
<b>Payments</b>						
Purchase of non-current physical assets	11	(1,422)	(624)	(554)	798	(70)
Investments in term deposits		-	-	-	-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(1,422)</b>	<b>5,840</b>	<b>8,002</b>	<b>7,262</b>	<b>(2,162)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
Principal elements of lease payments		(9)	(11)	(3)	(2)	(8)
<b>Net cash provided by/(used in) Financing activities</b>		<b>(9)</b>	<b>(11)</b>	<b>(3)</b>	<b>(2)</b>	<b>(8)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(3,130)</b>	<b>6,446</b>	<b>11,295</b>	<b>9,576</b>	<b>(4,849)</b>
Cash and cash equivalents at the beginning of the period		109,686	107,728	96,433	1,958	11,295
<b>Cash and cash equivalent at the end of the period</b>		<b>106,556</b>	<b>114,174</b>	<b>107,728</b>	<b>(7,618)</b>	<b>6,446</b>

## NOTES TO THE FINANCIAL STATEMENTS

**9. OTHER DISCLOSURES****Major Estimate and Actual (2021) Variance Narratives**

- 8. Interest receipts are \$719K lower than estimated due to lower than expected interest rates in 2020/21.
- 9. Workers' Compensation claim payments are \$2.1 million lower than estimated due to lower than projected claims payments.
- 10. Proceeds from the maturity of term deposits are \$6.4 million higher than budget estimates due to more funds being held at the Overnight Cash Deposit Facility with WA Treasury Corporation.
- 11. Purchase of non-current physical assets are \$798K lower than budget estimates mainly due to the deferral of building works.

**Major Actual (2021) and Comparative (2020) Variance Narratives**

- J. Supplementation Fund receipts decreased by \$2.0 million due to recoveries received from the liquidator of HIH Insurance Group in 2019/20.
- K. Interest receipts decreased by \$1.3 million due to the lower interest rates in 2020/21.
- L. Other receipts decreased by \$950K mainly due to the payment of an outstanding contribution debt owed to the General Account in 2019/20 and a recoup payment of Gold State Superannuation in 2019/20.
- M. Workers' Compensation claim payments decreased by \$1.1 million mainly due to higher claim payments from the Supplementation Fund in 2019/20.
- N. Proceeds from the maturity of term deposits decreased by \$2.2 million due to more funds being held at the Overnight Cash Deposit Facility with WA Treasury Corporation in 2020/21.

## WORKCOVER WA ANNUAL REPORT

### APPENDIX

#### Approved Self-Insurers

Alcoa of Australia Limited
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

#### 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*
*Insurance covering WA State Government workers



### **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.



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